FILINVEST LAND, INC.

Filinvest Building, 79 EDSA, Brgy. Highway Hills
1550 Mandaluyong City
Philippines

Offer Supplement
Fixed Rate Bonds in the aggregate principal amount of ₱9,000,000,000.00

Interest rate: 7.3993% p.a. Series E Bonds due 2029

Purchase Price: 100% of Face Value

To be listed and traded through the Philippine Dealing & Exchange Corp.

Joint Lead Underwriters and Bookrunners[1]

BDO Capital | BPI Capital Corporation | Chinabank Capital | eastwest | First Metro Investment Corporation (Metrobank Group) | LANDBANK | RCBC Capital Corporation | Security Bank Capital (A Subsidiary of Security Bank)

Trustee: BPI Asset Management and Trust Corporation[2]

A REGISTRATION STATEMENT RELATING TO THESE SECURITIES WAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") AND WAS RENDERED EFFECTIVE ON NOVEMBER 15, 2023, AND COVERED BY THE SEC SHELF REGISTERED FIXED RATE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF UP TO ₱35,000,000,000.00 OF SUCH AMOUNT, ₱11,430,800,000 OF SECURITIES WERE ISSUED ON DECEMBER 1, 2023 AND ₱12,000,000,000 OF SECURITIES WERE ISSUED ON MARCH 12, 2025. THESE SECURITIES ARE COVERED BY UPDATES TO SUCH REGISTRATION STATEMENT UNDER THE SHELF REGISTRATION RULES OF THE SEC AND THE PROSPECTUS DATED NOVEMBER 14, 2023, ACCESSIBLE AT FLI OFFER SUPPLEMENT. UPDATES TO THE PROSPECTUS SUBMITTED WITH SUCH REGISTRATION STATEMENT ARE COVERED BY THIS OFFER SUPPLEMENT.

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS OFFER SUPPLEMENT IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SECURITIES AND EXCHANGE COMMISSION.

The date of this Offer Supplement is May 15, 2026.

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[1] East West Banking Corporation is an affiliate of FLI.

[2] BPI Asset Management and Trust Corporation, doing business under the trade and style of BPI Wealth – A Trust Corporation, is a wholly-owned subsidiary of Bank of the Philippine Islands ("BPI"). BPI Capital Corporation ("BPI Capital") is also a wholly-owned subsidiary of BPI.

FILINVEST LAND, INC.
Filinvest Building, 79 EDSA, Brgy. Highway
Hills 1550 Mandaluyong City, Philippines
Telephone Number: (+632) 7918-8188
Website: www.filinvestland.com

The bonds covered by this Offer Supplement and described below are being offered by Filinvest Land, Inc. ("**FLI**", the "**Company**", the "**Issuer**", or, when referred to collectively with its consolidated subsidiaries, the "**Group**") as the third tranche of its shelf program for bonds in the aggregate principal amount of ₱35,000,000,000.00 to be issued in one or more tranches (the "**Bond Program**") with a remaining balance of ₱11,569,200,000.00 which was approved and registered by the Securities and Exchange Commission ("**SEC**") on November 15, 2023 (the "**Debt Securities Program**" or the "**Bonds**"). Under the Bond Program, ₱11,430,800,000 and ₱12,000,000,000 of securities were issued on December 1, 2023, and March 12, 2025, respectively.

The third tranche of the Bond Program with an aggregate principal amount of ₱9,000,000,000.00 (the "**Base Offer**", or the "**Offer Bonds**" or the "**Offer**"), will be issued on June 2, 2026 (the "**Issue Date**"), or on such other date as may be agreed upon by the Issuer and the Joint Lead Underwriters and Bookrunners. The succeeding tranche/s of the Bond Program are to be issued under a shelf registration within five (5) years from November 15, 2023 (the "**Shelf Period**").

During the Shelf Period, the Company may, at its sole discretion, offer any or all of the remaining balance of the aggregate principal amount of the Bonds covered by such Registration Statement, in one or more subsequent tranches under Rule 8.1.2 of the Implementing Rules and Regulations of the Securities Regulation Code. Such shelf registration provides the Company with the ability to take advantage of opportunities in a volatile debt capital market, as these occur.

The Offer Bonds will be comprised of 3.5-year Bonds due 2029 (the "**Series E Bonds**"). Interest on the Series E Bonds shall be payable quarterly in arrears starting on September 2, 2026 for the first Interest Payment Date, and on March 2, June 2, September 2, and December 2 of each year for each subsequent. Interest Payment Date at which the Offer Bonds are outstanding, or the subsequent Business Day without adjustment for accrued interest, if the relevant Payment Date is not a Business Day. If the Issue Date is set at a date other than June 2, 2026, then the Interest Payment Dates will be automatically adjusted to the numerically corresponding dates at every three (3) months following the actual Issue Date. The Maturity Date of the Series E Bonds shall be on December 2, 2029, which will also be the last Interest Payment Date. If the Issue Date is set on a date other than June 2, 2026, the Maturity Date shall be on the 3.5th anniversary of the Issue Date. The Offer Bonds, unless earlier redeemed or purchased and cancelled prior to the Maturity Date, shall be redeemed at par (or 100% of face value) on the Maturity Date or as otherwise set out in the "*Description of the Offer Bonds*" section of this Offer Supplement.

The Offer Bonds shall constitute the direct, absolute, unconditional, unsubordinated, and unsecured obligations of the Company and shall rank pari passu and ratably without any preference or priority amongst themselves and shall rank at all times at least pari passu in priority of payment and in all respects with all its other unsubordinated and unsecured Indebtedness, other than the obligations preferred by law other than the preference or priority established by Article 2244, paragraph 14 of the Civil Code of the Philippines, as the same may be amended from time to time.

Each tranche of the Bond Program will be rated by Philippine Rating Services Corporation ("**PhilRatings**"). Such ratings are not recommendations to buy, sell or hold the securities and may be subject to revision, suspension or withdrawal at any time by PhilRatings. The Offer Bonds have been rated PRS Aaa, with a Stable Outlook, by PhilRatings. A rating of PRS Aaa is assigned to long-term debt securities of the highest quality with minimal credit risk. A rating of PRS Aaa is the highest credit rating on PhilRatings' long-term credit rating scale. A Stable Outlook, on the other hand, indicates that the rating is likely to be maintained or to remain unchanged in the next twelve (12) months.

The Offer Bonds shall be offered to the public at face value through the Joint Lead Underwriters and Bookrunners named in this Offer Supplement, with the Philippine Depository & Trust Corp. ("**PDTC**") as the Registrar of the Offer Bonds. It is intended that upon issuance, the Offer Bonds shall be issued in scripless form, with the PDTC maintaining the Registry of Bondholders, and listed on the Philippine Dealing & Exchange Corp. ("**PDEx**"). The Offer Bonds shall be issued in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter. The Offer Bonds shall be traded in denominations of ₱10,000.00 in the secondary market.

BDO Capital & Investment Corporation ("**BDO Capital**"), BPI Capital Corporation ("**BPI Capital**"), China Bank Capital Corporation ("**Chinabank Capital**"), East West Banking Corporation ("**EastWest**"), First Metro Investment Corporation ("**First Metro**"), Land Bank of the Philippines ("**LANDBANK**"), RCBC Capital Corporation ("**RCBC Capital**") and Security Bank Capital Investment Corporation ("**Security Bank Capital**") have been appointed as the Joint Lead Underwriters and Bookrunners (collectively, the "**Joint Lead Underwriters and Bookrunners**" or the "**Underwriters**") for the Offer.

FLI expects to raise gross proceeds of ₱35,000,000,000.00 from its Bond Program. For the third tranche, the net proceeds are estimated to be ₱8.89 billion, after deducting fees, commissions, and expenses relating to the issuance of the Offer Bonds. Proceeds

of the Offer shall be used by the Company to (i) to refinance the full redemption of the Company's ₱1.7646 billion fixed rate bonds issued on November 18, 2020 with coupon rate of 4.1838% p.a. and settlement date of May 18, 2026, or if necessary, to fully pay the bridge loan/s (or any refinancing thereof) availed by the Company to partially finance the full redemption of the Company's aforementioned bonds, and (ii) to refinance ₱7.25 billion loans from various banks due from June 11, 2026 to December 21, 2026 with a blended rate of 5.10%.

The underwriting fees to be paid by the Company to the Underwriters in relation to the Offer shall be equivalent to 0.40% of the final aggregate principal amount of the Offer Bonds issued, which is equivalent to ₱36,000,000.00 for the Base Offer. The fees shall be inclusive of commissions to be paid to the selling agents, if any. The underwriting fee of each underwriter is in proportion to its underwriting commitment

However, there can be no assurance in respect of: (i) whether FLI would issue such Bonds at all; (ii) the size or timing of any individual issuance or the total issuance of such Bonds; or (iii) the specific terms and conditions of any such issuance. Any decision by the Company to offer the Bonds will depend on a number of factors at the relevant time, many of which are not within FLI's control, including but not limited to: prevailing interest rates, the financing requirements of FLI's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional, and global economies in general.

The Offer is being conducted exclusively in the Philippines and pursuant to requirements under Philippine laws, rules and regulations that may be different from those of other countries and jurisdictions. No action has been or will be taken by the Company or any person on behalf of the Company to permit an offer of the Bonds in any jurisdiction other than the Philippines, where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, nor may any offering material related to the Bonds be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

This Offer Supplement contains the indicative terms of the Third Tranche Bonds and must be read in conjunction with the Prospectus, dated November 14, 2023, issued relating to the first tranche of the Debt Securities Program (the "**Prospectus**"). Unless defined in this Offer Supplement, terms used herein shall be deemed to be defined as set forth in the Prospectus. Full information on the Company and this Offer is only available on the basis of the combination of this Offer Supplement, the Prospectus, and all other Bond Agreements. The information contained in the Prospectus is deemed incorporated by reference in this Offer Supplement, insofar as such information does not conflict with or has not been otherwise superseded by this Offer Supplement. In case of conflict between the provisions of this Offer Supplement and the Trust Agreement, the provisions of the Trust Agreement shall prevail. Investors should review all information contained in the Prospectus and this Offer Supplement.

Unless otherwise stated, the information contained in the Prospectus and this Offer Supplement has been supplied by FLI. The Company (which has taken all reasonable care to ensure that such is the case) confirms that the information contained in the Prospectus and this Offer Supplement is true and correct, and that there is no material misstatement or omission of fact which would make any statement in the Prospectus and this Offer Supplement misleading in any material respect. The Underwriters have exercised reasonable due diligence required by applicable laws, rules, and regulations in ascertaining that all material representations contained in the Prospectus and this Offer Supplement are true and correct in all material respects and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading in any material respect.

No person or group of persons has been authorized by FLI and the Underwriters to give any information or to make any representation concerning the Offer Bonds other than as contained in the Prospectus and this Offer Supplement. If given or made, any such information or representation must not be relied upon as having been authorized by the Company or any of the Underwriters.

The price of securities, such as the Bonds, can and does fluctuate, and any individual security may experience upward or downward movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. An investment in the Bonds described in the Prospectus and this Offer Supplement involves a certain degree of risk. A prospective purchaser of the Bonds should carefully consider several risk factors relating to the Company's business and operations, risks relating to the Philippines and risks relating to the Bonds, as set out in the section "*Risk Factors*" of the Prospectus and this Offer Supplement, in addition to the other information contained in the Prospectus and this Offer Supplement, in deciding whether to invest in the Bonds. The risk disclosure discussion does not purport to disclose all the risks and other significant aspects of investing in the Bonds. A person contemplating an investment in the Bonds should seek professional advice if he or she is uncertain of, or has not understood any aspect of, the securities to invest in or the nature of risks involved in trading of such securities.

All information in the Prospectus and this Offer Supplement is as of the date hereof, unless otherwise indicated. Neither the delivery of the Prospectus and this Offer Supplement nor any sale made pursuant to the Offer shall, under any circumstances, create any implication that the information contained herein is correct as of any date subsequent to the date hereof, or that there has been no change in the affairs of the Company and its subsidiaries since such date.

Figures in the Prospectus and this Offer Supplement have been subject to rounding adjustments. Accordingly, figures shown in the same item of information may vary, and figures which are totals may not be an arithmetic aggregate of their components.

Market data and certain industry forecasts used throughout the Prospectus and this Offer Supplement were obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Company nor any of the Underwriters make any representation as to the accuracy or completeness of such information.

Certain agreements are referred to in the Prospectus and this Offer Supplement in summary form. Any such summary does not purport to be a complete or accurate description of the agreement and prospective investors are expected to independently review such agreements in full.

FLI is organized under the laws of the Philippines. Its principal office is at the Filinvest Building, 79 EDSA Brgy. Highway Hills 1550 Mandaluyong City, Philippines with telephone number (+632) 7918-8188 and corporate website, www.filinvestland.com.

A REGISTRATION STATEMENT RELATING TO THE SHELF REGISTRATION OF THESE SECURITIES IN THE AGGREGATE PRINCIPAL AMOUNT OF UP TO ₱35,000,000,000.00 WAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") AND WAS RENDERED EFFECTIVE ON NOVEMBER 15, 2023. OF SUCH AMOUNT, ₱11,430,800,000.00 OF SECURITIES WERE ISSUED ON DECEMBER 1, 2023 AND ₱12,000,000,000.00 OF SECURITIES WERE ISSUED ON MARCH 12, 2025. THESE SECURITIES ARE COVERED BY UPDATES TO SUCH REGISTRATION STATEMENT UNDER THE SHELF REGISTRATION RULES OF THE SEC AND THE PROSPECTUS DATED NOVEMBER 14, 2023, ACCESSIBLE AT FLI OFFER SUPPLEMENT. UPDATES TO THE PROSPECTUS SUBMITTED WITH SUCH REGISTRATION STATEMENT ARE COVERED BY THIS OFFER SUPPLEMENT.

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FILINVEST LAND, INC.

By:

TRISTANEIL D. LAS MARIAS
President and Chief Executive Officer

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S

MAY 15 2026

SUBSCRIBED AND SWORN to before me this _____ in Makati City, Metro Manila, Philippines, affiant exhibiting to me as competent evidence of his identity, Driver's License No. N01-91-124620, bearing his photograph and signature, issued by the Land Transportation Office and valid until 27 March 2028

MANDALUYONG CITY

Doc. No. 485
Page No. 97
Book No. 19
Series of 2026.

JOVEN G. SHAWLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-25 VALID UNTIL DECEMBER 31, 2026
ROLL NO. 53970 @sejo
IBP LIFETIME NO. 011302; 12-28-2012; RIZAL
PTR NO. 6028794; 1-5-26; MANDALUYONG
MCLE EXEMPTION NO. VIII-ACADOO4023 14 APRIL 2023
UG 03 CITYLAND SHAW TOWER
SHAW BOULEVARD, MANDALUYONG CITY

FORWARD-LOOKING STATEMENTS

This Offer Supplement contains statements of future expectations, projections and forward-looking statements. Statements that are not historical facts, including statements about the Company's beliefs or expectations, are forward-looking statements and can generally be identified by the use of the words "anticipate," "believe," "estimate," "expect," "intend," "seek," "plan," "may," "will," "would," "could" and words of similar import. These forward-looking statements include, without limitation, statements relating to:

- the Company's overall future business, financial condition and results of operations, including, without limitation, its financial position or cash flow;
- the Company's business and investment strategy, including acquisitions and divestments, investments and potential investments in new business segments and expansion plans for its existing assets and operations or other capital expenditure plans;
- the Company's goals for or estimates of its future operational performance or results;
- the Company's dividend policy;
- the future demand for the Company's real estate services; and
- changes in the Company's regulatory environment, including policies, decisions and determinations of governmental or regulatory authorities.

Forward-looking statements involve inherent risks and uncertainties and should not be unduly relied upon. The forward-looking statements contained in this Offer Supplement reflect the Company's current views with respect to future events and are in most cases beyond the Company's control. Actual results or outcomes may differ materially from those expressed in any forward-looking statements as a result of a number of factors, including, among others:

- the Company's ability to successfully implement its strategies;
- the Company's ability to anticipate and respond to consumer trends;
- the Company's ability to successfully manage growth;
- the Company's ability to successfully enter into, and compete in, new lines of business;
- the condition and changes in the Philippine economy;
- general political, social and economic conditions in the Philippines;
- changes to the laws, regulations and policies applicable to or affecting the Company, including changes to laws, regulations and policies relating to the real estate;
- changes in the Company's relationship with the Philippine Bureau of Internal Revenue ("**BIR**") or other Philippine regulatory authorities or licensors;
- legal or regulatory proceedings in which the Company is or may become involved;
- changes in interest rates, inflation rates and the value of the peso against the U.S. dollar and other currencies;
- competition in the real estate industry; and
- uncontrollable events, such as war, civil unrest or acts of international or domestic terrorism, the outbreak of contagious diseases, accidents and natural disasters.

Additional factors that could cause the Company's actual results, performance or achievements to differ materially include, but are not limited to, those disclosed under "Risk Factors." These forward-looking statements speak only as of the date of this Offer Supplement. The Company and the Underwriters expressly disclaim any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any statement is based. In light of these risks, uncertainties and assumptions associated with forward-looking statements, investors should be aware that the forward-looking events and circumstances discussed in this Offer Supplement might not occur in the way the Company expects, or at all. The Company's actual results could differ substantially from those anticipated in the Company's forward-looking statements. Investors should not place undue reliance on any forward-looking information.

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Glossary of Terms

In this Offer Supplement, unless the context otherwise requires, the following terms shall have the meanings set out below. A specific time of day refers to Philippine Standard Time.

Affiliate	means with respect to any person, any other person directly or indirectly controlling, controlled by or under common control with, such person, including, for the avoidance of doubt, subsidiaries
ALGI	A.L. Gotianun, Inc. (formerly ALG Holdings Corporation)
Anti-Money Laundering Act	the Anti-Money Laundering Act 2001 of the Philippines, as amended
Applicable Law……	shall mean any statute, law, regulation, ordinance, rule, judgment, order, decree, requirement or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any governmental authority.
Applicant	shall mean the person who shall duly accomplish the Application to Purchase as defined herein and who shall deliver the same to the Underwriters in accordance with the Underwriting Agreement
Application to Purchase.....	the application form accomplished and submitted by an Applicant for the purchase of a specified amount of the Offer Bonds, together with all the other requirements set forth in such application form
Base Offer ……	shall mean the issuance of the third tranche of the Bond Program by FLI with an aggregate principal amount of ₱9,000,000,000.00
BCDA ……..	Bases Conversion Development Authority
BDO Capital….....	BDO Capital & Investment Corporation
BIR	Philippine Bureau of Internal Revenue
Board	the Board of Directors of FLI
BOI.....	Philippine Board of Investments
Bond Agreements	shall mean the Trust Agreement between the Company and the Trustee, the Registry and Paying Agency Agreement between the Company and the Registrar and Paying Agent, and the Underwriting Agreement between the Company and the Underwriters
Bond Program ……..	shall mean the Company's up to ₱35,000,000,000.00 program of Bonds which was rendered effective by the SEC on November 15, 2023 under MSRD Order No. 64, Series of 2023
Bondholder	shall mean a person whose name appears, at any time, as a holder of the Offer Bonds in the Registry of Bondholders
Bonds ……...	shall mean the Philippine Peso-denominated Fixed Rate Bonds to be issued by FLI in one or more tranches under the Bond Program
BP 220….....	Batas Pambansa Bilang 220
BPI Capital	BPI Capital Corporation

BPO	Business Process Outsourcing
BSP.....	Bangko Sentral ng Pilipinas, the Philippine Central Bank
BTO …….	Build-Transfer-Operate
Building Code	RA 6541, as amended, or the National Building Code of the Philippines
Business Day	any day, other than Saturday, Sunday, and a public non-working holiday, on which the BSP's Philippine Payment and Settlement System (PhilPaSS) and the Philippine Clearing House Corporation (PCHC) (or, in the event of discontinuance of their respective functions, their respective replacements) are open and available for clearing and settlement, and commercial banks are generally open for the transaction of business in Metro Manila; provided, that all other days unless otherwise specified herein shall mean calendar days which shall be construed as successive periods of twenty-four (24) hours each
CDC.....	Clark Development Corporation
Chinabank Capital	China Bank Capital Corporation
CIAC ……...	Construction Industry Arbitration Commission
Colliers	Colliers International Philippines, Inc.
Company.....	shall mean FLI and its subsidiaries
CPI	Cyberzone Properties Inc., renamed as Filinvest REIT Corp.
CREATE Act……	Corporate Recovery and Tax incentives for Enterprise Act (previously the CITIRA bill or the TRABAHO bill)
CTRP……	Comprehensive Tax Reform Program
DA ……...	Department of Agriculture
DAR ……	Department of Agrarian Reform
Debt Securities Program…….	The Shelf Registration of Filinvest Land, Inc. in the principal amount of up to Thirty-Five Billion Pesos (₱35,000,000,000.00) under a shelf-registered debt program, to be issued in multiple tranches at such times and on such terms as may be determined by management.
DENR ……..	Department of Environment and Natural Resources
DHSUD	Department of Human Settlements and Urban Development
DPI ……..	Dreambuilders Pro, Inc.
EBITDA	refers to Earnings Before Interest, Taxes, Depreciation and Amortization which represents the net income after adding interest and other finance charges (including interest expense on financial liability on lease contract), provision for income tax, depreciation and amortization
ECC	Environmental Compliance Certificate
Ecozones	special economic zones designated by the PEZA

EGF	Environmental Guarantee Fund
EIS.....	Environmental Impact Statement
EMB.....	Environmental Management Bureau of DENR
EMF.....	Environmental Monitoring Fund
EastWest	East West Banking Corporation
FAC …….	Filinvest Asia Corporation
FDC	Filinvest Development Corporation
FDCUI …….	FDC Utilities, Inc.
Filinvest Company	FDC and its consolidated subsidiaries and their joint ventures
Filinvest Consortium	shall mean FLI, Filinvest REIT Corp. and Filinvest Alabang Inc. and a third party, collectively
Filinvest REIT Corp.	Filinvest REIT Corp. (formerly Cyberzone Properties, Inc.) or otherwise known as "PSE: FILRT" or "FILRT"
First Metro.....	First Metro Investment Corporation
FLI, the Company, the Issuer or the Parent Company	Filinvest Land, Inc.
FMI ……..	Filinvest Mimosa, Inc.
FREITFM ……	FREIT Fund Managers, Inc.
FSI ……...	Festival Supermall, Inc.
GDP.....	Gross Domestic Product
GLA.....	Gross Leasable Area
Gotianun Family.....	means any of the following: a. Mr. Jonathan T. Gotianun, Mrs. Josephine Gotianun-Yap, Mr. Michael Edward T. Gotianun and Mr. Francis Nathaniel C. Gotianun; b. the spouses and the direct descendants up to the first degree of consanguinity of any person described or named in clause (a) above; c. the estates or legal representatives of any person described or named in clause (a) or (b) above; d. trusts or other analogous arrangements established for the benefit of any person described or named in clause (a), (b) or (c) above or of which any such person is a trustee or holder of an analogous office; or e. ALGI
Government.....	the Government of the Republic of the Philippines
Gross receipts	shall mean gross selling price less acquisition cost of the Bonds sold
H&L	House and Lot

Hectare	land measurement equivalent to ten thousand (10,000) square meters
HLURB	Housing and Land Use Regulatory Board
HRB …….	High-Rise Building
HSAC	Human Settlement Adjudication Commission
ID …….	Identification Document
IEE	Initial Environmental Examination
IFRIC……	IFRS Interpretations Committee
Interest Payment Date	shall mean September 2, 2026, for the first Interest Payment Date, and on March 2, June 2, September 2 , and December 2 of each year for each subsequent Interest Payment Date while the Offer Bonds are outstanding, or the subsequent Business Day without adjustment for accrued interest, if the relevant Interest Payment Date is not a Business Day. If the Issue Date is set at a date other than June 2 2026, then the Interest Payment Dates will be automatically adjusted to the numerically corresponding dates at every three (3) months following the actual Issue Date. The last Interest Payment Date shall fall on the Maturity Date.
IPO	Philippine Intellectual Property Office
Issue Date	shall mean June 2, 2026, or the subsequent Business Day if such Issue Date is not a Business Day, or such other date as may be mutually agreed between the Issuer and the Underwriters with advice to the SEC, PDTC and PDEx
IT	Information Technology
ITH ……..	Income Tax Holiday
Joint Lead Underwriters and Bookrunners	shall refer to BDO Capital, BPI Capital, Chinabank Capital, EastWest, First Metro, LANDBANK, RCBC Capital, and Security Bank Capital, as the entities appointed as the joint lead underwriters and bookrunners for the Offer, who have agreed to distribute and sell the Offer Bonds at the Purchase Price, pursuant to the Underwriting Agreement
LANDBANK……...	Land Bank of the Philippines
LGU.....	Local Government Unit
Maceda Law	RA 6552, a Philippine statute entitled "An Act to Provide Protection to Buyers of Real Estate on Installment Payments"
Majority Bondholders.....	shall mean, at any time, the Bondholders who hold, represent or account for more than 50% of the aggregate outstanding principal amount of the Offer Bonds
Management Areas….....	NWRB designated areas as water quality management areas
Master Certificate of Indebtedness.....	shall mean the certificates to be issued by FLI to the Trustee evidencing and covering such amount corresponding to the Offer Bonds

Maturity Date	means the date at which the Bonds shall be redeemed by the Issuer by paying the principal amount thereof. Unless otherwise earlier redeemed or purchased in accordance with the terms and conditions of the Bonds, the Offer Bonds shall mature on three (3) years and six (6) months from the Issue Date If the Maturity Date falls on a day that is not a Business Day, such Maturity Date shall be automatically extended to the immediately succeeding Business Day.
Metro Manila.....	the metropolitan area comprising the cities of Manila, Quezon City, Caloocan, Las Piñas, Makati, Malabon, Mandaluyong, Marikina, Muntinlupa, Navotas, Parañaque, Pasay, Pasig, San Juan, Taguig, and Valenzuela, as well as the municipality of Pateros, which together comprise the "National Capital Region" and are commonly referred to as "Metro Manila"
Monetary Board.....	Monetary Board of the BSP
MRB.....	Medium-Rise Building
NWRB.....	National Water Resources Board
Offer or Offer Bonds	shall mean the issuance of the third tranche of the Bond Program by FLI, with an aggregate principal amount of ₱9,000,000,000.00, under the conditions as herein contained
Offer Period.....	shall refer to the period, commencing at 9:00 a.m. on May 20, 2026 and ending at 5:00 p.m. on May 26, 2026, or such earlier or later date as may be mutually agreed between the Issuer and the Underwriters with advice to the SEC, PDTC, and PDEx
Offer Supplement	shall mean this document dated April 13, 2026, containing the specific terms and conditions of the Offer Bonds. As the context may require, the term shall refer to the Prospectus, as supplemented by this Offer Supplement
OFW.....	an Overseas Filipino worker
PAS	Philippine Accounting Standards
Paying Agent	shall refer to the Philippine Depository & Trust Corp., the party which shall receive the funds from FLI for payment of principal, interest and other amounts due on the Offer Bonds and remit the same to the Bondholders based on the records shown in the Registry of Bondholders
PCD	Philippine Central Depository
PCD Nominee	PCD Nominee Corporation, a corporation wholly owned by the PDTC
PDEx	the Philippine Dealing & Exchange Corp.
PDEx Rules	The applicable rules, conventions, and guidelines of PDEx
PDTC.....	Philippine Depository & Trust Corp.
PDTC Rules …….	shall mean the rules and regulations of the Registrar and Paying Agent and the Terms and Conditions for the Use of the e-Securities Issue Portal
Permit to Sell.....	shall mean the permit to sell securities issued by the SEC in connection with the Offer

Person……..	shall mean an individual, corporation, partnership, joint venture, unincorporated association, trust, or other juridical entity, or any governmental authority
Pesos, Php or ₱	the lawful currency of the Philippines
PEZA.....	Philippine Economic Zone Authority
PFRS	Philippine Financial Reporting Standards
Philguarantee.....	Philippine Guarantee Corporation
Philippine Clean Air Act of 1999.....	RA 8749
Philippine Corporation Code.....	Revised Corporation Code of the Philippines, RA 11232
Philippine National.....	as defined under Republic Act No. 7042 or the Foreign Investments Act, as amended, means a citizen of the Philippines, a domestic partnership or association wholly owned by citizens of the Philippines or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Philippine Corporation Code of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine National
Philippines.....	Republic of the Philippines
PhilRatings	Philippine Rating Services Corporation
PIC	PIC Asia Pacific SDN
PIC Q&A.....	Philippine Interpretations Committee Questions and Answers
POGOs	Philippine Offshore Gaming Operators, entities that provide and participate in offshore gaming services or service providers that deliver components of offshore gaming operations
Prospectus	The Prospectus dated November 14, 2023, and any amendments, supplements and addenda thereto for the offer and sale to the public of the Bonds
PSA	Philippine Standards on Auditing
PSE.....	The Philippine Stock Exchange, Inc.
PWSI ……..	ProOffice Works Services, Inc.
Purchase Price	In respect of each Bond, an amount equal to the face amount of such Bond, which is payable upon submission of the duly executed Application to Purchase
RA	Republic Act
RA 4726	RA 4726, The Condominium Act, which regulates the development and sale of real property as part of a condominium project or subdivision

RA 7279	RA 7279, the Urban Development and Housing Act of 1992, which requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 20% of the total subdivision area or total subdivision project cost, at the option of the developer, within the same city or municipality whenever feasible and in accordance with the standards set by the DHSUD
RCBC Capital.....	RCBC Capital Corporation
Registrar	shall refer to Philippine Depository & Trust Corp., being the registrar appointed by FLI to maintain the Registry of Bondholders pursuant to the Registry and Paying Agency Agreement
Registration Statement …….	shall mean the registration statement with the SEC in connection with the offer and sale to the public of the Bonds (inclusive of the Offer Bonds)
Registry of Bondholders.....	shall mean the electronic record of the issuances, sales and transfers of the Offer Bonds to be maintained by the Registrar pursuant to and under the terms of the Registry and Paying Agency Agreement
Registry and Paying Agency Agreement	shall mean the agreement dated on or about May 15, 2026 by and between the Issuer and PDTC
REIT	real estate investment trust
RPT ……..	related party transaction
Third Tranche Bonds.....	shall consist of Series E Bonds
TSNC……..	Timberland Sports and Nature Club, Inc.
Security Bank Capital	Security Bank Capital Investment Corporation
SBL……..	Single Borrower Limit
SEC	the Securities and Exchange Commission
Security	shall mean any lien, pledge, mortgage, charge, hypothecation, encumbrance or other security or preferential arrangement on or with respect to any asset or revenue of the Company
Series E Bonds	shall mean the Fixed Rate Series E Bonds due 2029
SGV & Co	SyCip Gorres Velayo & Co., a member practice of Ernst & Young Global Limited
Shelf Period …….	shall refer to the period of five (5) years following the effective date of the Registration Statement covering the Bond Program
sq.m.	square meter(s)
SRC	Securities Regulation Code of the Philippines (RA 8799) and its implementing rules, as amended
SRP.....	South Road Properties

Taxes	shall mean any present or future taxes, levies, imposts, duties, filing, registration and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof, including but not limited to, gross receipts tax, value-added tax, final withholding tax and documentary stamp tax, should they be imposed on banks and other financial institutions, but excluding: (a) taxes on the overall income of any Bondholder, whether or not subject to withholding tax; (b) income taxes on any amount payable to any Bondholder; and (c) any withholding tax on any amount due on the Bonds and payable to any Person who is a non-resident alien or a non-resident foreign corporation as defined under Section 22 of the National Internal Revenue Code
Tax Code	National Internal Revenue Code of the Philippines, as amended
Torrens	A land registration method where the Government issues a certificate of title serving as conclusive, indefeasible, and incontrovertible evidence of ownership
TPCCI ……..	The Palms Country Club, Inc.
Tranche.....	shall mean a tranche of the Fixed Rate Bonds issued under the Bond Program
Trust Agreement.....	shall mean the agreement dated on or about May 15, 2026 by and between the Issuer and the Trustee
Trustee.....	BPI Asset Management and Trust Corporation
Ultimate Parent.....	shall mean A.L. Gotianun, Inc.
Underwriters.....	shall mean the Joint Lead Underwriters and Bookrunners
Underwriting Agreement.....	shall mean the agreement dated on or about May 15, 2026 by and between the Issuer and the Underwriters
VAT.....	Value-Added Tax

Executive Summary

The following section discusses updates to the executive summary after the date of the Offer Supplement and must be read in conjunction with the Prospectus. This summary highlights information contained elsewhere in this Offer Supplement. This summary is qualified in its entirety by more detailed information and financial statements, including notes thereto, appearing elsewhere in this Offer Supplement. For a discussion of certain risks that should be considered in evaluating an investment in the Bonds, please refer to the section entitled "Risk Factors". Investors are advised to read this entire Offer Supplement and the Prospectus carefully, including the Company's consolidated financial statements and related notes contained herein.

OVERVIEW

Filinvest Land, Inc. ("**FLI**" or "**the Parent Company**") is one of the leading real estate developers in the country, providing a wide range of real estate products to residential and commercial customers. FLI (including its predecessor's operations) has over 50 years of real estate expertise and has developed ~3,000 hectares of land, having provided homes and home sites for over 200,000 families.

FLI is one of the largest residential developers nationwide, having established its presence in 56 cities and towns in 22 provinces in the Philippines. It is one of the largest medium-rise building ("**MRB**") developers in the country today and is a market leader in the affordable and middle-income residential segments. As of December 31, 2025, FLI owns 1,578.27 hectares, has joint venture arrangements for another 196.51 hectares, and under joint development or long-term leasing agreement of 489.6 hectares totaling 2,264.38 hectares under its control and management for sustainable future growth.

The Parent Company and its subsidiaries (collectively referred to as "**the Company**") offer a range of real estate products, from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, condotels, and condominium buildings. The Company also leases out commercial and office spaces in Muntinlupa City, Makati City, Pasay City, Cebu City, Tagaytay City, Cavite, and Clark Mimosa, which comprise the Company's major locations for leasing.

As of December 31, 2025, FLI operates forty (40) office buildings under its Offices by Filinvest brand, totaling 720,314 sq.m. and retail spaces with 256,830 sq.m. GLA, across its five major malls under the Filinvest Malls brand as well as its other retail locations in mixed-use developments.

With a more diversified portfolio, FLI expects to generate stable recurring revenue from its retail and office investment properties. These recurring revenues can, in turn, be used to provide internally generated funding for other projects. FLI is not and has never been a subject of any bankruptcy, receivership, or similar proceedings.

For the years ended December 31, 2023, 2024 and 2025, the Company recorded consolidated revenues and other income of ₱22,554.33 million, ₱24,445.90 million, and ₱25,898.35 million, respectively; EBITDA of ₱8,969.16 million, ₱11,469.22 million, and ₱11,845.94 million, respectively; and net income of ₱4,296.04 million, ₱4,635.74 million, and ₱4,807.83 million, respectively. FLI's common shares were listed on the PSE on October 25, 1993 and, as of December 31, 2025, FLI had a market capitalization of ₱17,235.49 million.

RECENT DEVELOPMENTS

In May 2023, FLI signed a joint venture agreement with KMC Community, Inc. for the development, management, operation, and maintenance of flexible workspaces offering private serviced office seats and co-working seats in commercial buildings. This new business is expected to further enhance the company's revenue potential. In April 2024, FLI and KMC Community Inc. (KMC), a global co-working space provider, announced the launch of their joint venture company, Our Space Solutions Inc. (OSSI). This strategic partnership signifies a major step in catering to the growing demand for co-working spaces in the Philippines. The first OSSI locations are situated in Axis Tower One, a prime office building within Filinvest City's Northgate Cyberzone. The joint venture between FLI and KMC entails the establishment, operation, development, management, and maintenance of flexible workspaces. This includes offering private serviced office seats and co-working arrangements within commercial buildings.

In July 2023, FLI purchased two wholly owned real estate business subsidiaries of Rizal Commercial Banking Corporation (RCBC), Niyog Property Holdings, Inc. and Cajel Realty Corporation. FLI now takes over the two latter companies' joint land development activities in Bacoor City, Cavite. As a result, the acquisition increased FLI's stake in Princeton Heights, a premier residential joint venture in Bacoor City, Cavite, between FLI and the aforementioned RCBC companies. Featuring American New England-inspired architecture that makes for exclusive village living, Princeton Heights (under FLI's Aspire by Filinvest brand) is the first subdivision along Bacoor Boulevard (accessible via Daang Hari and Coastal Road) that allows buyers to invest in

commercial lots.

In September 2024, FLI announced that its Board approved a capped voluntary tender offer to purchase or reacquire up to 1,866,000,000 common shares, equivalent to approximately 7.69% ownership of FLI's outstanding and listed stock, in exchange for **Filinvest REIT Corp.** (PSE: FILRT) shares owned by FLI, at an exchange ratio of 0.32 FILRT share for every 1 FLI share tendered (the "**Tender Offer**"). The Tender Offer period began on October 7, 2024 at 9:00 a.m. and ended on November 27, 2024 at 12:00 noon. The capped voluntary Tender Offer provided FLI shareholders with the opportunity for their shares to be bought back in exchange for those of FILRT. On the other hand, FLI stockholders stood to gain from the Tender Offer by benefiting from price appreciation and a stable dividend yield from FILRT shares. In addition, the Tender Offer also gave FLI shareholders a compelling opportunity to participate in REITs, gaining exposure to a portfolio of income-generating properties.

Also in September 2024, FLI opened its fifth major mall, Filinvest Malls Dumaguete, in Negros Oriental. The opening of the mall, at the base of the Marina Town mixed-use complex, adds 3,759 sq.m. of gross leasable area (GLA) to the property developer's shopping and dining portfolio in Luzon and the Visayas. The mall, located at Flores Avenue corner E.J. Blanco Street, Dumaguete City, is the second Filinvest Mall in the Visayas, and is situated along the scenic Dumaguete Bay, which offers stunning coastal views. Filinvest Malls Dumaguete is part of the Marina Town development, which spans 1.9 hectares and includes the Marina Spatial residential condominium complex.

In December 2024, FLI announced that its capped voluntary Tender Offer via share-swap enjoyed 2.3x participation in excess of the cap, highlighting the Philippine equity market's strong reception to FLI's recent strategic initiative. The Tender Offer Agent received applications totaling 4,237,498,885 FLI common shares, equivalent to 17.47% of FLI's issued and outstanding stock. As a result, the entire 1,866,000,000-FLI common share cap of the Tender Offer was fulfilled, in exchange for 597,120,000 FILRT common shares, or 12.20% of FILRT's issued and outstanding stock. The capped voluntary Tender Offer received significant support from major institutional FLI shareholders, as well as numerous minority shareholders from across the Philippines. After the tendered shares were accepted and crossed last December 9, 2024, FILRT's public float reached 46.68%, well above the Securities and Exchange Commission (SEC)'s and The Philippine Stock Exchange (PSE)'s requirement of one-third of outstanding capital stock for REITs. Prior to the Tender Offer, FILRT's public float was at 34.48%. With the expansion in public ownership, FLI also creates room to infuse assets into FILRT while remaining compliant to be a publicly listed company, retaining 26.44% public ownership in FLI after the Tender Offer, which is well above the ten percent (10%) minimum requirement of the PSE for publicly listed companies.

On January 24, 2025, FLI's and FILRT's BOD approved the sale of FLI real property to FILRT under a tax-free property-for-share swap transaction. FLI will transfer its ownership over Festival Mall – Main Mall, located at Filinvest City, Alabang Muntinlupa City, in favor of FILRT, in exchange for 1,626,003,316 primary common shares of FILRT as an issue price of ₱3.85 per share, with a total value of ₱6.26 billion. The said transaction will allow FLI to increase its equity in FILRT from 51.06% to 63.27%. The transaction was subsequently approved by FILRT's stockholders during their special meeting held on March 04, 2025. On March 5, 2025, FILRT and FLI executed the Memorandum of Agreement and the Deed of Exchange thereof. On March 06, 2025, FILRT submitted to the Securities and Exchange Commission its request for confirmation of valuation of the property and confirmation of exemption from registration. On May 27, 2025, FILRT received from the SEC the Certificate of Approval of Valuation for the transaction. Upon the SEC's approval of the Transaction, FLI as lessee and FILRT as lessor, executed a contract of lease for the property.

On October 31, 2025, FLI completed its ₱1.86 billion reinvestment program to accelerate growth nationwide, fully deploying proceeds from its share buyback and exchange for Filinvest REIT Corp. shares executed on December 11, 2024. This transaction involved the conversion of 597,120,000 FILRT common shares at a crossing price of ₱3.11 per share. The funds were deployed across residential developments in Camarines Sur, General Santos, Dagupan, Davao, and NCR. The reinvestment initiative funded ten major projects, each selected to address strong housing demand and reinforce FLI's residential and recurring income portfolio.

COMPETITIVE STRENGTHS

The Company believes that its principal strengths are the following:

- One of the market leaders in the affordable and middle-income residential real estate segment with an established reputation and brand name
- Diversified and innovative real estate development portfolio
- Extensive and diversified land bank

- Strong development and investment revenue streams
- Strong credit record and financial position
- Benefits of Large-Scale Operations
- Experienced Management Team

Please refer to the section entitled "*Business - Competitive Strengths*" of this Offer Supplement for a more detailed discussion.

BUSINESS STRATEGY

FLI intends to further accelerate growth and improve its return on equity by aggressively developing its land bank while retaining its current focus on the high-growth affordable and middle market segments where the Company believes it has a competitive advantage based on its current strong position. The Company's business segments are not dependent upon a single or a few customers, the loss of any or more of which would not have a material adverse effect on the registrant and its subsidiaries taken as a whole. It is also not dependent on any related party. The Company also has a pipeline of projects to further build up the leasing segment. FLI has the following strategies:

- Continue product, market and geographic diversification to strengthen leadership position in the affordable and middle market segments.
- Optimize and create strong revenue streams from existing assets through growth in residential revenues, especially in core best-value homes and mid-rise buildings, expansion of tenant base in office and retail leasing, and progress in signing more new locators.
- Continue to build up recurring income streams and capitalize on REIT opportunities.
- Accelerate monetization of land bank.
- Targeted vertical operations integration and digitization to improve cost efficiency.
- Continue to attract a diversified mix of tenants in the office and retail spaces to counteract the effects of the adoption of work-from-home and hybrid work and regulatory challenges
- For industrial segment, offers flexible formats ranging from RBF lease, sale and lease of industrial lots, and sale of leasehold rights, and are designed to enable tenants to seamlessly expand their footprint in line with their business growth, ensuring operations scale, space and capacity can be adjusted without disruption to continuity.

Please refer to the section entitled *"Business – Business Strategy"* for a more detailed discussion.

RISKS OF INVESTING

Please refer to the section entitled "*Risk Factors*" of this Offer Supplement

COMPANY INFORMATION

The Company is a Philippine corporation with its business address at Filinvest Building, 79 EDSA Brgy. Highway Hills 1550 Mandaluyong City, Philippines. The Company's telephone number is +(632) 7918-8188 and its fax number is +(632) 7918-8189. Its corporate website is www.filinvestland.com. The investor relations team can be reached at IR@filinvestland.com. The information on the Company's website is not incorporated by reference into, and does not constitute part of, this Offer Supplement.

Overview of the Bond Program

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the Prospectus and the remainder of this Offer Supplement and, in relation to the terms and conditions of any particular tranche of the Bond Program, the applicable terms and conditions.

Filinvest Land, Inc. is offering a Bond Program in the aggregate principal amount of Thirty-Five Billion Pesos (₱35,000,000,000.00) to be issued in one or more tranches (each a "**Tranche**") within a period of five (5) years from the effective date of the Registration Statement, with a remaining balance of Eleven Billion, Five Hundred Sixty-Nine Million, Two Hundred Thousand (₱11,569,200,000.00). The following sections outline the description of the Bond Program.

Issuer	Filinvest Land, Inc.
Issue.....	SEC-Registered Philippine Peso-Denominated Fixed-Rate Bonds
Use of Proceeds.....	The intended use of proceeds for each Tranche shall be set in the relevant prospectus and/or offer supplement under the "*Use of Proceeds*" section
Facility Amount.....	₱35,000,000,000.00 with a remaining balance of Eleven Billion, Five Hundred Sixty Nine Million Two Hundred Thousand (₱11,569,200,000.00)
Availability.....	The Bond Program shall be continuously available until the expiration of the Shelf Period and the Permit to Sell to be issued by the SEC
Form and Denomination.....	The Bonds shall be issued in scripless form in minimum denominations of ₱50,000.00 each, and in integral multiples of ₱10,000.00 thereafter, and traded in denominations of ₱10,000.00 in the secondary market.
Purchase Price	The Bonds shall be issued at 100% of face value.
Status of the Bonds.....	The Bonds shall constitute the direct, absolute, unconditional, unsubordinated, and unsecured obligations of FLI and shall rank *pari passu* and ratably without any preference or priority amongst themselves and shall rank at all times at least pari passu in priority of payment and in all respects with all its other unsubordinated and unsecured Indebtedness, other than obligations preferred by law other than the preference or priority established by Article 2244, paragraph 14(a) of the Civil Code of the Philippines, as the same may be amended from time to time.
Negative Pledge.....	The Bonds will have the benefit of a negative pledge on all properties and assets of the Issuer, subject to certain permitted liens.
Covenants	Issuance of the Bonds shall be subject to standard covenants such as but not limited to cross-default provisions and adherence to certain financial ratios.
Listing	The Bonds will be listed on the PDEx on the Issue Date.
Purchase and Cancellation.....	The Issuer may purchase the Bonds at any time in the open market or by tender or by contract at market price, in accordance with PDEx Rules, as may be amended from time to time, without any obligation to make pro rata purchases from all Bondholders. Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.

Transfer of the Bonds	Trading of the Bonds shall be coursed through a PDEx Trading Participant subject to the applicable PDEx rules and conventions. Transfer, and/or settlement of the Bonds shall be performed in accordance with the PDTC rules and procedures to be set by the Issuer and the Registrar. Upon any assignment of the Bonds, title thereto will pass by recording of the transfer from the transferor to the transferee in the electronic register of Bondholders to be maintained by the Registrar.
Governing Law.....	Philippine Law

Summary of the Offer

This Offer Supplement relates to the third tranche of the Bond Program. The following summary of the Offer does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offer Supplement.

Third Tranche of the Bond Program

Issuer	Filinvest Land, Inc.
Base Offer	₱9,000,000,000.00
The Offer	The offer for subscription of the third tranche of the Bond Program which will be issued with a Base Offer
Manner of Distribution	Public offering in the Philippines to eligible investors
Use of Proceeds.....	Proceeds of the Offer shall be used by the Company to: ● To refinance the full redemption of the Company's ₱1.7646 billion fixed rate bonds issued on November 18, 2020 with coupon rate of 4.1838% p.a. and settlement date of May 18, 2026, or if necessary, to fully pay the bridge loan/s (or any refinancing thereof) availed by the Company to partially finance the full redemption of the Company's aforementioned bonds. ● To refinance ₱7.25 billion loans from various banks due from June 11, 2026 to December 21, 2026 with a blended rate of 5.10%. For a detailed discussion on the Use of Proceeds please refer to the section on "*Use of Proceeds*".
Offer Period.....	The Offer shall commence at 9:00 a.m. on May 20, 2026 and end at 5:00 p.m. on May 26, 2026, or such earlier or later date as may be mutually agreed between the Issuer and the Underwriters.
Withdrawal of the Offer……	The Company reserves the right to withdraw the offer and sale of the Offer Bonds at any time before the commencement of the Offer Period, in which event the Company shall make the necessary disclosures to the SEC and the PDEx. The Company may also withdraw the offer and sale of the Offer Bonds at any time on or after the commencement of the Offer Period and prior to the Issue Date, if any of the following events occurs, in which case the Underwriting Agreement shall be deemed terminated, namely: a. (i) An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or (ii) occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or (iii) occurrence of any change in local, national or international financial, political, economic or stock market conditions, any of which renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Bonds in the manner contemplated by the SEC pre-effective clearance, the SEC Order of Registration, or the SEC Permit to Sell Securities (the "**Approvals**") and by this Offer Supplement, or would have a material adverse effect on the Philippine economy, on the securities or other financial or currency markets of the Philippines, or on the distribution, offer and sale of the Offer Bonds in the Philippines, rendering it, in the reasonable determination of the Joint Lead Underwriters and Bookrunners, after consultation with the Issuer, impracticable to proceed with the Offer in the manner contemplated by the Approvals and this

Offer Supplement;

b. An order revoking, cancelling, suspending, preventing or terminating the offer, sale, distribution, listing or issuance of the Offer Bonds by any court or governmental authority having jurisdiction on the matter, including the SEC and the PDEx;

c. Suspension, cancellation, revocation, or termination of the Approvals;

d. Trading in the PDEx is closed or suspended for at least three (3) consecutive trading days other than due to weekends or declared holidays, or in such manner or for such period as will render impracticable the listing and trading of the Offer Bonds on the Issue Date or such other date as may be approved by the PDEx;

e. There is a change or impending change in any Philippine law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order issued, made, or adopted by any governmental authority which (i) materially and adversely affects: (a) the ability of the Issuer to engage in the business it is presently engaged in; (b) the capacity and due authorization of the Issuer to offer and issue the Offer Bonds and enter into the transaction documents in connection with the Offer; (c) any of the features of the Offer Bonds, including the taxes on fees or costs in connection with the Offer, or (ii) renders illegal the performance by any of the Joint Lead Underwriters and Bookrunners of their respective obligations hereunder;

f. Any significant, adverse, and unforeseeable change or development in the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Bonds unsuitable for offering to the public;

g. The Issuer is compelled through an official order, decree, or ruling issued by any competent court or governmental authority to stop its operations, which is not remedied within five (5) Business Days from receipt by the Issuer of a formal notice of such decision by such competent court or governmental authority (as the case may be);

h. The Issuer shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or the Issuer shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; and such receiver, trustee or similar officer shall be appointed; or the Issuer shall initiate or institute (by petition, application or otherwise), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation, corporate rehabilitation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted against the Issuer; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part of the Issuer's assets; or any event occurs which under the laws of the Philippines or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;

i. A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;

j. The commencement or the threatened commencement in writing by any entity, person or regulatory body of any public action, court proceeding, litigation, arbitration or other similar proceeding against the Joint Lead Underwriters and

Bookrunners in connection with or with respect to the issuance or sale by the Issuer of the Offer Bonds or the Offer in general which renders the performance of their underwriting commitment impossible or impracticable;

k. Any court, arbitral tribunal, or governmental authority which has jurisdiction on the matter issues an order restraining or prohibiting the Joint Lead Underwriters and Bookrunners, or directing them to cease, from performing their underwriting obligations which makes it impossible for the Joint Lead Underwriters and Bookrunners to perform their underwriting obligations due to conditions beyond their control;

l. Unavailability of PDTC's facilities used for the Offer and/or listing prior to or on the target Issue Date and such unavailability effectively prevents the ability of the Issuer and the Joint Lead Underwriters and Bookrunners to fully comply with the listing requirements of the PDEx, if the impact of such unavailability on the listing of the Offer Bonds remains unresolved after discussions between the Issuer and the Joint Lead Underwriters and Bookrunners in good faith; and

m. Any force majeure event, other than the ones enumerated above, that has material and adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

After the commencement of the Offer Period, the Offer shall not be withdrawn, cancelled, suspended, or terminated solely by reason of the Issuer's or the Joint Lead Underwriters and Bookrunners' inability to sell or market the Offer Bonds or refusal or failure to comply with any undertaking or commitment by the Issuer, the Joint Lead Underwriters and Bookrunners, or any other entity/person to take up any Offer Bonds remaining after the Offer Period.

Notwithstanding the acceptance of any Application, the Offer Bonds will be issued only upon listing of such Offer Bonds on the PDEx, and provided that the Underwriting Agreement shall not have been terminated or cancelled, on or before the Issue Date, in accordance with the provision of the said agreement. Subject to the right of the Company to withdraw or cancel the offer and sale of the Offer Bonds prior to the Issue Date pursuant to this section, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Bonds on Issue Date.

Issue Date	June 2, 2026, or the subsequent Business Day if such Issue Date is not a Business Day, or such other date as may be mutually agreed between the Issuer and the Underwriters with advice to the SEC, PDTC and PDEx.
Maturity Date	Unless otherwise earlier redeemed or purchased in accordance with the terms and conditions of the Bonds, the Offer Bonds shall mature on three years (3) and six (6) months from the Issue Date If the Maturity Date falls on a day that is not a Business Day, such Maturity Date shall be automatically extended to the immediately succeeding Business Day.
Interest Rate.....	Series E Bonds: 7.3993% per annum

Interest Payment Dates and Interest Payment Computation .....

Interest on the Offer Bonds shall be calculated on the basis of a 30/360-day basis, and shall be paid quarterly in arrears commencing on September 2, 2026, for the first Interest Payment Date, and on March 2, June 2, September 2, and December 2 of each year for each subsequent Interest Payment Date while the Offer Bonds are outstanding, or the subsequent Business Day without any adjustment for accrued interest, if the relevant Interest Payment Date is not a Business Day. If the Issue Date is set at a date other than June 2, 2026, then the Interest Payment Dates will be automatically adjusted to the numerically corresponding dates at every three (3) months following the actual Issue Date. The last Interest Payment Date shall fall on the Maturity Date.

Final Redemption.....

Unless otherwise earlier redeemed or purchased and cancelled, the Offer Bonds shall be redeemed at par or 100% of face value on the Maturity Date. However, if the Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment in computation as to the amount of interest payable and principal amount, on the succeeding Business Day.

Early Redemption Option…….

The Issuer shall have the right, but not the obligation, to redeem in whole (but not in part), the outstanding Offer Bonds on the dates set out below (the "**Early Redemption Option Date**");

Series E Bonds	
Early Redemption Option Date	**Early Redemption Price**
On the 6th month following the 2nd anniversary of the Issue Date	100.50%

provided that if the Early Redemption Option Date falls on a day that is not a Business Day, then the payment of the Early Redemption Price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and the Early Redemption Price to be paid. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the Offer Bonds pursuant to this Early Redemption Option.

The amount payable to the Bondholders upon the exercise of the Early Redemption Option by the Issuer shall be calculated, based on the principal amount of the Offer Bonds being redeemed, as the sum of: (i) accrued interest computed from the last Interest Payment Date up to the Early Redemption Option Date; and (ii) the product of the principal amount of the Offer Bonds being redeemed and the Early Redemption Price in accordance with the above table.

The Issuer shall give no less than thirty (30) nor more than sixty (60) days' prior written notice to the Trustee, the Registrar and Paying Agent of its intention to redeem the Offer Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Offer Bonds on the Early Redemption Option Date stated in such notice.

For a detailed discussion on the Early Redemption Option please refer to the section on "Description of the Offer Bonds – Early Redemption Option" of this Offer Supplement.

Redemption for Taxation Reasons	If payments under the Offer Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer shall have the option, but not the obligation, to redeem the Offer Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) days' nor less than thirty (30) days' prior written notice to the Trustee and the Registrar and Paying Agent) at 100% of the face value of the Offer Bonds plus accrued interest thereon computed up to the date when the Offer Bonds shall be redeemed earlier than the Maturity Date, subject to the requirements of Applicable Law. For a detailed discussion on Redemption for Taxation Reasons please refer to the section on "*Description of the Offer Bonds – Redemption for Taxation Reasons*".
Redemption due to Change in Law or Circumstance	If any provision of the Trust Agreement or any of the related documents is or shall become for any reason invalid, illegal or unenforceable to the extent that it shall become, for any reason, unlawful for the Issuer to give effect to its rights or obligations thereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents, the Issuer shall provide the Trustee an opinion of legal counsel confirming the foregoing, such legal counsel being from an internationally recognized Philippine law firm reasonably acceptable to the Trustee. Thereupon the Trustee, upon notice to the Issuer, shall declare the principal of the Offer Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable without any pre-payment penalty, notwithstanding anything in the Trust Agreement or in the Offer Bonds to the contrary. For a detailed discussion on Redemption due to Change in Law or Circumstance please refer to the section on "*Description of the Offer Bonds – Redemption due to Change in Law or Circumstance*".
Bond Rating	The Offer Bonds have been rated PRS Aaa with a Stable Outlook by the PhilRatings on March 13, 2026. The rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the Offer Bonds are outstanding.
Joint Lead Underwriters and Bookrunners	BDO Capital; BPI Capital; Chinabank Capital; EastWest; First Metro; LANDBANK; RCBC Capital; and Security Bank Capital.

Registrar and Paying Agent.....	Philippine Depository & Trust Corp.
Trustee.....	BPI Asset Management and Trust Corporation
Counsel to the Issuer	FLI's Legal Services Division
Counsel to the Underwriters….....	Picazo Buyco Tan Fider Santos & Dee
Company Disclosures.....	All disclosures, reports and filings of the Company made after the date of the Offer Supplement (the "**Company Disclosures**") and submitted to the SEC and/or the PSE pursuant to the Philippine Corporation Code, the Securities Regulation Code and the Revised Disclosure Rules of the PSE contain material and meaningful information relating to the Company and investors should review all information contained in the Offer Supplement and the Company Disclosures. Copies of the Company Disclosures may be viewed at the website of the Company at: www.filinvestland.com/disclosures.
Risk Factors.....	Prospective Bondholders should carefully consider the risks connected with an investment in the Bonds, certain of which are discussed in the section titled "*Risk Factors*" of this Offer Supplement.
Indicative Timetable…….	

Filing of the Registration Statement with the SEC	March 13, 2026
Target receipt of Permit to Sell	May 19, 2026
Offer Period	May 20, 2026 – May 26, 2026
Issue Date	June 2, 2026

Summary of Financial Information

*The following tables present summary consolidated financial information for the Group and should be read in conjunction with the auditor's reports and the Group's consolidated financial statements and notes thereto contained in this Offer Supplement and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary financial information presented below as of and for the years ended December 31, 2023, 2024, and 2025 was derived from the consolidated financial statements of FLI prepared in accordance with PFRS and audited by SyCip Gorres Velayo & Co. ("**SGV & Co.**") in accordance with the PSA.*

Amounts presented in the consolidated balance sheets, consolidated statements of income and consolidated statements of comprehensive income as at and for the years ended December 31, 2025, 2024 and 2023.

CONSOLIDATED STATEMENTS OF INCOME

	For the years ended December 31,		
	2023 (Audited)	**2024 (Audited)**	**2025 (Audited)**
	(in millions except per share figures)		
REVENUE			
Real estate sales	14,486.51	₱15,392.76	**16,274.02**
Rental and related services	7,200.95	7,848.09	**8,247.02**
Total revenue	21,687.46	23,240.85	**24,521.04**
EQUITY IN NET EARNINGS OF ASSOCIATES	242.01	359.04	**529.07**
OTHER INCOME			
Interest income	283.98	319.09	**357.01**
Others - net	340.89	526.92	**491.24**
	22,554.34	24,445.90	**25,898.35**
COSTS			
Real estate sales	8,101.49	7,354.90	**7,687.90**
Rental and related services	3,122.34	3,583.37	**3,906.07**
OPERATING EXPENSES			
General and administrative expenses	2,584.60	2,623.35	**3,197.55**
Selling and marketing expenses	1,370.14	1,558.16	**1,342.33**
INTEREST AND OTHER FINANCE CHARGES	2,434.39	3,685.75	**4,077.59**
	17,612.96	18,805.53	**20,211.42**
INCOME BEFORE INCOME TAX	4,941.38	5,640.37	**5,686.93**
PROVISION FOR (BENEFIT FROM) INCOME TAX	645.34	1,004.64	**879.10**
NET INCOME	**₱4,296.04**	**4,635.74**	**4,807.83**
Net income attributable to:			
Equity holders of the parent	₱3,765.39	4,168.47	**4,171.70**
Noncontrolling interest	530.65	467.27	**636.13**
	₱4,296.04	4,635.74	**4,807.83**
Basic/Diluted Earnings Per Share	₱0.16	₱0.17	₱0.19

Notes:

(1) *Basic earnings per share amounts are calculated by dividing net income for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	For the years ended December 31,		
	2023 (Audited)	2024 (Audited)	2025 (Audited)
ASSETS			
Cash and cash equivalents	5,732.01	3,984.19	5,181.40
Contracts receivables	1,837.83	2,178.28	1,703.34
Contract assets	4,745.83	5,785.98	6,422.24
Other receivables	3,465.06	3,563.39	3,636.49
Real estate inventories	72,634.83	69,967.11	74,020.75
Other current assets	7,192.43	8,263.85	6,678.79
Contract assets – net of current portion	5,037.94	2,653.11	3,815.00
Investments in associates	5,219.90	5,321.21	5,460.88
Investment properties	79,659.34	85,041.04	88,160.76
Property and equipment	5,673.01	5,812.72	5,815.69
Deferred income tax assets	48.48	96.03	147.48
Goodwill	4,567.24	4,567.24	4,567.24
Build-transfer-operate (BTO) Rights	6,387.60	6,329.16	6,238.39
Other noncurrent assets	2,274.58	3,316.33	2,331.83
Total Assets	**204,476.08**	**206,879.65**	**214,180.29**
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable and accrued expenses	12,551.17	10,947.08	11,436.32
Contract liabilities	792.40	586.26	477.24
Current portion of lease liabilities	175.46	155.89	188.77
Due to related parties	488.49	244.14	95.90
Income tax payable	21.56	71.73	65.61
Current portion of loans payable	16,480.44	6,876.64	15,605.87
Current portion of bonds payable	1,697.34	14,815.94	1,752.26
Loans payable – net of current portion	20,507.49	35,156.01	34,231.61
Bonds payable – net of current portion	35,771.17	21,040.64	31,165.07
Contract liabilities – net of current portion	149.95	24.16	64.67
Lease liabilities – net of current portion	6,544.40	6,774.45	6,927.28
Net retirement liabilities	437.19	398.74	497.87
Deferred income tax liabilities - net	5,649.15	4,817.00	4,039.23
Accounts payable and accrued expenses – net of current portion	8,938.00	11,635.47	11,284.01
Total Liabilities	**110,204.21**	**113,544.14**	**117,831.71**
EQUITY			
Common stock	₱24,470.71	24,470.71	24,470.71
Preferred stock	80.00	80.00	80.00
Additional paid-in capital	5,612.32	5,612.32	5,612.32
Treasury stock	(221.04)	(2,078.08)	(2,078.08)
Retained earnings			
Unappropriated	57,061.52	37,302.24	29,380.78
Appropriated	5,000.00	24,813.77	34,035.00
Revaluation reserve on financial assets at fair value through other comprehensive income	(2.62)	(2.62)	(2.62)
Remeasurement gains on retirement plan – net of tax	47.52	47.52	17.79
Share in other components of equity of associates	372.45	372.45	372.45
Equity attributable to equity holders of the parent	92,420.86	90,618.31	91,888.34
Noncontrolling interest	1,851.01	2,717.20	4,460.24
Total Equity	**94,271.87**	**93,335.51**	**96,348.59**
TOTAL LIABILITIES AND EQUITY	**₱204,476.08**	**206,879.65**	**214,180.29**

CONSOLIDATED STATEMENTS OF CASH FLOW

	For the years ended December 31,		
	2023 (Audited)	2024 (Audited)	2025 (Audited)
	(in millions)		
Net cash provided by operating activities	₱9,192.74	₱7,014.53	₱7,8881.64
Net cash used in investing activities	(4,343.66)	(4,788.41)	(3,248.92)
Net cash used in financing activities	(5,736.21)	(3,973.93)	(3,435.51)

FINANCIAL RATIOS FOR THE COMPANY

	For the years ended December 31,		
	2023	2024	2025
Current Ratio [(a)]	2.97	2.78	3.30
Interest-bearing Debt-to-Equity Ratio [(b)] [(c)]	0.79	0.83	0.86
Debt Ratio[(d)]	0.54	0.55	0.55
EBITDA to Total Interest Paid [(e)]	2.18	2.16	1.94
Price Earnings Ratio[(f)]	3.69	4.29	4.05
Quick Asset Ratio[(g)]	0.71	0.71	0.80
Solvency Ratio [(h)]	0.05	0.06	0.06
Interest Coverage Ratio [(i)]	3.03	2.53	2.39
Net Profit Margin (Restated) [(j)]	0.19	0.19	0.19
Return on Equity[(k)]	0.05	0.05	0.05
Asset-to-Equity Ratio [(l)]	2.17	2.22	2.22

Notes:

(a) Current Ratio is computed as total current assets divided by total current liabilities.

(b) Interest-bearing Debt-to-Equity Ratio is computed as the sum of consolidated loans payable and consolidated bonds payable divided by total equity.

(c) The Debt-to-Equity ratio financial covenant computed as total Financial Indebtedness divided by Total Equity yields the same numerical outcome given that the Issuer does not have any non-interest-bearing debt that fall under the definition of Financial Indebtedness.

(d) Debt Ratio is computed as total liabilities divided by total assets.

(e) EBITDA to Total Interest Paid is computed as EBITDA (net income plus interest and other finance charges (including interest expense on financial liability on lease contract), provision for income tax, depreciation, and amortization divided by total interest paid.

(f) Price Earnings Ratio is computed as closing price of the Parent Company's shares of stock divided by actual earnings per share for the years ended December 31, 2025, 2024 and 2023.

(g) Quick Asset Ratio is computed as current assets less Real Estate Inventories divided by current liabilities.

(h) Solvency Ratio is computed as net income before depreciation and amortization (net income plus depreciation and amortization) divided by total liabilities.

(i) Interest Coverage Ratio is computed as earnings before interest and other finance charges and income tax (EBIT) divided by interest and other finance charges.

(j) Net Profit Margin is computed as net income divided by total revenue and other income.

(k) Return on Equity is computed as net income divided by total equity.

(l) Asset to Equity Ratio is computed as total asset divided by total equity.

EBITDA represents net income after adding back provision for income tax plus interest and other finance charges (including interest expense on financial liability on lease contract) equals **EBIT** plus depreciation and amortization.

The following table shows the reconciliation of EBITDA to the Group's net income for the periods stated:

	For the years ended December 31,		
	2023	**2024**	**2025**
		(in millions)	
Net Income	₱4,296.04	₱4,635.74	₱4,807.83
Plus:			
Interest and other finance charges	2,434.39	3,685.75	4,077.59
Provision for income tax	645.34	1,004.64	879.10
EBIT	**₱7,375.77**	**₱9,326.12**	**₱9,764.51**
Depreciation and amortization	1,593.38	2,143.10	2,081.42
EBITDA	**₱8,969.15**	**₱11,469.22**	**₱11,845.94**

Risk Factors

This section includes additional risks or updated discussions of certain risks to those stated in the Offer Supplement and must be read in conjunction with the Prospectus. The following section is qualified in its entirety by, and should be read in conjunction with, the more detailed information found in the Prospectus. The risk factors discussed in this section are of equal importance and are organized in no particular order.

An investment in the Bonds involves a number of risks. The price of securities can and does fluctuate, and any individual security may experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance and there may be a large difference between the buying price and the selling price of these securities. Investors deal with a range of investments, each of which may carry a different level of risk. Investors should carefully consider all the information contained in the Prospectus and this Offer Supplement, including the risk factors described below, before deciding to invest in the Bonds. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on the Company's business, financial condition and results of operations and cause the market price of the Bonds to decline. All or part of an investment in the Bonds could be lost.

The means by which the Company plans to address the risks discussed herein are principally presented in the sections of the Prospectus and this Offer Supplement entitled "Business — Competitive Strengths", "Business — Business Strategy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Offer Supplement. This section entitled "Risk Factors" does not purport to disclose all of the risks and other significant aspects of investing in these securities. Investors should undertake independent research and study the trading of securities before commencing any trading activity. Investors should take note that the risks disclosed in this section are not necessarily arranged based on the order of importance or significance. Investors should seek professional advice regarding any aspect of the securities such as the nature of risks involved in the trading of securities, and specifically those of high-risk securities. Investors may request publicly available information on the Offer and FLI from the SEC and PDEx.

RISKS RELATING TO THE COMPANY'S BUSINESS

The Company operates in a competitive industry, which could limit the Company's ability to maintain or increase its market share and maintain profitability.

The Company's business operations are subject to competition. Some competitors may have substantially greater financial and other resources, which may allow them to undertake more aggressive marketing and to react more quickly and effectively to changes in the markets. The entry of new competitors into the Company's business could reduce the Company's sales and profit margins. To address this, the Company continues to build housing products that appeal to its core market at the most competitive prices. It also focuses on after-sales service to maintain its reputation in the industry.

FLI is subject to significant competition in connection with the acquisition of land for residential real estate projects, investment properties and the leasing business. The Company's future growth and development are dependent, in part, on their ability to acquire or enter into agreements to develop additional tracts of land suitable for the types of residential real estate projects they have developed over the years. As the Company and its competitors attempt to locate sites for development, FLI may experience difficulty locating parcels of land of suitable size in locations and at prices acceptable to them, particularly parcels of land located in areas surrounding Metro Manila and in other urban areas throughout the Philippines. The Company may also have difficulty in attracting landowners to enter into joint venture agreements with them that will provide the Company with reasonable returns. In the event the Company is unable to acquire suitable land at acceptable prices, or at all, or to enter into agreements with joint venture partners to develop suitable land with reasonable returns, or at all, the Company's growth prospects could be limited, and its business, financial condition and results of operations could be adversely affected. The Company continuously searches for suitable land for its projects, especially in areas that it perceives will have significant demand.

The Company competes with a number of commercial developers, some of which have greater financial and other resources and may be perceived to have more attractive projects. Moreover, FLI's emphasis on MRBs potentially exposes the Company to greater competition for real estate projects due to there being fewer barriers to entry in this segment as compared to larger developments. Competition from other developers, and in the cases of Festival Supermall, Fora Mall or Main Square Mall, Il Corso from neighboring shopping malls, may adversely affect the Company's ability to successfully operate their investment properties or attract and retain tenants, and continued development by these and other market participants could result in saturation of the market for office and retail space. The Company also faces competition with respect to its commercial office space properties, principally from Megaworld Corporation, Eton Properties Philippines, Robinsons Land Corporation, SM Prime Holdings, Inc. and Ayala Land, Inc., each of which has a large portfolio of commercial office space available for lease in Metro Manila's principal business districts. These competitors may have greater experience in commercial leasing operations and there can be no assurance that the Company will be able to successfully compete with larger and more experienced competitors. Consequently, the competition that FLI faces

could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's increased leverage could create operating risks for its business

The increase in debt of FLI may bring about certain undesirable results such as:

- constraints in the Company's ability to service its debt obligations
- limits in the Company's ability to attain new financing for working capital, capital expenditures, debt refinancing, and other purposes
- obligations from the Company to divert a portion of its cash flow to debt service
- a lessening of the Company's financial flexibility to take advantage of opportunities in the Philippine economy or property industry

As of December 31, 2025, FLI's consolidated interest-bearing debt (defined as the sum of consolidated loans payable and consolidated bonds payable) amounted to ₱82.75 billion of which current and non-current portions amounted to ₱17.36 billion and ₱65.40 billion, respectively. If the Company is unable to refinance or repay its debt, FLI would have to consider financing options such as the sale of its assets that may cause it to modify, delay, or abandon its future development plans. To mitigate this risk, the Company adopts stringent monitoring mechanism designed to manage its debt levels and ensure that they are within sustainable limits. The Company also ensures that sufficient credit lines are available to refinance its currently maturing debt. The Company's interest-bearing debt-to-equity ratio remains healthy at 0.86x as of December 31, 2025. The Company continues to manage its leverage by increasing its revenues and cost efficiencies to generate more cash from operations, thereby limiting the need to take on debt.

The Company's debt instruments and financing agreements contain cross-default provisions that could have a systemic adverse effect on its liquidity and financial condition.

The Company has incurred various debt obligations, including bank loans, corporate bonds, and other financing agreements, which contain cross-default or cross-acceleration provisions. Under these provisions, a default by the Company or in certain cases, by its subsidiaries, under one debt agreement could automatically trigger a default under its other existing debt agreements. If an event of default occurs and is not cured or waived within the specified periods, as applicable, this could declare the outstanding principal amounts and accumulated interest immediately due and payable. Such an acceleration of multiple debt obligations would severely strain the Company's cash flows and available liquidity. In such an event, there can be no assurance that the Company would have sufficient funds to immediately repay all of its accelerated debts, nor can there be any assurance that the Company would be able to refinance these obligations on acceptable terms, or at all. The cross-default provisions would therefore have a material adverse effect on the Company's business, financial condition, results of operations, and its ability to fund its ongoing real estate projects. The Company actively monitors its compliance with debt covenants and its debt maturity profile to mitigate the risk of any potential default. Management regularly evaluates the relevance and appropriateness of its covenant requirements in the context of the Company's evolving business environment. The Company also maintains sufficient credit facilities to ensure the availability of funding for refinancing upcoming maturities, when necessary.

The Company's business is highly regulated and Government policies and regulations could adversely affect the Company's operations and profitability.

The Company's business operations are subject to a broad range of government laws and regulations, fiscal policies and zoning ordinances. The Company has incurred, and expects to continue to incur, operating costs to comply with such laws and regulations, fiscal policies and zoning ordinances. Further changes to the applicable governmental laws and regulations, fiscal policies and zoning ordinances will result in additional costs of compliance for the Company.

The Company is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. Use of lands may be limited by zoning, comprehensive land use plans ("**CLUP**") and reclassification ordinances enacted and implemented by local government units ("**LGU**"), such as provinces, cities or municipalities. In addition, projects that are to be located on agricultural land must get a conversion or exemption clearance from the Philippine Department of Agrarian Reform ("**DAR**") so that the land can be converted to non- agricultural use or certified as exempt from the coverage of the Comprehensive Agrarian Reform Program pursuant to Republic Act No. 6657 or the "Comprehensive Agrarian Reform Law of 1988," as amended ("**RA 6657**"). In certain cases, tenants occupying agricultural land may have to be relocated at the Company's expense.

Presidential Decree No. 957, as amended, ("**PD 957**") and Republic Act No. 4726, also known as The Condominium Act ("**RA 4726**"), and Republic Act No. 6552, also known as the "Realty Installment Buyer Protection Act," more commonly known as the "Maceda Law" ("**RA 6552**") are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957 and RA 4726 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The Department of Human Settlements and Urban Development ("**DHSUD**") is the administrative agency of the Government of the Philippines which, together with LGUs, enforces these statutes and has jurisdiction to regulate the real estate trade and business. RA 6552, on the other hand, confers

certain rights to buyers and covers all transactions or contracts involving the sale or financing of real estate on installment payments, including residential condominiums, except industrial lots, commercial buildings and sales to tenants under Republic Act No. 3844, as amended, or the "Agricultural Land Reform Code" ("**RA 3844**").

Other regulations applicable to the Company include land registration laws and regulations, real property taxation, as well as standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, sewage systems, garbage disposal systems, electricity supply, lot sizes, easements, the length of the housing blocks, and house construction. All subdivision development plans are required to be filed with and approved by the DHSUD and LGU with jurisdiction over the area where the project is located. Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company and its subsidiaries or associates or partners, will be able to obtain governmental approvals for their projects, or that these approvals can be secured without delay, or that when given, such approvals will not be revoked. In addition, owners of our dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing units. Project permits and any license to sell may be suspended, cancelled or revoked by the DHSUD based on its own findings or upon complaint from an interested party and there can be no assurance that the Company and its subsidiaries, associates or partners will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled or suspended. Notably, the mere absence of a license to sell does not, by itself, justify cancellation of the sale of a subdivision house and lot or a condominium project. However, operating without such license may indicate non-compliance with the standards and requirements of PD 957, which could constitute a breach of the developer's obligations. Moreover, under Republic Act No. 7279, as amended by Republic Act No. 9397, or the "Urban Development and Housing Act of 1992" ("**RA 7279**"), the Company may, in certain instances, be required to devote at least twenty percent (20%) of the total project area or cost for socialized housing. The price per unit that the Company is permitted to charge for socialized housing is subject to a pre-specified maximum, fixed by proper Government agencies and which could be reduced or increased at any time. Any of the foregoing circumstances or events could affect the Company's ability to complete projects on time, within budget, at a profit or any at all, and could have a material adverse effect on the Company's financial condition and results of operations. The Company monitors government regulations to ensure compliance at all times and to anticipate its effects on operations.

The Company's business is subject to environmental regulations that could have a material adverse effect on its business, financial condition and results of operations.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the Department of Environment and Natural Resources ("**DENR**"). For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment may be required and the developer will be required to obtain an Environmental Compliance Certificate ("**ECC")** to signify the full responsibility of the proponent in implementing specified measures which are necessary to comply with existing environmental regulations or to operate within best environmental practices that are not currently covered by existing laws. There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of an ECC condition occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine and incur costs in order to cure the violation and to compensate its buyers and any affected third parties. The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's real estate development could have a material adverse effect on the Company's business, financial condition and results of operations. The Company strives to ensure compliance with environmental regulations by strictly monitoring all its properties.

The Company relies heavily on automated systems to operate its business and the failure to maintain, upgrade and secure these systems could harm the Company's business.

The Company depends on a variety of automated systems to operate its business. Although the Company has implemented various IT-related improvements programs and installed new systems over the years, due to the continuously evolving nature of information technology systems, certain parts of the Company's automated systems are or may be relatively outdated and less integrated than those of some companies of similar scale in the Philippines and abroad. As a result, there can be no assurance that the Company's information systems will achieve their intended benefits within the anticipated time frame efficiently, or at all. Moreover, there can be no assurance that any new systems of the Company will not be rendered outdated in the near future due to rapid technological advancements.

Furthermore, the Company relies on systems developed and maintained by third parties. If these third parties experience difficulty meeting the Company's requirements or standards, it could damage the Company's reputation or make it difficult for the Company to operate some aspects of its businesses. In certain cases, the Company has developed, and intends to develop, automated systems

to replace third-party systems that the Company has used, and uses, in its operations. There can be no assurance that the Company's in-house teams will be able to design, implement and maintain functional systems that adequately replace such third-party systems. In such cases, the Company generally does not have recourse to any third-party provider if the systems do not operate as intended. Any of the foregoing could have an adverse effect on the Company's business, financial condition and results of operations.

Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments could result in compromises or breaches of the applicable security systems and personal data stored in these systems. Anyone who circumvents the security measures on these systems could misappropriate the Company's confidential information or cause interruptions in its services or operations. The internet is a public network and data is sent over this network from many sources. In the past, computer viruses or software programs that disable or impair computers have been distributed and have rapidly spread over the internet. Computer viruses could be introduced into the Company's systems, or those of the third-party systems, which could disrupt the Company's operations or make its systems inaccessible to the third parties. The Company may be required to expend significant capital and other resources to protect against the threat of security breaches or to alleviate problems caused by breaches. The Company's security measures may be inadequate to prevent security breaches, and its business operations would be negatively impacted if security breaches are not prevented. The Company implements information technology and security protocols to ensure that its systems are protected and functioning at all times.

The Company may not be able to successfully manage its growth.

The Company has acquired various new and diversified commercial assets in recent years, and the Company intends to continue to pursue an aggressive growth strategy for its business. There can be no assurance that, while implementing its growth and diversification strategy, FLI will not experience capital constraints, construction delays, operational difficulties at new operational locations or difficulties in operating existing businesses and training personnel to manage and operate expanded businesses. Any inability or failure to adapt effectively to growth, including strains on management and logistics, could result in losses or development costs that may not be recovered as quickly as anticipated, if at all. These problems could have a material adverse effect on the Company's reputation and on its business, financial condition, and results of operations.

In the real estate business, the Company holds 53.9 hectares in the SRP, which is a reclaimed land project located in Cebu City. FLI has developed City di Mare, the Il Corso Mall on a 10.6-hectare portion it owns in SRP. In addition, FLI constructed MRBs known as San Remo and Amalfi under a 40-hectare joint venture and profit-sharing arrangement with the Cebu City Government. In 2019, the Filinvest group has fully paid an additional acquisition of 9.6 hectares of land in SRP where FLI owns 3.3 hectares as of December 2021. In September 2015, FLI won the bid for the right to own 55.0% of a joint venture company with the Bases Conversion Development Authority ("**BCDA**") tasked with the development, marketing, management and leasing of the first phase of Clark Green City that covers 288 hectares of land adjoining Clark Freeport Zone and the CIA in Northern Luzon. Further, in 2016, together with FLI and the Clark Development Corporation, FLI formed Filinvest Mimosa, Inc. ("**FMI**") which entered into a 50-year lease (renewable for another 25 years) with the Clark Development Corporation for the development of 200-hectare Mimosa Leisure Estate. On July 14, 2023, FLI signed a share purchase agreement with Rizal Commercial Banking Corporation ("**RCBC**") for the acquisition of 100% of the outstanding capital stock of Cajel Realty Corporation ("**Cajel**") and Niyog Property Holdings, Inc. ("**Niyog**"). With direct ownership of Cajel and Niyog, which owns several properties in Bacoor, Cavite, this transaction will increase FLI's real estate developments in the said area. These are just some of the land acquisitions of the company within the last few years. All these projects require significant manpower resources, including the contracting of suitable and reputable third-party contractors. If FLI cannot manage its growth, find suitable contractors or otherwise incur any delay or default on any of its development or construction obligations, business, results of operations and financial condition may be materially and adversely affected. The Company continuously reviews its expansion plans and implements measures to ensure the execution of these plans.

The Company may be unable to continue to exploit opportunities to acquire or invest in new businesses and diversify its operations.

As part of the Company's business strategy, it intends to selectively explore acquisitions, and investment opportunities that may enhance its revenue growth, operations and profitability. From time to time, the Company may publicly announce potential investments and acquisitions under consideration. If general economic and regulatory conditions or market and competitive conditions change, or if operations do not generate sufficient funds or other unexpected events occur, the Company may need to delay, modify or forego some aspects of its growth strategies, and its future growth prospects could be adversely affected.

The Company's ability to grow successfully and profitably through acquisitions will depend on numerous factors, including the availability of suitable acquisition or investment targets, competition for those acquisitions, particularly from those companies with larger and more geographically diverse operations and greater financial resources than the Company, the ability of the companies the Company acquires to perform operationally or financially in the manner expected, the Company's ability to successfully integrate and operate its acquisitions, the availability of expertise and financial resources to successfully manage such acquisitions on a regional scale, the availability of financing from internal or external sources for the Company to complete those acquisitions and the legal, regulatory, social, political and economic factors which prevail in the markets where those opportunities may exist.

To the extent the Company acquires or invests in areas that are outside of the Company's existing business, the Company will face challenges, including with respect to the Company's ability to develop the expertise required to successfully engage in the businesses it acquires or invests in and to make such businesses successful, the Company's ability to develop a reputation in industries into which it might expand, the Company's ability to attract and retain customers, suppliers and managers for new businesses; and competition from companies engaged in similar businesses in the markets that the Company has targeted for entry which is dependent, in part, upon the number, size, operating history, expertise, reputation and financial resources of those competitors. Furthermore, to the extent such investments are undertaken as joint ventures, there can be no assurance that the Company's public and private partners will meet their joint venture obligations in a timely manner or at all.

In addition, the Company may spend considerable management time and cost in evaluating potential acquisition targets or investments which may divert management attention from the Company's current business. As a result of any of these factors, the Company may be unable to grow its existing business in the manner it expects, which could have a material adverse effect on the Company's existing business, financial condition and results of operations. The Company's future acquisitions and investments, if any, may require it to use significant amounts of cash and incur substantial amounts of indebtedness, each of which could adversely affect the Company's business, financial condition and results of operations. To minimize this risk, the company regularly assesses market conditions and formulates plans as well as alternatives if market conditions change. This allows the company to be flexible and agile.

The businesses in which the Company currently operates and may in the future operate are capital-intensive. Failure to obtain financing or the inability to obtain financing on reasonable terms could affect the execution of the Company's operations and growth plans.

The businesses in which the Company currently operates and may in the future operate are capital-intensive. The real estate business requires significant capital expenditures to develop and implement new projects and complete existing projects. In 2023, 2024 and 2025, the Company spent ₱12.96 billion, ₱15.51 billion, and ₱11.42 billion, respectively, for land acquisition, land development, residential developments and construction of investment properties.

Historically, while the Company has funded a significant portion of its capital expenditure requirements internally from its real estate operations, it has periodically utilized external sources of financing. However, there can be no assurance that, to complete its planned projects or satisfy its other liquidity and capital resources requirements, the Company will be able to continue funding its capital expenditure requirements internally, or that it will be able to externally obtain sufficient funds for its capital expenditure budgets, at acceptable rates or at all. The Company's ability to raise additional equity financing from non-Philippine investors is subject to foreign ownership restrictions imposed by the Philippine Constitution and applicable laws. The Company's continued access to debt financing as a source of funding for new projects and acquisitions and for refinancing maturing debt is subject to many factors, many of which are outside of the Company's control. For example, political instability, an economic downturn, social unrest, changes in the Philippine regulatory environment or the bankruptcy of an unrelated company within a similar industry or industries in which the Company operates could increase the Company's cost of borrowing or restrict the Company's ability to obtain debt financing or comply with its debt financing covenants. In addition, disruptions in the capital and credit markets, which occurred in the past, may recur and such disruptions could adversely affect the Company's access to financing. The Company cannot guarantee that it will be able to arrange financing on acceptable terms, or at all. The inability of the Company to obtain financing from banks and other financial institutions or on acceptable terms would adversely affect its ability to operate or execute its growth strategies. To manage this risk, the Company has established a wide range of possible financing options. The company is also flexible enough to adjust its plans depending on the financial resources.

The interests of the Company's joint venture partners may differ from those of the Company and such partners may take actions that adversely affect the Company or its subsidiaries.

A joint venture involves special risks where the venture partner may have economic or business interests or goals that are inconsistent with or different from those of the Company. The joint venture partner may also take actions contrary to the Company's instructions or requests, or in direct opposition to the Company's policies or objectives with respect to the underlying business or dispute the distribution of its joint venture share. The joint venture partner may also fail to perform its obligations under the joint venture arrangement. Disputes between the Company and its joint venture partners could arise after significant capital investments in a project have been made, which could result in the loss of some or all of the Company's investment in that project. The Company's reliance on its joint venture arrangements could therefore have a material adverse effect on the Company's business, financial condition and results of operations.

FLI also has current joint venture arrangements or partnerships with several government units. Although these are covered by contracts and agreements that have been authorized by government legal protocols and proceedings, there might be circumstances in the future that such agreements may be subjected to review and audit which may affect the Company's ability to deliver on its obligations to its clients, and might hamper the operations of the company as a whole, to generate the revenues from the projects. Such joint venture arrangements are the following: (i) 40- hectare joint venture project with Cebu City Government in SRP; (ii) 4.1-hectare BTO arrangement with Cebu Provincial Government for seven (7) office tower buildings and commercial centers in

Lahug and Apas, Cebu; (iii) land lease agreement with Clark Development Corporation involving the 200-hectare Mimosa Plus estate in Clark Pampanga, together with FDC; and (iv) joint development partnership with BCDA on 288-hectare New Clark City in Tarlac. The Company maintains good relationships with its joint venture partners to ensure common objectives.

FLI is controlled by the Gotianun Family and their interests may differ significantly from the interests of other shareholders.

FLI is controlled by members of the Gotianun Family, who either individually or collectively have controlled FLI and its subsidiaries since the inception of FLI. As of December 31, 2025, members of the Gotianun Family were the beneficial and record owners of approximately 65.30% of the Company's issued and outstanding Shares. Members of the Gotianun Family also serve as directors and executive officers in FLI. There is also no non-compete agreement or other formal arrangement in place to prevent other companies that are also controlled by the Gotianun Family from engaging in activities that compete directly with the Company's businesses or activities, which could have a negative impact on the Company. Neither can there be any assurance that the Gotianun Family will not take advantage of business opportunities that may otherwise be attractive to the Company. The interests of the Gotianun Family, as the Company's controlling shareholder, may therefore differ significantly from or compete with the Company's interests or the interests of other shareholders, and the Gotianun Family may vote their Shares in a manner that is contrary to the interests of the Company or the Company's other shareholders. There can be no assurance that the Gotianun Family will exercise influence over the Company in a manner that is in the best interests of the Company or its other shareholders. The Company has three (3) independent directors who are independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors of the Company. All major decisions are brought to the Board of Directors for approval.

The Company is highly dependent on certain directors and members of senior management.

The Company's directors and members of its senior management have been an integral part of the Company's success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart or take on reduced responsibilities could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. Members of the Gotianun Family also fill certain key executive positions and the Company may not be successful in attracting and retaining executive talent to replace these family members should they depart or take on reduced responsibilities. Such executives include: Jonathan T. Gotianun, Chairman; Lourdes Josephine Gotianun-Yap, Vice Chairperson; Michael Edward T. Gotianun, Vice President and Director and Francis Nathaniel C. Gotianun, Director. While the Company has an active program for succession planning, which includes continued participation of retiring executives on key committees, if any such person departs or takes on reduced responsibilities or is otherwise unavailable to the Company and the Company is unable to fill any vacant key executive or management positions or responsibilities with qualified candidates, its business, financial condition and results of operations may be adversely affected. The Company does not carry insurance in respect of the loss of the services of any of the members of its management. The Company has put in place succession planning that will ensure stable management. The Company also has a roster of professional senior management with extensive experience in real estate.

The Company may be unable to attract and retain skilled professionals.

The Company believes there is significant demand for its skilled professionals not only from its competitors in the Philippines but also from companies outside of the Philippines, particularly companies operating in Asia and the Middle East. The Company's ability to retain and attract highly skilled personnel, particularly architects, engineers, hotel managers, hospitality professionals, and project and operation managers, will affect its ability to plan, design and execute current and future projects. In particular, any inability on the part of the Company to hire and, just as importantly, to retain qualified personnel could impair its ability to undertake project design, planning and execution activities in-house and could require FLI to incur additional costs by having to engage third parties to perform these activities. The Company has put in place succession planning in the event of difficulty in hiring professionals. The Company has also established a number of methods for recruiting professionals.

Ownership over certain land owned by the Company may only be evidenced by tax declarations or may be contested by third parties.

The Philippines has adopted the Torrens system of land registration, which is intended to conclusively confirm land ownership by providing a state guarantee of indefeasible title to those in the register, and which is binding on all persons (including the Government). However, in certain instances and for various reasons such as inadequate record keeping or delays in the processing of certificates of title, it is not uncommon for landowners to have their ownership evidenced only by tax declarations, and not the more common certificates of title. Although the Company may have conducted the requisite due diligence on its properties and is confident of its ownership over such properties, there can be no assurance that other parties will not assert their own claims of ownership and present similar or stronger documents of title over such properties.

Moreover, it is not uncommon for third parties to claim ownership of land which has already been registered and over which a title has been issued. There have been cases where third parties have produced false or forged title certificates over land and there are

difficulties in obtaining title guarantees with respect to properties in the Philippines. Title to land is often fragmented and land may have multiple owners. Land may also have irregularities in title, such as non- execution or non-registration of conveyance deeds, which may be subject to encumbrances of which the Company, its subsidiaries and their respective joint venture partners may not be aware. The difficulty of obtaining title guarantees in the Philippines means that title records provide only for presumptive rather than guaranteed title. As each transfer in a chain of title may be subject to a variety of defects, the title and development rights of the Company, its subsidiaries and their respective joint ventures may be subject to various defects of which they are not aware. For these and other reasons, title insurance is not readily available in the Philippines. Title defects may result in the loss by the Company or its subsidiaries or their respective joint ventures of the title over land.

From time to time the Company has had to and may continue to defend itself against third parties who claim to be the rightful owners of land which has been the subject of tax declarations in the name of the Company, titled in the name of the persons selling the land to the Company or which has already been titled in the name of the Company. Although historically these claims have not had a material adverse effect on the Company, in the event a greater number of similar third-party claims are brought against the Company in the future or any such claims involves land that is material to the residential and land development projects of the Company or its subsidiaries, the management of the Company or relevant subsidiary may be required to devote significant time and incur significant costs in defending itself against such claims. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of its land development or other business projects. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operation, as well as on its business reputation. The Company follows strict processes and documentation standard to make sure that land purchase transactions are without issues.

FLI has a number of related party transactions with affiliated companies.

The companies controlled by the Gotianun Family have a number of commercial transactions with the Company. As of December 31, 2025, the Company had an outstanding net amount due from related parties (after deducting amounts due to related parties) of ₱431.65 million. These related party transactions, apart from outstanding compensation to directors, officers, stockholders and related interests, also include non-interest-bearing cash advances and various charges to and from non-consolidating affiliates for management fees, rent, share of expenses and commission charges. The Company also applies this principle to contracts between different companies within the Company. See "*Related Party Transactions*" and the notes to the Company's consolidated financial statements appearing elsewhere in this Offer Supplement.

The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the Gotianun Family. These transactions may involve potential conflicts of interest which could be detrimental to the Company and/or its shareholders. Conflicts of interest may also arise between the Gotianun Family and the Company in a number of other areas relating to its business, including:

- major business combinations involving the Company;
- plans to develop the respective business of the Company; and
- business opportunities that may be attractive to the Gotianun Family and the Company.

The Company can provide no assurance that the Company's related party transactions will not have a material adverse effect on its business, financial condition and results of operations. All major related party transactions are subject to approval of the Board of Directors. The Company has three (3) independent directors who are independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors of the Company.

The Company is involved in litigation, which could result in financial losses or harm its business.

The Company is subject to lawsuits and legal actions in the ordinary course of its real estate development and other allied activities. Litigation could result in substantial costs to, and a diversion of effort by, the Company and/or subject the Company to significant liabilities to third parties. There can be no assurance that the results of such legal proceedings will not materially harm the Company's business, reputation or standing in the market or that the Company will be able to recover any losses incurred from third parties, regardless of whether any company is at fault. There can be no assurance that losses relating to litigation would not have a material adverse effect on the Company's business, financial condition and results of operation, or that provisions made for litigation related losses will be sufficient to cover the Company's ultimate loss or expenditure. See "*Business—Legal Proceedings*." The Company continues to monitor all project implementations and contract commitments to ensure compliance with agreements as to minimize the probability of litigations against the Company.

The Company's business, financial condition, and results of operations face risks from public health epidemics or outbreaks of disease that could have an adverse effect on economic activity in the Philippines.

Public health epidemics, such as the outbreak of the Ebola virus, MERS-CoV, Zika virus, bird flu, polio, and more recently, COVID-19, have previously impacted the Philippines. If any of such public health epidemics emerge, re-emerge, becomes widespread in the Philippines or increases in severity, it could have an adverse effect on economic activity in the Philippines, and could have a material adverse effect on the Company.

In May 2023, the World Health Organization announced the end of the COVID-19 pandemic. Subsequently, in July 2023, the President of the Philippines issued Presidential Proclamation No. 297, formally lifting the country's State of Public Health Emergency. Nonetheless, the Company continues to monitor and evaluate developments relating to any public health epidemic or pandemic to develop, to the extent practicable, contingency measures to mitigate the risk impact to its business.

Natural or other catastrophes, including severe weather conditions and earthquakes, may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. Natural catastrophes may disrupt the Company's business operations and impair the economic conditions in the affected areas, as well as the overall Philippine economy. These factors, which are not within the Company's control, could potentially have significant effects on its business operations and development projects, many of which are large, complex estates with infrastructure, such as buildings, roads and perimeter walls that are susceptible to damage. Damages resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from customers, for example for physical injury or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions, may adversely affect the Company's business, financial condition and results of operations. Further, although the Company carries insurance for certain catastrophic events, of different types, in varying amounts and with deductibles and exclusions that the Company believes are in line with general industry practices in the Philippines, there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from such property, while remaining liable for any project costs or other financial obligations related to the business. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations. The Company has planned for these events and has put in place a business continuity plan to ensure continuous operations.

On June 3 to 4, 2023, Typhoon Mawar (Betty) hit Northern Philippines. These did not materially affect the operations of the Company and there were no material damages to the Company's properties.

In 2024, the Philippines experienced several typhoons, the most impactful being super typhoon Man-yi (Pepito) in November. This Category 5-equivalent storm struck Catanduanes and Aurora provinces with maximum sustained winds of 260 km/h causing widespread damage, displacement, and power outages. It was the sixth typhoon to hit the country in a single month, following a series of others, including super typhoon Usagi (Ofel).

During 2025, several tropical cyclones affected various parts of the Philippines, including Typhoon Emong in July, Typhoon Nando in October, which brought heavy rainfall and flooding in portions of Northern Luzon including Dagupan City, and Typhoon Tino in November, which affected areas in the Visayas including Cebu. These events resulted in localized flooding and temporary disruptions in certain areas.

The Company conducted inspections and assessments of its project sites, properties, and operations located in potentially affected areas. Based on technical assessments and management evaluation, no material damage to the Company's properties was identified, and no material operational disruptions were noted. These assessments form part of the Company's broader approach to identifying and managing physical climate-related risks across its developments and operations. The Company continues to monitor weather-related risks and implement appropriate measures as part of its enterprise risk management and operational processes.

The Company's real estate portfolio of residential property development projects exposes the Company to sector-specific risks.

Because the Company's real estate business is concentrated in the Philippine residential property market, reduced levels of economic growth, adverse changes in the country's political or security situation, or weaker performance of the country's property development market generally could materially adversely affect the Company's profitability. The property development business involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. The Company's results of operations are therefore dependent, and are expected to continue to be dependent, on the continued success of their residential and land development projects.

Additionally, the Philippine residential real estate industry is highly competitive. The Company's projects are largely dependent on the acceptance of their projects when compared to similar types of projects in their geographic areas, as well as on the ability of the Company to correctly gauge the market for their projects. The oversupply in Metro Manila has resulted in to stiff pricing competition among the developers for RFO units. Important factors that could affect the Company's ability to effectively compete include a project's relative location versus that of its competitors, particularly to transportation facilities and commercial centers, as well as the quality of the residences and related facilities offered by the Company, pricing, competitive promotions and the overall attractiveness of the project. The time and costs involved in completing the development and construction of residential projects can be affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, depreciation of the peso, natural disasters, labor disputes with contractors and subcontractors, and the occurrence of other unforeseeable circumstances. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. Moreover, failure by the Company to complete construction of a project to its planned specification or schedule may result in contractual liabilities to purchasers and lower returns, all of which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company follows a planning process taking into account all factors that affect the completion of projects. The Company is able to anticipate changes and accordingly adjust its plans and implementation should such adjustments become necessary.

The Company is exposed to risks associated with the operation of their investment properties and the development of their office space and retail leasing business and the integration of such investment properties with its core housing and land development business.

The operations of the Company's commercial real estate assets, which includes interests in leasable office space in PBCom Tower and the Northgate Cyberzone and other commercial properties in Filinvest City and elsewhere in the Philippines, as well as ownership of Festival Supermall and other malls, are subject to risks relating to their respective operations. The Company's ability to lease out their commercial and office properties in a timely manner and collect rent at profitable rates, or at all, is affected by each of the following factors, among others:

- the national and international economic climate;
- changes in demand caused by policies affecting call centers, POGOs and other BPO operations in the Philippines and worldwide, including the relative cost of operating BPOs and POGOs in the Philippines as compared to other markets (such as India), which depends in part on the continued favorable regulations and fiscal incentive regimes with respect to such industries and the Government's general policy with respect to investments and industries from China;
- trends in the Philippine retail industry;
- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, environment, taxes and government charges;
- the inability to collect rent due to bankruptcy of tenants or otherwise;
- competition for tenants;
- changes in market rental rates;
- the need to periodically renovate, repair and re-let space and the costs thereof;
- the quality and strategy of management; and
- the Company's ability to provide adequate maintenance and insurance coverage.

The Company could also be adversely affected by the failure of tenants to comply with the terms of their leases or commitments to lease, declining sales turnover of tenants at Filinvest Lifemalls or oversupply of or reduced demand for BPO services, office space and/or retail space. In particular, with respect to retail property leases, including those at Festival Supermall and other retail properties, it is generally the case that all or a portion of the rent to which the Company is entitled comprises a percentage of the tenant's sales, which percentage generally ranges from 1.5% to 15% depending on the tenant's merchandise. Accordingly, the Company is exposed to deterioration in the businesses of their tenants. If the Company is unable to lease their properties in a timely manner or collect rent at profitable rates or at all, this could have a material adverse effect on the Company's operations and financial condition. Further, the success of the Company's investment properties will depend, in part, on their ability to realize the potential revenue and growth opportunities from these assets.

The Company is subject to risks incidental to the ownership and operation of commercial, office and related retail properties

including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, the rise of hybrid work set-up, departure of POGOs, increased operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs. In particular, FLI's BPO properties rely on the growth of the BPO business as a source of revenue. If the BPO business does not grow as the Company expects or if the Company is not able to continue to attract BPO- based tenants to development projects that are targeted for BPO companies, FLI may not be able to lease its BPO office space in a timely manner or at satisfactory rents or at all, which could have a material adverse effect on the Company's operations and financial condition.

The Company is subject to the risk that government pronouncements, such as the Department of Finance's Fiscal Incentives Review Board Resolution ("**FIRB**") No. 026-22, may affect the demand for office space leasing. This FIRB Resolution allows Information Technology and Business Process Management ("**IT-BPM**") companies to shift registration from the Philippine Economic Zone Authority ("**PEZA**") to the Board of Investments ("**BOI**") to adopt up to 100% work from home arrangement. The Company targets a wide range of clients from the BPO sector as well as traditional offices. It also engages in marketing activities on a continuing basis to build up its client base.

The Company is also subject to risks arising from accidents at its commercial, office and related retail properties. Although the buildings and their facilities are subject to regular testing and maintenance, there is no assurance that the facilities of the Company's properties will not malfunction and cause injuries.

The Company follows a planning process taking into account all factors that affect the profitability of projects. The Company is able to anticipate changes and accordingly adjust its plans and implementation should such adjustments become necessary.

Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the Company and their customers' ability to obtain financing.

Interest rates, and factors that affect interest rates, such as the Government's fiscal policy, could have a material adverse effect on the Company, residential property development, and demand for their real estate projects. For example:

- Higher interest rates make it more expensive for the Company to borrow funds to finance ongoing projects, obtain financing for new projects, or service existing debt with floating interest rates.

- Insofar as the Company's residential housing and land development business is concerned, because the Company believes that a substantial portion of their customers procure financing (either from banks or using the Company's in-house financing program) to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.

- The Company's access to capital and its cost of financing is also affected by restrictions, such as the single borrower limit ("**SBL**") imposed by the BSP on bank lending. If the Company were to reach the SBL with respect to any bank, the Company may have difficulty obtaining financing with reasonable rates of interest from other banks.

- If the Government significantly increases its borrowing levels in the domestic currency market, this could increase the interest rates charged by banks and other financial institutions and also effectively reduce the amount of bank financing available to both prospective property purchasers and real estate developers, including the Company.

- Increased inflation in the Philippines could result in an increase in raw materials costs, which the Company may not be able to pass onto its customers as increased prices.

- A further expansion in the budget deficit of the Government could also result in an increase in interest rates and inflation, which could in turn have a material effect on the ability of the Company to obtain financing at attractive terms, and on the ability of its customers to similarly obtain financing.

The occurrence of any of the foregoing events, or any combination of them, or of any similar events could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has a wide range of funding sources, where it can avail of new borrowings to fund new projects or to refinance existing debt. It also has the ability to revise plans to conserve cash such as decreasing any intended capex levels.

A significant portion of the demand for the Company's residential real estate projects is from OFWs and expatriate Filipinos, which exposes the Company to risks relating to the performance of the economies of the countries where these potential customers are based.

The Company relies on OFWs and expatriate Filipinos to generate a significant portion of the demand for their residential projects, particularly for their affordable and middle-income projects. For the years ended December 31, 2023, 2024 and 2025, sales attributable to OFWs accounted for approximately 24%, 22% and 19% of the Company's total real estate option sales, respectively. A number of factors could lead to, among other effects, reduced remittances from OFWs, a reduction in the number of OFWs or a reduction in the purchasing power of expatriate Filipinos. These include a downturn in the economic performance of the countries and regions where a significant number of potential customers are located, such as the Middle East, Singapore, Japan, Italy and the United Kingdom, a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines, the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions, such as the Middle East, and restrictions imposed by other countries on the entry or the continued employment of foreign workers, and geopolitical conflicts. Furthermore, any escalation in global geopolitical tensions, particularly the ongoing US-Iran conflict and broader volatility in the Middle East, where a significant number of OFWs are employed and accounts around half of the total OFW sales, could result in mass repatriations, lost employment opportunities or ban of deployments, or decreased remittance flows. Any of these events could adversely affect demand for the Company's residential real estate projects or reduction in reservation sales within the region from OFWs and expatriate Filipinos, which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company continues to explore new regions and offer affordable products and reasonable payment terms.

A material decline in investments from Overseas Filipino Workers ("OFWs") in the Philippine real estate market could adversely affect the demand for the Company's condominium projects.

A significant portion of the Company's customer base comprises OFWs and expatriate Filipinos. Recently, industry reviews have indicated a material decline in the participation of OFWs in Philippine condominium investments, driven by a growing trend of these buyers reallocating their capital to offshore condominium markets and alternative asset classes. The Company currently maintains a portfolio of ongoing high-rise and medium-rise condominium projects in Metro Manila and other key cities. If the shifting investment preferences of OFWs persist or accelerate, the Company could experience reduced demand, slower sales take-up, and an oversupply of its ready-for-occupancy ("**RFO**") and pre-selling condominium units. While the Company strives to mitigate this by providing flexible financing options and broadening its local market reach, a prolonged deceleration in OFW remittances directed toward local real estate could necessitate increased marketing expenditures and pricing adjustments to protect market share. Consequently, this shift in the OFW investment landscape could have a material adverse effect on the Company's sales revenues, cash flows, and overall business operations. To mitigate this risk, the Company intends to rebalance marketing focus toward OFWs in more stable and structurally growing markets (e.g., North America, Europe, Japan, Australia), where employment is anchored on healthcare, technology, and aging-population services The company will also target returning and locally reintegrated OFWs, particularly those transitioning into domestic employment, entrepreneurship, or early retirement.

The Company faces certain risks related to the cancellation of sales involving their residential real estate projects and if the Company were to experience a material number of sales cancellations, the Company's historical revenues from real estate operations would be overstated.

As a developer and seller of residential real estate, the Company's business, financial condition and results of operations could be adversely affected in the event a material number of subdivision lot or residential sales are cancelled.

The Company is subject to Republic Act No. 6552 (the "**Maceda Law**"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units (but excluding industrial and commercial lots). Under the Maceda Law, buyers who have paid at least two (2) years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50.0% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90.0% of the total payments). Buyers who have paid for less than two (2) years of installments and who default on installment payments are given a sixty (60)-day grace period to pay all unpaid installments before the sale can be cancelled, but without the right of a refund.

While the Company has not experienced a material number of cancellations to which the Maceda Law has applied, there can be no assurance that it will not experience a material number of cancellations in the future, particularly during slowdowns or downturns in the Philippine economy, periods when interest rates are high or similar situations. In the event the Company experiences a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers or the Company may have to incur indebtedness in order to pay such cash refunds. In addition, particularly during an economic slowdown or

downturn, there can be no assurance that the Company would be able to resell the same property at an acceptable price or at all. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

In the event the Company experiences a material number of sales cancellations, investors are cautioned that the Company's historical revenue from its real estate operations could be overstated because such historical revenues would not have accurately reflected subsequent customer defaults or sales cancellations. Investors are also cautioned not to rely on the Company's historical statements of income as indicators of its future revenues or profits.

For sales of residential units in the Company's middle-income and high-end projects, from time to time the Company generally commences construction of a unit even before the full amount of the required down payment is made, and thus, before the sale is recorded as revenue. Therefore, the Company risks having spent cash to begin construction of a unit before being assured that the sale will eventually be booked as revenue, particularly, if the buyer is unable to complete the required down payment and the Company is unable to find another purchaser for such property.

There can be no assurance that the Company will not suffer from substantial sales cancellations and that such cancellations will not have a material adverse effect on the Company's financial condition and results of operations. The Company continues to offer reasonable and affordable payment terms to buyers so as to minimize cancellations.

The Company faces risks relating to the management of their land bank, including area concentration within the land bank, which could adversely affect their margins.

The Company must continuously acquire land to replace and expand land inventory within their current markets. The risks inherent in purchasing and developing land increase as consumer demand for the Company's core property businesses, including residential, commercial and retail, decreases, and can be further affected by the concentration of land in a particular area within the land bank. The market value of land, subdivision lots, housing and condominium inventories, retail and leasing spaces, can all fluctuate significantly as a result of changing market conditions. An adverse change in the market value of land in those areas in which the concentration of the Company's land bank is highest would amplify the negative impact on the Company's business and financial condition. The Company cannot assure investors that the measures they employ to manage land inventory risks will be successful. In the event of significant changes in economic, political, security or market conditions, the Company may have to sell subdivision lots, residential units, lease retail spaces or rent rooms in their hospitality projects at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of its various real estate projects. This would require the Company to continue to carry the cost of acquired but undeveloped land on its statement of financial position, as well as reduce the amount of property available for sale or development. Any of the foregoing events could have a material adverse effect on the Company's business, financial condition and results of operations. To minimize the risks, the Company conducts comprehensive market studies on land and sets plans on the timely rollout of projects.

The Company faces risks relating to its real estate projects, including risks relating to project cost, completion time frame and development rights.

The property development business involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. In addition, obtaining required Government approvals and permits may take substantially more time and resources than anticipated or construction of projects may not be completed on schedule and within budget.

In addition, the time and the costs involved in completing the development and construction of real estate projects can be adversely affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, peso depreciation, natural disasters, labor disputes with contractors and subcontractors, accidents, changes in laws or in Government priorities and other unforeseen problems or circumstances. Moreover, the escalating global geopolitical tensions and conflicts may disrupt international and local supply chains, causing unprecedented volatility in the prices of key construction materials such as steel, copper, cement, and fuel, as well unpredictable delays in the procurement and transport of heavy equipment and imported fixtures. Where land to be used for a project is occupied by tenants and/or informal settlers, the Company may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. This may also result in sales and resulting profits from a particular project not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year. Further, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in triggering contractual liabilities to purchasers or other counterparties, and lower returns. The Company cannot provide any assurance that such events will not occur in a manner that would materially and adversely affect the Company's business, results of operations or financial condition. The Company follows a planning process taking into account all factors that affect the profitability of projects. The Company is able to anticipate changes and able to adjust its plans and implementation.

The Company's reputation may be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.

Over the years, the Company believes it has established in the Philippines an excellent reputation and brand name in the property development business, and in more recent years in the hospitality business. If any of the Company's real estate projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing property development projects. Any negative effect on the Company's reputation or its brand could also affect its ability to pre-sell their residential and land development projects. This would impair the Company's ability to reduce its capital investment requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect the Company's business, results of operations or financial condition. To minimize risks, the Company makes sure that projects are constructed following the highest standards of quality and strives to adhere to project schedules.

Independent contractors may not always be available, and once hired by the Company, may not be able to meet quality standards and/or may not complete projects on time and within budget.

While the Company recently set up its own construction company subsidiary, Dreambuilders Pro, Inc. ("**DPI**"), to construct certain projects such as MRBs, the Company still relies on independent contractors to provide various services for its other real estate projects, including land clearing, various construction projects and building and property fitting-out works. The Company selects independent contractors principally by conducting tenders and taking into consideration factors such as the contractors' experience, their financial and construction resources, any previous relationship with the Company, their reputation for quality and their track record. There can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor that is willing to undertake a particular project within the Company's budget, which could result in costs increases and/or project delays. In particular, the Company may face difficulty engaging or finding available suitable independent contractors in areas outside Metro Manila or other metropolitan areas. Further, although the Company's personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of the independent contractors will always be satisfactory or match the Company's requirements for quality. Contractors may also experience financial or other difficulties, and shortages or increases in the price of construction materials may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Company may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations. The Company maintains a large pool of contractors to ensure availability and subjects each one through a stringent selection process to meet the professional standards required by its projects.

The implementation of tax reforms may have negative impact on the results of operations of the Company and the loss of certain tax exemptions and incentives will increase the Company's tax liability and decrease any profits the Company might have in the future.

As of the date of this Offer Supplement, certain projects of the Company benefit from certain tax incentives and tax exemptions. In particular:

- Income from sales of subdivision lots and housing units in socialized housing projects (i.e., sales of a lot with a gross selling price of ₱200,000 or below depending on BIR Zonal Value or house and lot ("**H&L**") unit with a gross selling price of up to ₱950,000.00 or below) are currently exempt from taxation;

- Several of FLI's assets, such as the Filinvest Technology Park-Calamba, New Clark City and the Northgate Cyberzone, are registered with the PEZA as Ecozones and FLI's modified gross income generated from these assets is subject to a preferential income tax rate of 5%;

- Mimosa Plus estate in Clark Mimosa is in Clark Special Economic Zone and the modified gross income generated from the projects within this zone enjoys a preferential income tax rate of 5% as registered and granted by Clark Development Corp ("**CDC"**).

Several developments of FLI are registered with BOI and granted an income tax holiday for certain number of years. On December 19, 2017, the President of the Philippines signed into law the Tax Reform for Acceleration and Inclusion or Republic Act No. 10963 ("**TRAIN Law**") which took effect on January 1, 2018. The TRAIN Law amends certain provisions of the Tax Code and is the first package of the Comprehensive Tax Reform Program ("**CTRP**") of the Duterte administration.

Under the TRAIN Law, sales of residential lots with a gross selling price of ₱1,919,500.00 or less and sales of residential houses and lots or condominium units with a gross selling price of ₱3,199,200.00 or less are currently not subject to the value-added tax ("**VAT**") of 12.0%, and beginning January 1, 2021, the VAT exemption shall only apply to socialized housing and to house and lots and residential dwellings with selling price of not more than ₱2.0 million. This may result in some of the Company's sales

becoming subject to VAT, leading to an increase in the selling price. This could adversely affect the Company's sales. Taxes, such as VAT, are expected to have an indirect effect on the results of operations of the Company due to their effect on the levels of spending of consumers or buyers.

Package 2 under the CTRP is Republic Act No. 11534 otherwise known as the Corporate Recovery and Tax Incentives for Enterprise Act (previously the CITIRA bill or the TRABAHO bill) ("**CREATE Act**"). The CREATE Act intends to incentivize businesses by reducing corporate income tax and rationalizing incentives, among others. The CREATE Act was signed by the President on March 26, 2021 and became effective on April 11, 2021.

The CREATE Act reduced the regular corporate income tax rate from 30% to 25% effective July 1, 2020. It also provides that corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million, excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed, shall be taxed at 20%. In addition, the CREATE Act reduced the minimum corporate income tax imposed on domestic and resident foreign corporations from 2% to 1% effective July 1, 2020 until June 30, 2023.

The CREATE Act also rationalized the grant of certain tax incentives. Registered business enterprises with tax incentives granted prior to the effectivity of the CREATE Act shall be subject to the following rules:

1. Those that have been granted only the income tax holiday ("**ITH**") may continue availing of the ITH for the remaining period of the ITH as specified in the terms and conditions of their registration;
2. Those that have been the granted ITH but have not yet availed of the incentive may use the ITH for the period specified in the terms and conditions of their registration;
3. Those that have been granted ITH and are entitled to the 5% tax on gross income earned may avail of the 5% tax on gross income for 10 years; and
4. Those currently availing of the 5% tax on gross income earned may continue to avail of the said incentive for 10 years.

Therefore, BPO companies, which are PEZA-registered information technology enterprises, may lose the benefit of the 5% special tax on gross income earned (which is imposed in lieu of all national and local taxes, except real property taxes on machineries) after ten (10) years and may instead be subjected to the regular corporate income tax rate of regular corporations. As a result, BPO companies may find it less feasible to conduct their business in the Philippines, and this may adversely affect the demand for Grade A buildings.

Under package 4 of the CTRP, the Department of Finance reportedly proposes to lower the rate of transaction taxes on land, including documentary stamp tax, transfer tax and registration fees, centralize and rationalize valuation of properties, increase valuation of properties closer to market prices, review property valuations every three (3) years and adjust accordingly. While package 4 aims to lower the rate of transaction taxes on land, the increase in valuation could lead to an increase in the taxes to be paid by the Company.

Moreover, the Department of Finance issued Revenue Regulations No. 9-2021 ("**RR 9-2021**"), which imposed 12% VAT on transactions which were previously taxed at 0% VAT. This covers, among others, those considered export sales under Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1997, and other special laws under Section 106(A)(2)(a)(5) of the Tax Code, as well as the sale of services and the use or lease of properties under subparagraphs (1) and (5) of Section 108(B) of the Tax Code.

RR 9-2021 implements the imposition of 12% VAT on certain transactions that were previously taxed at 0% VAT after satisfaction of the conditions set forth in the TRAIN Law. Following the issuance of RR 9-2021, suppliers started imposing 12% VAT on their sale of goods and/or services to export-oriented enterprises such as BPO companies, including lease rentals and utilities. The PEZA issued a letter dated July 6, 2021 stating its position that RR 9-2021 is contrary to the provisions of the CREATE Act, as well as the separate customs territory principle provided under Republic Act No. 7916 or the PEZA Law and Philippine jurisprudence. The PEZA requested the Department of Finance and the BIR to defer the implementation of RR 9-2021. On July 21, 2021, the Department of Finance issued Revenue Regulations No. 15-2021, deferring the implementation of RR 9-2021 until the issuance of amendatory revenue regulations.

On December 7, 2021, the Department of Finance issued Revenue Regulations No. 21-2021 ("**RR 21-2021**") to implement Sections 294 (E) and 295 (D) of the CREATE Act. RR 21-2021 provides that the VAT exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly and exclusively used in the registered project or activity of a registered export enterprise, for a maximum period of 17 years from the date of registration, unless otherwise extended under the Strategic Investments Priority Plan. It also provides that sales to existing registered export enterprises located inside ecozones and freeport zones shall also be qualified for VAT zero-rating until the expiration of the transitory period.

On March 9, 2022, the BIR issued Revenue Memorandum Circular No. 24-2022 ("**RMC 24-2022**") to clarify the transitory provisions under RR 21-2021 and certain issues pertaining to the effectivity and VAT treatment of transactions by registered

business enterprises particularly the registered export enterprises. RMC 24-2022 clarified, among others, that enterprises registered prior to the effectivity of the CREATE Act shall continue to enjoy VAT exemption and VAT zero-rating on local purchases of goods and services subject to the rules as provided in Rule 18, Section 5 of the CREATE Act implementing rules and regulations, that is, VAT-exemption on importation, and VAT zero-rating on local purchases, shall only apply to goods and services directly attributable to and exclusively used in the registered project or activity of the export enterprises during the period of registration of the said registered project or activity of the export enterprises until the expiration of the transitory period under Section 311 of the Tax Code. RMC 24-2022 further clarified that sale of goods or services to existing registered non-export enterprises located inside the ecozones or freeport zones shall be subject to 12% VAT.

On November 8, 2022, Republic Act No. 12066 otherwise known as the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy ("**CREATE MORE Act**") introduced significant amendments to the Tax Code, particularly in Sections 106 and 108 thereof on VAT on sale of goods or properties and services and Sections 295 on incentives granted to registered business enterprises.

Under the CREATE MORE Act, Sections 106 and 108 now provide that goods or services sold to export-oriented enterprises qualify for VAT zero-rating if: (a) the enterprises export at least seventy percent (70%) of their annual production from the previous year, and (b) the sales are "directly attributable" to the export activity, as certified by the Export Marketing Bureau.

In addition, Section 295(D) of the Tax Code on incentives was also amended to provide that VAT exemption on importation and VAT zero-rating on local purchases now apply to goods and services "directly attributable" to the registered project or activity, including incidental expenses, of a registered export enterprise or high-value domestic market enterprise (HV DME), regardless of the location of these enterprises. A definition of "directly attributable" was added to refer to goods and services that are incidental to and reasonably necessary for the export activity of the export-oriented enterprise.

These tax reforms may affect the overall competitiveness of doing business in the Philippines, thereby affecting the number of prospective tenants or companies that wish to continue their operations in the country. Implementation of tax reforms may affect overall demand for leasing spaces in the Philippines including that for the Company's properties. It may also prompt existing BPO tenants to cease their operations in the Philippines and terminate or not renew their leases with the Company. Any of these events may have a material and adverse effect on the Company's business, results of operations and financial condition.

Under the REIT Law, REIT companies are allowed to claim the dividend distributions as deductible expense for income tax purposes, which can result to zero corporate income tax payable.

The Company continues to monitor all tax developments to anticipate their potential effects on operations and to be able to plan accordingly.

A domestic asset price bubble could adversely affect the Company's business.

One of the risks inherent in any real estate property market is the possibility of an asset price bubble. This occurs when there is a gross imbalance between the supply and demand in the property market, causing an unusual increase in asset prices, followed by a drastic drop in prices when the bubble bursts. In the Philippines, the growth of the real estate sector is mainly driven by low interest rates, robust remittances from Overseas Filipino Workers, and the continued growth of the Business Process Outsourcing and Knowledge Process Outsourcing sectors.

The Company believes that the Philippine property sector is adequately protected against a domestic asset price bubble burst. The country has a very young demographic profile benefitting from rising disposable income. It likewise remains to be one of the fastest growing emerging economies in the Asia Pacific region, registering Gross Domestic Product (GDP) growth rates of 5.5% in 2023, 5.7% in 2024 and 4.4% in 2025. Growth in the property sector is largely supported by infrastructure investments from both the public and private sectors and strong macroeconomic fundamentals

Philippine GDP grew by 4.4% y-on-y in 2025, below the government's 5.5% to 6.5% target, as investment and construction activity softened. Department of Economy, Planning, and Development (DEPDev) Secretary Arsenio Balisacan noted that the flood control corruption issue and subsequent investigations weighed on short-term growth, though he emphasized that the resulting governance reforms should help strengthen accountability, improve project quality, and support more sustainable long-term growth. On the expenditure side, growth was dragged by the 2.1% y-o-y contraction in Gross Capital Formation (GCF), reflecting weaker investment activity. The Industry sector also decelerated by 1.5% y-o-y, amid the slowdown in construction (-0.2% y-o-y). In the first quarter of 2026, Philippine GDP growth further weakened to 2.8% y-o-y, below the government's 5% to 6% target for 2026.

There can be no assurance however, that the Philippines will achieve strong economic fundamentals in the future. Changes in the conditions of the Philippine economy could materially and adversely affect the Company's business, financial condition and results of operations. The Company has a planning process that provides for alternatives when conditions change that enables it to adjust its plans.

The Company is largely dependent on third-party brokers to sell their residential housing and land development projects and to lease their commercial and office properties.

While the Company has continuously grown its in-house sales team, FLI also relies on third-party brokers to market and sell their residential housing and land development projects and to lease their commercial and office properties to potential customers inside and outside of the Philippines. These brokers may also act as brokers for other developers in the same markets in which the Company operates, and there can be no assurance that they will not favor the interests of their other clients over the interests of the Company in lease or sale opportunities, or otherwise act in the best interests of the Company. The Real Estate Service Act of the Philippines ("**RA 9646**") was signed into law on June 29, 2009. RA 9646 strictly regulates the practice of real estate brokers by requiring licensure examinations and attendance in continuing professional education programs. Thus, there is competition for the services of third-party brokers in the Philippines, and many of the Company's competitors either use the same brokers as the Company or attempt to recruit brokers away from the Company. If a large number of these third-party brokers were to terminate or breach their brokerage agreements, the Company would be required to seek other external brokers, and there can be no assurance that the Company could do so quickly or in sufficient numbers. This could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects. To minimize this risk, the Company has a wide network of sellers including exclusive and non-exclusive brokers.

Infringement of the Company's intellectual property rights in relation to its real property business could have a material adverse effect on the Company's operations.

As of the date of this Offer Supplement, the Company has registered with the IPO a variety of marks including "FILINVEST LAND, INC," and the Filinvest logo. Generally, the registrations of these marks and/or trademarks are effective for a period of ten years from the date of the original registrations and may be renewed for periods of ten years at their expiration upon the filing of appropriate requests with the IPO. There can be no assurance that any renewal applications or applications to register other marks will be approved or that the actions the Company has taken will be adequate to prevent third parties from using the "Filinvest" name or Filinvest Company corporate brands and logos or from naming their products using the same brands the Filinvest Company uses. In addition, there can be no assurance that third parties will not assert rights in, or ownership of, the Filinvest Company name, trademarks and other intellectual property rights. Because the Company believes that the reputation and track record it has established under the "Filinvest" and "FLI" names are key to its future growth, the Company's business, financial condition and results of operations may be materially and adversely affected by the unauthorized use of these names and of any associated trademarks by third parties or if the Company were restricted from using such marks.

Certain residential real estate customers of the Company rely on financing from Government-mandated funds, which may not always be available.

The residential housing industry in the Philippines has been and continues to be characterized by a significant shortage of mortgage financing, particularly in the low-cost housing sector. For example, a significant portion of the financing for purchases of socialized housing projects is provided by Government-sponsored housing funds such as the Pag- IBIG Fund, which is financed primarily through mandatory contributions from the gross wages of workers and the amount of funding available and the level of mortgage financing from these sources is limited and may vary from year to year. The Company depends on the availability of mortgage financing provided by these Government-mandated funds for substantially all of its socialized housing sales, which represented 2.1% of the Company's total real estate sales for 2024 and 1% of the Company's total real estate sales for 2025. In the event potential buyers of socialized housing products are unable to obtain financing from these Government-mandated funds, this could result in reduced sales for these products and, in turn, could have a material adverse effect on the Company's business, financial condition and results of operations. The Company continues to tap banks to finance the purchases of buyers to ensure financing is always available.

RISKS RELATING TO THE PHILIPPINES

Substantially all of the Company's business activities are conducted in the Philippines and all of its assets are located in the Philippines, which exposes the Company to risks associated with the Philippines, including the performance of the Philippine economy.

Historically, the Company's results of operations have been influenced, and will continue to be influenced, to a significant degree by the general state of the Philippine economy and as a result, its income and results of operations depend, to a significant extent, on the performance of the Philippine economy. Although the Philippine economy has experienced strong GDP growth in recent years prior to 2020, the stronger U.S. dollar, higher global interest rates and higher commodity prices may cause domestic inflation to increase and have an adverse impact on the future growth of the Philippine economy, which has previously experienced periods of slow or negative growth, high inflation, significant depreciation of the peso and the imposition of exchange controls. In 2025, the Philippine economy expanded by 4.4% y-o-y, slower than the 5.7% growth in 2024 and below the 5.5%–6.5% government target. The Philippine GDP growth further weakened to 2.8% y-o-y in the first quarter of 2026, below the government's 5% to 6% target for the year.

Demand for, and the prevailing prices of, developed land and house, lot and condominium units are directly related to the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines and the amount of remittances received from OFWs. Demand for FLI's housing and land developments is also affected by social trends and changing spending patterns in the Philippines, which in turn are influenced by economic, political and security conditions in the Philippines. The Philippine residential housing industry is cyclical and is sensitive to changes in general economic conditions in the Philippines such as levels of employment, consumer confidence and income, availability of financing for property acquisitions, construction and mortgages, interest rate levels, inflation and demand for housing.

There is no assurance that the Philippines and other countries in Asia will not experience future economic downturns. The Philippine and Asian economies may be adversely affected by various factors, including:

- decreases in business, industrial, manufacturing or financial activity in the Philippines, in Asia or globally;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines or in the Asian or global markets;
- global shortage in oil and other commodities;
- exchange rate fluctuations;
- a prolonged period of inflation or increase in interest rates;
- changes in the taxation policies and laws; and
- other regulatory, political or economic developments in or affecting the Philippines, other Asian countries, and globally.

Any deterioration in economic and political conditions in the Philippines, elsewhere in Asia, or globally could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

A potential global shortage in oil could significantly increase construction costs and adversely affect the Company's business and financial condition.

A global shortage or significant disruption in the supply of oil would lead to a sharp increase in fuel prices. As a real estate developer, the Company's supply chain relies heavily on transportation networks and raw materials, such as cement, steel, and other petroleum-based construction inputs, the prices of which are highly sensitive to energy costs. A sustained increase in oil prices would result in higher construction, logistics, and operational costs. While the Company attempts to factor these variables into its pricing strategies, there is no assurance that it can fully pass on these increased costs to its buyers without dampening demand. Consequently, a prolonged global oil shortage could compress the Company's profit margins, delay project completions, and materially and adversely affect its business, financial condition, and results of operations. The Company seeks to mitigate its exposure by actively monitoring global energy market developments, improving energy efficiency across its properties, and progressively integrating renewable energy and energy-saving technologies into its developments. The Company also incorporates flexibility in project phasing and operational planning to manage periods of heightened energy cost volatility. The ongoing developmental projects include embedded contingencies in the project costs that can absorb the increase in construction costs brought by the global shortage in oil.

Volatility in the value of the Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect the Company's businesses.

The Philippine economy has experienced volatility in the value of the Peso as well as limitations to the availability of foreign exchange. In July 1997, the BSP announced that the Peso can be traded and valued freely on the market. As a result, the value of the Peso underwent significant fluctuations between July 1997 and December 2004 and the Peso declined from approximately ₱29.00 to U.S.$1.00 in July 1997 to ₱56.18 to U.S.$1.00 by December 2004.

The valuation of the Peso may be adversely affected by certain events and circumstances such as the strengthening of the U.S. economy, the rise of the interest rates in the U.S. and other events, such as the geopolitical tension cause by the US-Iran conflict, affecting the global markets or the Philippines, causing investors to move their investment portfolios from the riskier emerging markets such as the Philippines to "safe havens."

Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatility in the value of the Peso against the U.S. Dollar and other currencies. As of December 31, 2025, according to BSP data, the Peso has depreciated 1.36% to ₱58.805 per U.S. $1.00 from ₱58.014 per U.S. $1.00 for the period ended December 31, 2024, and depreciated by 5.83% from ₱55.567 per U.S. $1.00 at the end of 2023. The Company's business may be disrupted by terrorist acts, crime, natural disasters and outbreaks of infectious diseases in the Philippines or fears of such occurrences.

The Company's hospitality business will depend substantially on revenues from local travelers and foreign visitors and may be disrupted by events that reduce local or foreign visitors' willingness to travel to or in the Philippines and raise substantial concerns about visitors' personal safety.

The Philippines has been subject to a number of terrorist attacks in recent years. The Philippine army has been in conflict with the Abu Sayyaf organization; which has ties to the al-Qaeda terrorist network, and has been identified as being responsible for certain kidnapping incidents and other terrorist activities particularly in the southern part of the Philippines. There have also been isolated bombings in the Philippines, mainly in regions in the southern part of the Philippines, such as the province of Maguindanao. Furthermore, the Government and the Armed Forces of the Philippines ("**AFP**") have been engaged in armed conflicts with various insurgent and separatist groups seeking greater autonomy, including the Moro Islamic Liberation Front, the Moro National Liberation Front, Bangsamoro Islamic Freedom Fighters, and the New People's Army. There have been numerous bombing incidents in Mindanao and elsewhere in the Philippines, which have resulted in death and injury to the civilian population as well as military and security personnel.

Crimes also remain a serious risk in many parts of the Philippines with illegal drug trade, human trafficking, murder, theft, robberies and violent assaults occur sporadically. Kidnapping is likewise a real threat in the country, with kidnap for ransom companies targeting both locals and foreigners especially in the country's restive areas.

The Philippines has also experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes, including a 6.3 magnitude earthquake in April 2019, as well as outbreaks of infectious diseases, such as Severe Acute Respiratory Syndrome ("**SARS**") in 2003 and the Coronavirus in 2019. In December 2019, an outbreak of the novel coronavirus ("**COVID-19**") occurred in China and spread to other countries, including the Philippines.

Additionally, in a global scale, any escalation in geopolitical tensions, particularly the ongoing US-Iran conflict and broader volatility in the Middle East, could affect individuals' willingness to travel which may destabilize the Philippines, and adversely affect the country's economy and the Company's business.

Political or social instability in the Philippines could destabilize the country and may have a negative effect on the Company.

The Philippines has from time to time experienced severe political and social instability. The Philippine Constitution provides that, in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately-owned public utility or business. In the last few years, there were instances of political instability, including public and military protests arising from alleged misconduct by the previous administration.

In addition, the Company may be affected by political and social developments in the Philippines and changes in the political leadership and/or government policies in the Philippines. Such political or regulatory changes may include (but are not limited to) the introduction of new laws and regulations that could impact the Company's business.

The Philippines' political landscape in recent years has been marked by a series of destabilizing events involving high-level officials, legal controversies, corruption allegations, geopolitical disputes, and public demonstrations. These developments create an environment of unpredictability that may influence regulatory behavior, investor confidence, and the operating climate for real estate companies such as Filinvest Land. The following summarizes the key events and their implications:

1. Leadership Friction and High-Level Political Conflict
Growing tensions between major political leaders—particularly between President Ferdinand Marcos Jr. and Vice President Sara Duterte—have contributed to heightened political uncertainty. The Vice President's resignation as Secretary of Education in June 2024, citing alleged threats against her life, intensified public speculation and widened political fault lines. Subsequent impeachment attempts, including a 2025 complaint dismissed by the Supreme Court, reinforced public perceptions of political volatility. The House of Representatives subsequently voted to impeach the Vice President; however, on July 25, 2025, the Supreme Court declared the Articles of Impeachment unconstitutional for violating the Constitution's one-year rule and due process requirements.

This sustained friction among top officials increases the likelihood of policy reversals, shifting alliances, and inconsistent governance priorities, all of which may affect regulatory bodies overseeing public utilities.

2. Arrest of Former President Duterte and Public Polarization
In March 2025, former President Rodrigo Duterte was arrested and transferred to the International Criminal Court in The Hague on charges of crimes against humanity. This unprecedented development ignited nationwide polarization, with supporters staging mass protests and critics emphasizing the rule of law. He was transferred to the ICC in The Hague, where he awaits trial.

The arrest of a former head of state is extremely rare in Philippine history and signals deepening institutional and political fractures. Such polarization can influence how government agencies operate, how Congress approaches regulatory oversight, and how the

public responds to service disruptions or major infrastructure issues.

3. Corruption Scandals and Loss of Public Trust
Allegations of corruption involving flood control projects, with reported losses of up to ₱118 billion between 2023 and 2025have also prompted government investigations and public protests, contributing to perceptions of political uncertainty that may affect investor confidence which further weakened public confidence in government agencies. Investigations revealed "ghost projects" and irregularities linked to at least 15 contractors. Public outrage led to street protests and amplified scrutiny of major infrastructure and public-service sectors.

Major deviations from the policies of the previous administration or fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. Any potential instability could have an adverse effect on the Philippine economy, which may impact the Company's business, prospects, financial condition and results of operations.

The Company's land and real property may be subject to compulsory acquisition or expropriation proceedings undertaken by the Government.

The Government, by virtue of the sovereign power of eminent domain, has the authority to acquire any private property in the Philippines for public benefit or use or any other public interest upon due process of law and payment of just compensation. Thus, the Company may be subject to a reduction or loss of property in its land holdings in the event that the Government undertakes expropriation proceedings. The payment of just compensation may also be less than the market value of the relevant property and may thus adversely affect the Company's business.

Corporate governance and accounting and financial disclosure standards for public companies listed in the Philippines may differ from those in other countries.

There may be less publicly available information about Philippine public companies, including FLI, than is regularly made available by public companies in other countries. In addition, although the Company complies with the requirements of the SEC with respect to corporate governance standards, these standards may differ from those applicable in other jurisdictions. The SEC considers as best practice for public companies such as FLI, to have at least three (3) independent directors, or such number as to constitute one-third of the board whichever is higher. While FLI has adopted the recommended best practices of the SEC and is in compliance with Philippine laws, rules and regulations, a greater number of independent directors may be required in other jurisdictions.

Changes in foreign exchange control regulations in the Philippines may limit the Company's access to foreign currency.

Under BSP regulations, as a general rule, Philippine residents may freely dispose of their foreign exchange receipts and foreign currencies may be freely sold and purchased outside the Philippine banking system. There are restrictions on the sale and purchase of foreign currencies within the Philippine banking system. In particular, a foreign investment must be registered with the BSP if foreign exchange is needed to service the repatriation of capital and the remittance of dividends, profits and earnings which accrue thereon, and if such foreign currency is sourced from the Philippine banking system. See "*Philippine Foreign Exchange and Foreign Ownership Controls.*"

The Government has, in the past, instituted restrictions on the conversion of Pesos into foreign currency and the use of foreign exchange received by Philippine residents to pay foreign currency-denominated obligations. The Monetary Board, with the approval of the President of the Philippines, has statutory authority during a foreign exchange crisis or in times of national emergency to suspend temporarily or restrict sales of foreign exchange, to require licensing of foreign exchange transactions or to require delivery of foreign exchange to BSP or its designee. The Company is not aware of any pending proposals by the Government relating to such restrictions. The Government has from time to time made public pronouncements of a policy not to impose restrictions on foreign exchange. Any restrictions imposed in the future pursuant to such statutory authority could adversely affect the ability of the Company to source foreign currency to comply with its foreign currency-denominated obligations.

The sovereign credit ratings of the Philippines may adversely affect the Company's business.

Historically, the Philippines' sovereign debt has been rated non-investment grade by international credit rating agencies. In 2019, the Philippines' long-term foreign currency-denominated debt was upgraded by S&P Global ("**S&P**"), to BBB+ with stable outlook, while Fitch Ratings ("**Fitch**") and Moody's Investors Service ("**Moody's**"), affirmed the Philippines' long-term foreign currency-denominated debt to the investment-grade rating of BBB and Baa2, respectively, with a stable outlook. On February 28, 2020, Fitch revised its rating of Philippines long-term foreign currency-denominated debt to BBB, with a positive outlook, following its expectation that sound macroeconomic management will continue to support high growth rates with stable inflation while ongoing tax reforms were expected to improve fiscal finances. On May 7, 2020, Fitch affirmed its rating of Philippines long-term foreign currency-denominated debt to BBB, but revised the outlook to stable, to reflect the deterioration in the Philippines' near-term macroeconomic and fiscal outlook as a result of the impact of the COVID-19 pandemic and domestic lockdown to

contain the spread of the virus. In May 2020, S&P and Moody's affirmed its rating of BBB+ and Baa2, with stable outlook, respectively, for the Philippines' long-term foreign currency-denominated debt. On June 2024, Fitch once again affirmed the Philippines' credit rating as 'BBB' and its outlook as 'stable'.

In line with its earlier view, S&P affirmed the Philippines' BBB+ rating and with a "positive" outlook in November 2025, noting the country's strong long-term growth prospects despite temporary slowdown linked to the ongoing probe into anomalous flood control projects. Moody's likewise maintained its Baa2 rating with a stable outlook in February 2026, on the back of the country's stable banking system, ample foreign exchange reserves, and strong access to domestic and international funding markets. Fitch has also reaffirmed the Philippines' BBB rating but revised its outlook to "negative" from "stable" in April 2026 citing risks to the country's strong medium-term growth prospects from recent disruptions to public investment, exacerbated in the near-term by elevated exposure to the ongoing global energy shock.

The Philippine Government's credit ratings directly affect companies domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. No assurance can be given that Fitch, Moody's, S&P, or any other international credit rating agency will not downgrade the credit ratings of the Philippine Government in the future and, therefore, Philippine companies. Any such downgrade could have a material adverse impact on the liquidity in the Philippine financial markets, the ability of the Philippine Government and Philippine companies, including the Company, to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available.

Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippine economy and business environment.

The Philippines, China and several Southeast Asian nations have been engaged in a series of long-standing territorial disputes over certain islands in the West Philippine Sea, also known as the South China Sea. The Philippines maintains that its claim over the disputed territories is supported by recognized principles of international law consistent with the United Nations Convention on the Law of the Sea ("**UNCLOS**").

In September 2013, the Permanent Court of Arbitration in The Hague, Netherlands issued rules of procedure and initial timetable for the arbitration in which it will act as a registry of the proceedings. Should these territorial disputes continue or escalate further, the Philippines and its economy may be disrupted and the operations of the Company could be adversely affected as a result. In particular, further disputes between the Philippines and China may lead both countries to impose trade restrictions on the other's imports. On July 12, 2016, the five-member Arbitral Tribunal at the Permanent Court of Arbitration in The Hague, Netherlands (the "**Tribunal**"), unanimously ruled in favor of the Philippines on the maritime dispute over the West Philippine Sea. The Tribunal's landmark decision contained several rulings, foremost of which invalidated China's "nine-dash line", or China's alleged historical boundary covering about 85% of the South China Sea, including 80% of the Philippines Exclusive Economic Zone in the West Philippine Sea. China rejected the ruling, saying that it did not participate in the proceedings for the reason that the court had no jurisdiction over the case. Any such impact from these disputes could adversely affect the Philippine economy, and materially and adversely affect the Company's business, financial condition and results of operations.

In 2024 and early 2025, tensions escalated further as China increased its maritime patrols and aggressive maneuvers against Philippine vessels near Second Thomas Shoal, Scarborough Shoal, and other disputed areas. The Philippine government lodged another diplomatic protest against China, and is engaging in discussions with the US regarding escalating tensions in the West Philippine Sea. The Philippines has filed a total of 199 diplomatic protests against China during President Marcos' tenure.

The Philippines has strengthened its alliances with the United States, Japan, and Australia to counterbalance China's assertiveness, leading to joint military exercises and expanded defense cooperation agreements. While these alliances provide some deterrence, the ongoing territorial disputes pose risks to trade, investment, and regional stability.

Should territorial disputes between the Philippines and other countries in the region continue or escalate further, the Philippines and its economy may be disrupted and the Company's operations could be adversely affected as a result.

RISKS RELATING TO THE BONDS

Liquidity Risk

The Philippine debt securities markets, particularly the market for corporate debt securities, are substantially smaller, less liquid and more concentrated than other securities markets. The Company cannot guarantee whether an active trading market for the Bonds will develop or if the liquidity of the Bonds will be sustained throughout its life. Even if the Bonds are listed on the PDEx, trading in securities such as the Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets, adverse business developments in the Company and the overall market for debt securities among other factors. There is no assurance that the Bonds may be easily disposed at prices and volumes at instances best deemed appropriate by their holders.

Pricing Risk

The market price of the Bonds will be subject to market and interest rate fluctuations, which may result in the investment being appreciated or reduced in value. The Bonds when sold in the secondary market will be worth more if interest rates decrease since the Bonds will have a higher interest rate, relative to similar debt instruments being offered in the market, further increasing demand for Bonds. However, if interest rates increase, the Bond might be worth less when sold in the secondary market. Thus, a Bondholder could face possible losses if he decides to sell in the secondary market.

Reinvestment Risk

Prior to the Maturity Date, the Issuer shall have the right, but not the obligation, to redeem in whole (but not in part), the outstanding Offer Bonds on the Early Redemption Option Date (see "*Description of the Offer Bonds – Redemption and Purchase (a) Early Redemption Option*"). In the event that the Company exercises this early redemption option, all Offer Bonds will be redeemed and the Company would pay the amounts to which relevant Bondholders would be entitled.

The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract, in accordance with PDEx Rules, as may be amended from time to time, without any obligation to make pro rata purchases from all Bondholders. Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued (see "*Description of the Offer Bonds – Redemption and Purchase (e) Purchase and Cancellation*").

Following such forms of purchase, there can be no assurance that investors in the redeemed Offer Bonds will be able to reinvest such amounts in securities that would offer a comparative or better yield or terms, at such time.

Retention of Ratings Risk

There is no assurance that the rating of the Offer Bonds will be retained throughout the life of the Offer Bonds. The rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal at any time by the assigning rating organization.

Bonds have no Preference under Article 2244(14) of the Civil Code

No other loan or other debt facility currently or to be entered into by FLI is notarized, such that no other loan or debt facility to which FLI is a party shall have preference of priority over the Bonds as accorded to public instruments under Article 2244(14) of the Civil Code of the Philippines, and all banks and lenders under any such loans or facilities have waived the right to the benefit of any such preference or priority. However, should any bank or bondholder hereinafter have a preference or priority over the Bonds as a result of notarization, then FLI shall at FLI's option, either procure a waiver of the preference created by such notarization or equally and ratably extend such preference to the Bonds.

Use of Proceeds

FLI estimates that the net proceeds from the Base Offer shall amount to approximately ₱8.89 billion after deducting fees, commissions and expenses.

Net proceeds from the Offer are estimated to be at least as follows:

Particulars	Total (*₱*)
Estimated gross proceeds …….....	**9,000,000,000.00**
Less: Estimated fees, commissions and expenses	
Underwriting Fees…….	36,000,000.00
Professional Fee (Auditors)…….	3,550,000.00
Documentary Stamp Taxes ……....	67,500,000.00
SEC Registration Fee and Legal Research Fee …….....	2,777,530.00
Publication Fee…….	100,000.00
PDEx Listing Application Fee ……..…….	150,000.00
Credit Rating Fee……..	2,025,000.00
Trustee Fees[3]…….	300,000.00
Registry and Paying Agency Fees……..	200,000.00
Other Expenses…….……	50,000.00
Total estimated fees, commissions and expenses …. ……	**112,652,530.00**
Estimated net proceeds……	**8,887,347,470.00**

Aside from the foregoing one-time costs, FLI expects the following annual expenses related to the Bonds:

1. The Issuer will be charged by PDEx for the first annual maintenance fee in advance upon approval of the listing and thereafter, the Issuer will pay PDEx an annual maintenance listing fee amounting to ₱150,000.00 (VAT exclusive) per annum;

2. The Issuer will pay an annual retainer fee to the Trustee amounting to ₱250,000.00 (net of possible corporate action fee, if applicable) per annum;

3. After the Issue Date, a Paying Agency fee amounting to approximately ₱100,000.00 is payable every Interest Payment Date. The Registrar will charge a monthly maintenance fee based on the face value of the Offer Bonds and number of Bondholders; and

4. The Issuer will pay an annual monitoring fee of ₱504,000.00 (VAT-inclusive) to PhilRatings.

[3] Covers the PHP50,000.00 Opening Fee and the initial PHP250,000.00 annual fee of Trustee

The net proceeds from the Offer shall be used by FLI for the following in order of priority:

Purpose	Net Proceeds from the Base Offer (In ₱ Millions)	Estimated Timing of Disbursement	Status of Project Development
To refinance the full redemption of the Company's ₱1.7646 billion fixed rate bonds issued on November 18, 2020 with coupon rate of 4.1838% p.a. and settlement date of May 18, 2026, or if necessary, to fully pay the bridge loan/s (or any refinancing thereof) availed by the Company to partially finance the full redemption of the Company's aforementioned bonds.	1,764.6	June 2026	n/a
To partially refinance ₱7.25 billion loans from various banks due from June 11, 2026 to December 21, 2026 with a blended rate of 5.10% (see table below)	7,122.7	June to December 2026	n/a
Total	**8,887.3**	-	-

Breakdown of bilateral loans to be refinanced is as follows:

Borrower	Lender	Availment Date	Maturity Date	Interest Rate	Principal Amount (In ₱ Millions)
FLI	Development Bank of the Philippines	27-Sep-21	27-Sep-26	4.46%	1,000.00
FLI	Bank of the Philippine Islands	27-Sep-21	27-Sep-26	4.47%	650.00
FLI	Bank of the Philippine Islands	03-Nov-21	03-Nov-26	5.00%	1,250.00
FLI	Bank of the Philippine Islands	10-Nov-21	10-Nov-26	5.23%	250.00
FLI	BDO Unibank, Inc.	11-Nov-21	11-Nov-26	5.25%	500.00
FLI	Landbank of the Philippines	21-Dec-21	21-Dec-26	5.26%	500.00
FLI	Philippine National Bank	18-Jun-25	11-Jun-26	5.50%	1,000.00
FLI	Metropolitan Bank and Trust Company	29-Jul-25	24-Jul-26	5.40%	200.00
FLI	Metropolitan Bank and Trust Company	12-Aug-25	07-Aug-26	5.40%	500.00
FLI	Metropolitan Bank and Trust Company	18-Aug-25	13-Aug-26	5.37%	800.00
FLI	Philippine National Bank	26-Aug-25	20-Aug-26	5.35%	600.00
Total					**7,250.00**

In addition to the net proceeds of this Offer, the Company intends to utilize internally generated funds considering that the projected total funding requirement is greater than the net proceeds of the Offer. Further, the Company plans to use its internally generated cash to cover the accrued interest on bonds and bilateral loans intended to be settled from the net proceeds of the bond offering.

Pending the deployment of the proceeds from the Offer, the Company intends to invest such net proceeds in short-term liquid investments including, but not limited to, short-term government securities, bank deposits and money market placement which are expected to earn at prevailing market rates. In the event such investments should incur losses, any shortfall will be financed from the Company's internally generated funds.

No amount of the proceeds is to be used to reimburse any officer, director, employee, or shareholder, for services rendered, assets previously transferred, money loaned or advanced, or otherwise.

In case the Company is not able to raise the full amount of the Offer, the Company shall use internally generated funds and/or available bank lines to the extent the proceeds of the Offer are insufficient to fund its requirements.

Except for the underwriting fees and expenses related to the Offer Bonds, no amount of the proceeds will be utilized to pay any outstanding financial obligations to the Underwriters. Please see section on *"Plan of Distribution".*

The foregoing discussion represents a best estimate of the use of proceeds of the Offer based on the Company's current plans and anticipated expenditures. In the event that there is any change in the Company's development plan, including force majeure, market conditions and other circumstances, the Company will carefully evaluate the situation and may reallocate the proceeds for future investments or other uses, and/or hold such funds in investments, whichever is better for the Company's and its shareholders' interest taken as a whole. The Company's cost estimates may also change as these plans are developed further, and actual costs may be different from budgeted costs. For these reasons, timing and actual use of the net proceeds may vary from the foregoing discussion and the Company's management may find it necessary or advisable to alter its plans. In the event of substantial deviation, adjustment or reallocation in the planned use of proceeds, the Company shall inform the SEC, the stockholders, and PDEx in writing at least thirty (30) days before such deviation, adjustment or reallocation is implemented.

Market Price, Dividends and Distributions, and Related Stockholder Matters

Market Information

The Company's common shares were listed on The Philippine Stock Exchange, Inc. ("**PSE**") under the symbol "FLI" on October 25, 1993. On December 31, 2025, the closing price of the Company's common shares was ₱0.77 with a market capitalization of ₱17,235.49 million.

The high and low prices of the common shares for each quarter of the last four (4) fiscal years are indicated in the table below.

	High	Low
2022		
January 1 to March 31, 2022	1.12	1.01
April 1 to June 30, 2022	1.10	0.84
July 1 to September 30, 2022	0.97	0.76
October 1 to December 31, 2022	0.93	0.73
2023		
January 1 to March 31, 2023	0.92	0.70
April 1 to June 30, 2023	0.81	0.66
July 1 to September 30, 2023	0.71	0.62
October 1 to December 31, 2023	0.63	0.54
2024		
January 1 to March 31, 2024	0.72	0.60
April 1 to June 30, 2024	0.74	0.65
July 1 to September 30, 2024	0.83	0.62
October 1 to December 31, 2024	0.83	0.65
2025		
January 1 to March 31, 2025	0.76	0.69
April 1 to June 30, 2025	0.80	0.70
July 1 to September 30, 2025	0.86	0.77
October 1 to December 31, 2025	0.83	0.73
2026		
January 1 to March 31, 2026	0.85	0.72
April 1 to May 15, 2026	0.78	0.72

Shareholders

The following are the Company's top twenty (20) shareholders and their corresponding number of shares held as of December 31, 2025.

Common Shares

As of December 31, 2025, common shares outstanding were 22,383,759,506 shares held by 5,551 shareholders.

	SHAREHOLDER	NO. OF COMMON SHARES	PERCENTAGE (OF COMMON SHARES)
1	Filinvest Development Corporation	15,926,610,981	71.41%
2	PCD Nominee Corporation (Filipino)	3,298,873,788	14.79%
3	PCD Nominee Corporation (Non-Filipino)	1,878,047,819	8.42%
4	Pryce Corporation	335,892,572	1.51%
5	Josefina Multi-Ventures Corporation	316,748,375	1.42%
6	PGI Retirement Fund, Inc.	200,602,871	0.90%
7	Pryce Gases Inc.	79,195,505	0.36%
8	Don Manuel Investments Corporation	70,913,156	0.32%
9	Philippines International Life Insurance Co. Inc.	60,000,000	0.27%
10	Michael Gotianun	11,235,913	0.05%
11	Lucio W. Yan &/or Clara Y. Yan	10,687,500	0.05%
12	Gillian Cindy T. Te	8,000,000	0.02%
13	Executive Optical, Inc.	5,040,647	0.02%
14	Jonathan Dee Co	5,000,000	0.02%
15	R Magdalena Bosch	4,877,928	0.02%
16	Luis L. Fernandez	4,064,940	0.02%
17	Luis Rodrigo P. Fernandez	4,064,940	0.02%
18	Enrique P. Fernandez	4,064,940	0.02%
19	Veronica P. Fernandez	4,064,940	0.02%
20	Carlo Bernardo P. Fernandez	4,064,940	0.02%
	TOTAL TOP 20 SHAREHOLDERS (COMMON)	**22,232,051,755**	
	TOTAL OUTSTANDING SHARES (COMMON)	**22,383,759,506**	

Preferred Shares

As of December 31, 2025, FDC beneficially owns 100% of FLI's issued and outstanding preferred shares of 8,000,000,000 preferred shares.

Shares Owned by Foreigners

The following table sets forth the Company's foreign ownership level as of December 31, 2025:

SECURITY	SHARES OWNED BY FILIPINOS	SHARES OWNED BY NON-FILIPINOS	TOTAL OUTSTANDING SHARES
Common	20,500,559,096	1,883,200,410	**22,383,759,506**
Preferred	8,000,000,000	-	**8,000,000,000**
PERCENTAGE OF TOTAL OUTSTANDING SHARES	**93.80%**	**6.20%**	**-**

Dividends and Dividend Policy

The Company's Board is authorized to declare dividends. A cash dividend declaration does not require any further approval from the Company's shareholders. A stock dividend declaration requires the further approval of shareholders representing not less than two-thirds of the Company's outstanding capital stock. Dividends may be declared only from unrestricted retained earnings.

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the BSP. See section entitled "*Philippine Foreign Exchange and Foreign Ownership Controls*" of this Offer Supplement.

The Company is allowed under Philippine laws to declare property and stock dividends, subject to certain requirements. See section entitled "*Market Price, Dividends and Distributions, and Related Stockholder Matters – Dividends and Dividend Policy*" of this Offer Supplement.

Record Date

Pursuant to existing SEC rules, cash dividends declared by the Company must have a record date not less than ten (10) nor more than thirty (30) days from the date the cash dividends are declared. With respect to stock dividends, the record date is to not be less than ten (10) nor more than thirty (30) days from the date of shareholder approval, provided however, that the set record date is not to be less than ten (10) trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

Dividend Policy

Currently, the policy of the Company is an annual cash dividend payment ratio for the Company's issued common shares of twenty percent (20%) of its consolidated net income from the preceding fiscal year. On the other hand, preferred shares are entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares. Dividend declarations are subject to the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. Circumstances which could restrict the payment of cash dividends, include, but are not limited to, when the Company undertakes major projects and developments requiring substantial cash expenditures or when it is restricted from paying cash dividends by its loan covenants. The Company's Board may, at any time, modify such dividend pay-out ratio depending upon the results of operations and future projects and plans of the Company.

Dividend History

On April 23, 2026, the BOD approved the declaration and payment of cash dividends of 0.05 per share or a total of 1.12 billion for all common stockholders and 0.0005 per share of a total of 4.00 million for all preferred stockholders of record as of May 14, 2026 payable on May 22, 2026.

On April 24, 2025, the BOD approved the declaration and payment of cash dividends of 0.05 per share or a total of 1.12 billion for all common stockholders and 0.0005 per share of a total of 4.00 million for all preferred stockholders of record as of May 14, 2025 payable on May 23, 2025.

On April 19, 2024, the BOD approved the declaration and payment of cash dividends of 0.05 per share or a total of 1.22 billion for all common stockholders and 0.0005 per share of a total of 4.0 million for all preferred stockholders of record as of May 13, 2024 payable on June 5, 2024.

On April 24, 2023, the BOD approved the declaration and payment of cash dividends of 0.03600 per share or a total of 872.99 million for all common stockholders of record as of May 12, 2023 payable on June 6, 2023.

On April 24, 2023, the BOD approved the declaration and payment of cash dividends of 0.00036 per share or a total of 2.88 million for all preferred stockholders of record as of May 12, 2023 payable on June 6, 2023.

On April 22, 2022, the BOD approved the declaration and payment of cash dividends of 0.04700 per share or a total of 1.14 billion for all common stockholders of record as of May 11, 2022 payable on June 2, 2022. The Group has remaining unpaid cash dividend amounting to 21.09 million as of December 31, 2022.

On April 22, 2022, the BOD approved the declaration and payment of cash dividends of ₱0.0004 per share or a total of 3.2 million for all preferred stockholders of record as of May 11, 2022 payable on June 2, 2022. The Group has remaining unpaid cash dividend amounting to 0.32 million as of December 31, 2022.

On April 23, 2021 the BOD approved the declaration and payment of cash dividend of ₱0.0155 per share for all common shareholders of record as of May 21, 2021 and ₱0.0155 per share for all common shareholders of record as of November 15, 2021 or a total of ₱751.74 million. The Group has remaining unpaid cash dividend amounting to ₱18.7 million as of December 31, 2021.

On April 23, 2021 the BOD approved the declaration and payment of cash dividend of ₱0.000155 per share for all preferred shareholders of record as of May 21, 2021 and ₱0.000155 per share for all preferred shareholders of record as of November 15, 2021 or a total of ₱2.48 million. The Group has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2021.

Sale of Unregistered or Exempt Securities

FLI has not sold unregistered or exempt securities, nor has it issued securities constituting an exempt transaction within the past three (3) years.

Capitalization

The following table sets forth the consolidated capitalization and indebtedness of the Group as of December 31, 2025. The table should be read in conjunction with FLI's audited consolidated financial statements, including the notes thereto, included in this Offer Supplement. There has been no material change in FLI's capitalization since December 31, 2025.

In ₱ millions	As of December 31, 2025	As Adjusted for Base Offer Size of ₱9,000,000,000.00 (Upon issuance of the Offer Bonds)[1]
Liabilities		
Total current liabilities	₱29,621.98	₱29,621.98
Total noncurrent liabilities	88,209.73	97,097.08
Total Liabilities	**117,831.71**	**126, 719.06**
Equity		
Common stock	24,470.71	24,470.71
Preferred stock	80.00	80.00
Additional paid-in capital	5,612.32	5,612.32
Treasury stock	(2,078.08)	(2,078.08)
Retained earnings		
Unappropriated	29,380.78	29,380.78
Appropriated	34,035.00	34,035.00
Revaluation reserve on financial assets at fair value	(2.62)	(2.62)
Remeasurement gains on retirement plan – net of tax	17.79	17.79
Share in other components of equity of associates	372.45	372.45
Equity attributable to equity holders of the parent	**91,888.34**	**91,888.34**
Non-controlling interests	4,460.24	4,460.24
Total equity	**96,348.59**	**96,348.59**
Total capitalization[2]	**₱214,180.29**	**₱223,067.65**

[1] Reflects net proceeds from the Base Offer of approximately ₱8.89 billion. Refer to "Use of Proceeds".
[2] Total Capitalization as the sum of total liabilities and total equity.

Determination of Offering Price

The Bonds shall be issued on a fully-paid basis and at an issue price that is at par.

The interest rate of the Series E Bonds will be computed based on the sum of (a) the interpolated three (3) years and six (6)-months PHP BVAL Reference Rate based on the simple average of the 3-year and 4-year PHP BVAL reference rate, as published on the relevant page of the Philippine Dealing System ("PDS") Group (or its successor) at approximately 5:00 pm (Philippine Standard Time) for three (3) Business Days immediately preceding and inclusive of the pricing date, and (b) the applicable final spread to be determined via a bookbuilding process.

Plan of Distribution

The Company shall issue the Offer Bonds to institutional and retail investors in the Philippines through a public offering to be conducted through the Underwriters. The Offer Bonds do not include an international offering. The Offer Bonds will be issued as the third tranche of the Bond Program with an aggregate principal amount of ₱9,000,000,000.00.

Underwriters of the Offer

BDO Capital, BPI Capital, Chinabank Capital, EastWest, First Metro, LANDBANK, RCBC Capital and Security Bank Capital, as the Joint Lead Underwriters and Bookrunners for the Offer, have agreed to distribute and sell the Offer Bonds at the Purchase Price, pursuant to the Underwriting Agreement. Subject to the fulfillment of the conditions provided in the Underwriting Agreement, each Underwriter has committed to underwrite the following amounts on a firm basis:

Underwriters	**Underwriting Commitment**
BDO Capital	₱1,125,000,000.00
BPI Capital	₱1,125,000,000.00
Chinabank Capital	₱1,125,000,000.00
EastWest	₱1,125,000,000.00
First Metro	₱1,125,000,000.00
LANDBANK	₱1,125,000,000.00
RCBC Capital	₱1,125,000,000.00
Security Bank Capital	₱1,125,000,000.00
Total	**₱9,000,000,000.00**

The mandate of the Joint Lead Underwriters and Bookrunners is only for the third tranche under the Bond Program. FLI has not appointed any underwriters for the subsequent issuances under the Bond Program.

The Underwriting Agreement may be terminated in certain circumstances prior to payment being made to FLI of the net proceeds of the Offer Bonds.

The underwriting fees to be paid by the Company in relation to the Offer shall be equivalent to 0.40% of the final aggregate principal amount of the Offer Bonds issued, which is equivalent to ₱36,000,000.00 for the Base Offer. This shall be inclusive of any commissions to be paid to the selling agents, if any. The underwriting fee of each underwriter is in proportion to its underwriting commitment.

Except for EastWest, the Underwriters have no direct or indirect relations with FLI in terms of ownership by either of their respective major shareholder/s and have no right to designate or nominate any member of the Board of Directors of FLI.

EastWest is a subsidiary of FDC. As of December 31, 2025, FDC beneficially owned 77.85% of the outstanding capital stock of EastWest. In turn, as of December 31, 2025, FDC beneficially owned approximately 71.42% of FLI's outstanding common shares and 100% of FLI's issued and outstanding preferred shares, such that FDC has an effective 78.95% voting ownership in FLI.

The Underwriters have no contract or other arrangement with FLI by which it may return to FLI any unsold Offer Bonds.

For the purpose of complying with their respective commitments under the Underwriting Agreement, each Underwriter may, under such terms and conditions not inconsistent with the provisions of the Underwriting Agreement, particularly the underwriting commitment of the Underwriters, appoint selling agents for the sale and distribution to the public of the Offer Bonds; provided, that the Underwriters shall remain solely responsible to the Company in respect of their obligations under the Underwriting Agreement entered into by them with the Company, and except as otherwise provided in the Underwriting Agreement, the Company shall not be bound by any of the terms and conditions of any agreements entered into by the Underwriters with the selling agents (if any).

The Underwriters are licensed by the SEC to engage in the underwriting or distribution of the Offer Bonds. The Underwriters may, from time to time, engage in transactions with and perform services in the ordinary course of its business, for FLI or any of its subsidiaries.

BDO Capital is the wholly owned investment banking subsidiary of BDO Unibank, Inc., which, in turn, is an associate of the SM Group. BDO Capital is a full-service investment house primarily involved in securities underwriting and trading, loan syndication, financial advisory, private placement of debt and equity, project finance, and direct equity investment. Incorporated in December 1998, BDO Capital commenced operations in March 1999. It obtained its license to operate as an investment house in 1998 and is licensed by the SEC to engage in underwriting and distribution of securities to the public. As of December 31, 2024, its total assets amounted to ₱5.44 Billion and its capital base amounted to ₱5.08 Billion.

BPI Capital is a Philippine corporation organized in the Philippines as a wholly owned subsidiary of the Bank of the Philippine Islands. It obtained its license to operate as an investment house in 1994 and is licensed by the SEC to engage in underwriting and distribution of securities to the public, with SEC Company Registration No. 0000065872 and SEC Investment House License No. CR 01-2008-00210 (renewed on November 28, 2023). As of December 31, 2025, its total assets amounted to ₱3.73 billion and its capital base amounted to ₱3.40 billion.

Chinabank Capital is the wholly owned investment banking subsidiary of China Banking Corporation. It was registered and licensed as an investment house on November 27, 2015, with SEC Company Registration No. CS201522558 and SEC Investment House License No. CR 01-2015-00279 (renewed on 13 November 2025), as a result of the spin-off of China Banking Corporation's Investment Banking Group. The firm offers a full suite of investment banking solutions that enable clients to achieve their fundraising objectives and strategic goals. The company's services include arranging, managing, and underwriting debt and equity transactions, such as bond offerings, corporate notes issuances, initial public offerings and follow-on offerings of common and preferred shares, private placement of securities, structured loans, project finance, real estate investment trusts, and asset securitizations. Chinabank Capital also provides financial advisory services, such as deal structuring, valuation, and execution of mergers, acquisitions, divestitures, joint ventures, and other corporate transactions. As of December 31, 2024, it has total assets of ₱4.06 billion and a capital base of ₱4.00 billion.

EastWest is a subsidiary of Filinvest Development Corporation. EastWest is a universal bank providing a wide range of banking services to retail, commercial, and corporate clients. It was established as a commercial bank in July 1994 and received its universal banking license from the BSP in July 2012. East West Bank is licensed by the SEC to engage in the underwriting or distribution of securities to the public. As of December 31, 2025, its total assets amounted to ₱577.1 billion and its capital base amounted to ₱81.5 billion.

First Metro is a leading investment bank in the Philippines with over sixty (60) years of service in the development of the country's capital markets. It is a subsidiary of Metropolitan Bank & Trust Company with a 99.3% ownership and is the investment banking arm of the Metrobank Group, one of the largest financial conglomerates in the country. First Metro is licensed by the SEC to engage in underwriting and distribution of securities to the public. First Metro offers a wide range of services, from debt and equity underwriting to loan syndication, project finance, and financial advisory. First Metro has established itself as a leading bond house with key strengths in origination, structuring, and execution. As of December 31, 2025, its total assets stood at ₱18.5 billion with a capital base amounting to ₱14.9 billion.

LANDBANK is a government financial institution organized and existing pursuant to Republic Act No. 3844, otherwise known as the Agricultural Land Reform Code, as amended. Established in 1963, LANDBANK operates as a universal bank, providing a wide range of financial services to support the growth of the agriculture sector, rural communities, and other priority sectors of the economy such as infrastructure and utilities; power; micro, small and medium enterprises; healthcare and education; and environment and natural resources management, among others. Present in all 82 provinces in the county, LANDBANK is the largest development financial institution in the Philippines that promotes financial inclusion, digital transformation, and sustainable national development. LANDBANK is licensed by the SEC as an Investment House Engaged in Dealing Government Securities under Certificate of Registration (C.R.) No.: 01-2008-00243. As of December 31, 2024, LANDBANK's total assets amounted to ₱3.46 trillion, with a capital of ₱296.96 billion.

RCBC Capital is a licensed investment house providing a complete range of capital raising and financial advisory services. Established in 1974, RCBC Capital has over 50 years of experience in the underwriting of equity, quasi-equity and debt securities, as well as in managing and arranging the syndication of loans, and in financial advisory. RCBC Capital is a wholly-owned subsidiary of the Rizal Commercial Banking Corporation and a part of the Yuchengco Group of Companies, one of the country's largest fully integrated financial services conglomerates. As of September 30, 2025, it has total assets of ₱3.75 Billion and a capital base of ₱3.14 Billion.

Security Bank Capital is a Philippine corporation organized in October 1995 as a wholly-owned subsidiary of Security Bank Corporation. It obtained its license to operate as an investment house in 1996 and is licensed by the SEC to engage in underwriting

and distribution of securities to the public. Security Bank Capital provides a wide range of investment banking services including financial advisory, underwriting of equity and debt securities, project finance, privatizations, mergers and acquisitions, loan syndications and corporate advisory services. Security Bank Capital is also involved in equity trading through its wholly-owned stock brokerage subsidiary, SB Equities, Inc. Its senior executives have extensive experience in the capital markets and were involved in a lead role in a substantial number of major equity and debt issues, both locally and internationally. As of December 31, 2024, its total assets amounted to ₱2.19 billion and its capital base amounted to ₱2.13 billion.

Withdrawal of the Offer

The Company reserves the right to withdraw the offer and sale of the Offer Bonds at any time before the commencement of the Offer Period, in which event the Company shall make the necessary disclosures to the SEC and the PDEx.

The Company may also withdraw the offer and sale of the Offer Bonds at any time on or after the commencement of the Offer Period and prior to the Issue Date, if any of the following events occurs, in which case the Underwriting Agreement shall be deemed terminated, namely:

a. (i) An outbreak or escalation of hostilities or acts of terrorism involving the Philippines or a declaration by the Philippines of a state of war; or (ii) occurrence of any event or change (whether or not forming part of a series of events occurring before, on and/or after the date hereof) of a political, military, economic or other nature; or (iii) occurrence of any change in local, national or international financial, political, economic or stock market conditions, any of which renders it impracticable or inadvisable to continue with the Offer and/or listing of the Offer Bonds in the manner contemplated by the SEC pre-effective clearance, the SEC Order of Registration, or the SEC Permit to Sell Securities (the "**Approvals**") and by this Offer Supplement, or would have a material adverse effect on the Philippine economy, on the securities or other financial or currency markets of the Philippines, or on the distribution, offer and sale of the Offer Bonds in the Philippines, rendering it, in the reasonable determination of the Joint Lead Underwriters and Bookrunners, after consultation with the Issuer, impracticable to proceed with the Offer in the manner contemplated by the Approvals and this Offer Supplement;

b. An order revoking, cancelling, suspending, preventing or terminating the offer, sale, distribution, listing or issuance of the Offer Bonds by any court or governmental authority having jurisdiction on the matter, including the SEC and the PDEx;

c. Suspension, cancellation, revocation, or termination of the Approvals;

d. Trading in the PDEx is closed or suspended for at least three (3) consecutive trading days other than due to weekends or declared holidays, or in such manner or for such period as will render impracticable the listing and trading of the Offer Bonds on the Issue Date or such other date as may be approved by the PDEx;

e. There is a change or impending change in any Philippine law, rule, regulation, policy or administrative practice, or a ruling, interpretation, decree or order issued, made, or adopted by any governmental authority which (i) materially and adversely affects: (a) the ability of the Issuer to engage in the business it is presently engaged in; (b) the capacity and due authorization of the Issuer to offer and issue the Offer Bonds and enter into the transaction documents in connection with the Offer; (c) any of the features of the Offer Bonds, including the taxes on fees or costs in connection with the Offer, or (ii) renders illegal the performance by any of the Joint Lead Underwriters and Bookrunners of their respective obligations hereunder;

f. Any significant, adverse, and unforeseeable change or development in the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability, which renders the Offer Bonds unsuitable for offering to the public;

g. The Issuer is compelled through an official order, decree, or ruling issued by any competent court or governmental authority to stop its operations, which is not remedied within five (5) Business Days from receipt by the Issuer of a formal notice of such decision by such competent court or governmental authority (as the case may be);

h. The Issuer shall be adjudicated bankrupt or insolvent, or shall admit in writing its inability to pay its debts as they mature, or shall make or threaten to make an assignment for the benefit of, or a composition or arrangement with, its creditors or any class thereof, or shall declare or threaten to declare a moratorium on its indebtedness or any class thereof; or the Issuer shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; and such receiver, trustee or similar officer shall be appointed; or the Issuer shall initiate or institute (by petition, application or otherwise), or consent to the institution of any bankruptcy, insolvency, reorganization, rehabilitation, arrangement, readjustment of debt, suspension of payment, dissolution, liquidation,

corporate rehabilitation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted against the Issuer; or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against any material asset, or material part of the Issuer's assets; or any event occurs which under the laws of the Philippines or any applicable political subdivision thereof, has an effect equivalent to any of the foregoing;

i. A general banking moratorium is declared in the Philippines or a material disruption in commercial banking or securities settlement or clearance services occurs in the Philippines;

j. The commencement or the threatened commencement in writing by any entity, person or regulatory body of any public action, court proceeding, litigation, arbitration or other similar proceeding against the Joint Lead Underwriters and Bookrunners in connection with or with respect to the issuance or sale by the Issuer of the Offer Bonds or the Offer in general which renders the performance of their underwriting commitment impossible or impracticable;

k. Any court, arbitral tribunal, or governmental authority which has jurisdiction on the matter issues an order restraining or prohibiting the Joint Lead Underwriters and Bookrunners, or directing them to cease, from performing their underwriting obligations which makes it impossible for the Joint Lead Underwriters and Bookrunners to perform their underwriting obligations due to conditions beyond their control;

l. Unavailability of PDTC's facilities used for the Offer and/or listing prior to or on the target Issue Date and such unavailability effectively prevents the ability of the Issuer and the Joint Lead Underwriters and Bookrunners to fully comply with the listing requirements of the PDEx, if the impact of such unavailability on the listing of the Offer Bonds remains unresolved after discussions between the Issuer and the Joint Lead Underwriters and Bookrunners in good faith; and

m. Any force majeure event, other than the ones enumerated above, that has material and adverse effect on the Issuer's long-term financial condition, assets, liabilities, results of operations, business, properties, or profitability.

Notwithstanding the acceptance of any Application, the Offer Bonds will be issued only upon listing of such Offer Bonds on the PDEx, and provided that the Underwriting Agreement shall not have been terminated or cancelled, on or before the Issue Date, in accordance with the provision of the said agreement. Subject to the right of the Company to withdraw or cancel the offer and sale of the Offer Bonds prior to the Issue Date pursuant to this section, the Company and any of its agents involved in the Offer undertake to comply with all conditions that are within the control of the Company and any of its agents involved in the Offer, to ensure the listing of the Offer Bonds on Issue Date.

Sale and Distribution

The distribution and sale of the Offer Bonds shall be undertaken by the Underwriters who shall sell and distribute the Offer Bonds to third party buyers/investors. Nothing herein shall limit the right of the Underwriters to purchase the Offer Bonds for their own respective accounts.

The Offer Bonds shall be offered to the public at large.

The obligations of each of the Underwriters will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Underwriters. Unless otherwise expressly provided in the Underwriting Agreement, the failure or success by an Underwriter to carry out its obligations thereunder shall neither relieve the other Underwriters of their obligations under the same Underwriting Agreement, nor shall any Underwriter be responsible for the obligation of another Underwriter.

No discounts or commissions shall be paid to broker dealers, and no finders are involved in the distribution of the Bonds.

Offer Period

The Offer Period shall commence at 9:00 a.m. on May 20, 2026 and end at 5:00 p.m. on May 26, 2026 or such earlier or later date as may be mutually agreed between the Company and the Underwriters.

Application to Purchase

The procedure set out in this section and the succeeding sections should be read together with the more detailed procedure and other conditions set out in the Application to Purchase.

Applicants may purchase the Offer Bonds during the Offer Period by submitting to the Underwriters properly completed Applications to Purchase, whether originally signed or electronically submitted (through the e-Securities Issue Portal or "**e-SIP**"),

together with two (2) signature cards, identification document, and the full payment of the Purchase Price of the Offer Bonds in the manner provided in the said Application to Purchase.

Corporate and institutional Applicants must also submit, in addition to the foregoing:

(a) An original notarized certificate of the corporate secretary (or the managing director in case of a partnership) or an equivalent officer of the Applicant setting forth resolutions of the board of directors, partners or equivalent body (i) authorizing the purchase of the Offer Bonds indicated in the Application to Purchase and (ii) designating the signatories, with their specimen signatures, for the said purposes;

(b) copies of its Articles of Incorporation and By-Laws (or the Articles of Partnership in case of a partnership) and latest amendments thereof, together with the Certificate of Incorporation issued by the SEC or other organizational documents issued by an equivalent government institution, stamped and signed as certified true copies by the SEC or the equivalent government institution, or by the corporate secretary, or by an equivalent officer(s) of the Applicant who is/are authorized signatory(ies);

(c) if e-SIP was not used, two (2) duly accomplished signature cards containing the specimen signatures of the authorized signatories of the Applicant, validated by its corporate secretary or by an equivalent officer(s) who is/are authorized signatory(ies) (whose authority(ies) and specimen signatures will be submitted to the Registrar);

(d) BIR Certificate of Registration showing the Applicant's Tax Identification Number;

(e) identification document(s) of the authorized signatories of the Applicant, as specified in item (a) of the immediately succeeding paragraph below; and

(f) such other documents as may be reasonably required by any of the Underwriters, selling agents (if any) or the Registrar in the implementation of its internal policies regarding "know your customer" and compliance with anti-money laundering laws.

Individual applicants must also submit, in addition to accomplished Applications to Purchase and its required attachments:

(a) identification document ("**ID**") of the Applicant which shall consist of any one of the following valid identification documents bearing a recent photo, and which is not expired: Philippine Identification Card (PhilID), Passport, Driver's License, Professional Regulation Commission ID, National Bureau of Investigation Clearance, Police Clearance, Postal ID, Maritime Industry Authority (MARINA) ID, Voter's ID, Barangay Certification, Government Service Insurance System e-Card, Social Security System Card, Senior Citizen Card, Overseas Workers Welfare Administration ID, OFW ID, Seaman's Book, Alien Certification of Registration/Immigrant Certificate of Registration, Government Office and government-owned and controlled corporation ID, *e.g.*, Armed Forces of the Philippines, Home Development Mutual Fund, Certification from the National Council for the Welfare of Disabled Persons, Department of Social Welfare and Development Certification, Integrated Bar of the Philippines ID, company IDs issued by private entities or institutions registered with or supervised or regulated either by the BSP, SEC or the Insurance Commission, or school ID duly signed by the principal or head of the school (for students who are beneficiaries of remittances/fund transfers who are not yet of voting age);

(b) if e-SIP was not used, two (2) duly accomplished signature cards containing the specimen signature of the Applicant;

(c) validly issued tax identification number issued by the BIR; and

(d) such other documents as may be reasonably required by the Underwriters, selling agents (if any) or the Registrar and Paying Agent in the implementation of their respective internal policies regarding "know your customer" and compliance with anti-money laundering laws.

An Applicant who is claiming exemption from any applicable tax, or entitlement to preferential tax rates shall, in addition to the requirements set forth above, be required to submit the following requirements to the relevant Underwriter or selling agent (if any) (together with their respective Applications to Purchase), subject to acceptance by the Issuer as being sufficient in form and substance:

(i) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR and addressed to the relevant applicant or Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014 including any clarification, supplement or amendment thereto;

(ii) with respect to tax treaty relief, a copy of the duly filed request for confirmation or tax treaty relief application, as may

be applicable, with the International Tax Affairs Division of the BIR as required under the BIR Revenue Memorandum Order No. 14-2021; including any clarification, supplement or amendment thereto and, once available, a BIR-certified certification, ruling or opinion addressed to the relevant applicant or Bondholder confirming its entitlement to the preferential tax rate under the applicable treaty;

(iii) a duly notarized undertaking executed by (1) the corporate secretary or any authorized representative of such applicant or Bondholder, who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Bondholder holds, the Offer Bonds for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Offer Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent of any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and

(iv) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized or apostilled (as the case may be) proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided, that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided, further, that all sums payable by the Issuer to tax exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

Failure on the part of the Bondholder to submit the aforementioned document/s within the time prescribed shall result in the application of the regular tax rates.

The Purchase Price for each Offer Bond is payable in full upon submission of the duly executed Application to Purchase. Payments of the Purchase Price shall be made either in checks or appropriate debit instructions or payment instructions made out to the order of the relevant Underwriter or selling agent (if any). All payments must be made or delivered to the relevant Underwriter, or the selling agent (if any) to whom the Application to Purchase is submitted.

Completed Applications to Purchase and corresponding payments must reach the Underwriter, or the selling agent (if any) prior to the end of the Offer Period, or such earlier date as may be specified by the Underwriters. Acceptance by the Underwriters, or the selling agent (if any) of the completed Application to Purchase shall be subject to the availability of the Offer Bonds and the acceptance by FLI. In the event that any check payment is returned by the drawee bank for any reason whatsoever or the nominated bank account to be debited is invalid, the Application to Purchase shall be automatically canceled and any prior acceptance of the Application to Purchase shall be deemed revoked.

Minimum Purchase

A minimum purchase of ₱50,000.00 shall be considered for acceptance. Purchases in excess of the minimum shall be in multiples of ₱10,000.00.

Allotment of the Offer Bonds

If the Offer Bonds are insufficient to satisfy all Applications to Purchase, the available Offer Bonds shall be allotted at the discretion of the Joint Lead Underwriters and Bookrunners, in consultation with the Issuer and subject to Issuer's right of rejection.

Acceptance of Applications

The Company and the Joint Lead Underwriters and Bookrunners reserve the right to accept or reject Applications to Purchase the Offer Bonds and allocate the Offer Bonds available to the Applicants in a manner they deem appropriate.

Rejection of Applications

The Underwriters shall accept, reduce or reject Applications to Purchase on behalf of the Issuer in accordance with the following provisions and the allocation plan. Reasons for rejection may include the following:

(a) Applications may be rejected if: (i) the Purchase Price is unpaid; (ii) payments are insufficient or where checks, as applicable, are dishonoured upon first presentment; (iii) the Application to Purchase is not received by the Underwriters or the selling agent (if any) on or before the end of the Offer Period; (iv) the number of the Offer Bonds subscribed is less than the minimum amount of subscription; (v) the Applications to Purchase do not comply with the terms of the Offer; or (vi) the Applications to Purchase do not have sufficient information or are not supported by the required documents.

(b) Applications may be reduced if the Offer is oversubscribed, in which case the number of the Offer Bonds covered by such Applications to Purchase shall be reduced pro rata or in accordance with such other methodology adopted by the Underwriters.

In the event an Application to Purchase is rejected or the amount of the Offer Bonds applied for is scaled down for a particular Applicant, the relevant Underwriter or the selling agent (if any) shall notify the Applicant concerned that his/her application has been rejected or that the amount of the Offer Bonds applied for has been scaled down.

Refunds

If any application is rejected or accepted in part only, payments made by the Applicant or the appropriate portion thereof shall be returned without interest to such Applicant through the relevant Underwriter or the selling agent (if any) with whom such Application to Purchase was coursed through.

The manner of refunds shall be made, at the option of each Underwriter and or the selling agent (if any), either (i) through the issuance of check(s) payable to the order of the relevant Applicant and crossed "Payees' Account Only" and mailed or delivered, at the risk of the Applicant, to the address specified in the Application to Purchase, or (ii) through the issuance of instructions for automatic credit payments to the accounts of the relevant Applicants, as indicated in their respective Applications to Purchase.

Payments

The Paying Agent shall open and maintain a bank account for the Offer Bonds, which shall be operated solely and exclusively by the said Paying Agent in accordance with the Registry and Paying Agency Agreement (the "**Payment Account**"), provided that beneficial ownership of the Payment Account shall always remain with the Bondholders. The Payment Account shall be used exclusively for the payment of the principal, interest and other payments due on the Offer Bonds on the relevant Payment Date.

The Paying Agent shall maintain the Payment Account while the Offer Bonds are outstanding, and until six (6) months past the Maturity Date or date of early redemption, as applicable. Upon closure of the Payment Account, any balance remaining in the Payment Account shall be returned to the Issuer and shall be held by the Issuer in trust and for the irrevocable benefit of the Bondholders with unclaimed interest and principal payments and such other payments that are due on the Offer Bonds.

Unclaimed Payments

Any payment of interest on, or the principal of the Offer Bonds which remain unclaimed after the same shall have become due and payable, shall be held in trust by the Paying Agent for the Bondholders at the latter's risk and shall be dealt with in accordance with the relevant provisions of the Registry and Paying Agency Agreement.

Purchase and Cancellation

The Issuer may purchase the Offer Bonds at any time in the open market or by tender or by contract, in accordance with PDEx Rules, as may be amended from time to time, without any obligation to make *pro rata* purchases from all Bondholders. Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

Upon listing of the Offer Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.

Secondary Market

The Company intends to list the Offer Bonds in the PDEx.

For a more detailed discussion, please refer to the section "*Description of Offer Bonds – Secondary Trading of the Offer Bonds*".

Registry of Bondholders

The Offer Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing the Offer Bonds sold in the Offer shall be issued in the name of the Trustee for the benefit of the Bondholders.

Legal title to the Offer Bonds shall be shown in the Registry of Bondholders to be maintained by the Registrar. The names and addresses of the Bondholders and the particulars of the Offer Bonds held by them and all transfers of the Offer Bonds shall be entered into the Registry of Bondholders. Transfers of ownership shall be effected through book- entry transfers in the Registry of Bondholders.

For a more detailed discussion, please refer to the section "*Description of Offer Bonds – Transfer of Offer Bonds*".

Description of the Offer Bonds

The following does not purport to be a complete listing of all the rights, obligations or privileges of the Offer Bonds. Some rights, obligations or privileges may be further limited or restricted by other documents. Prospective Bondholders are enjoined to carefully review the Articles of Incorporation, By-Laws and resolutions of the Board of Directors and Shareholders of FLI, the information contained in the Prospectus, this Offer Supplement, the Trust Agreement, Registry and Paying Agency Agreement, Applicable Law, rules and regulations of PDTC and PDEx relevant to the Offer, and to perform their own independent investigation and analysis of the Company and the Offer Bonds. They must not rely solely on any statement or the significance, adequacy or accuracy of any information contained herein. The information and data contained herein are not a substitute for the prospective investor's independent evaluation and analysis. Prospective Bondholders are likewise encouraged to consult their legal counsels and accountants in order to be better advised of the circumstances surrounding the Offer Bonds.

A registration statement covering the Bond Program, as authorized by resolution of the Board of Directors of the Company dated July 19, 2023, was filed by the Issuer with the SEC on September 22, 2023, and was rendered effective by the SEC by its order dated November 15, 2023. On December 1, 2023, FLI listed its ₱11,430,800,000.00, 3.5-year fixed rate bond due 2027 with a coupon rate of 6.9829% per annum. On March 12, 2025, FLI listed its ₱12,000,000,000.00, 5-year, 7-year, and 10-year tenor fixed rate bonds due 2030, 2032, and 2035 with a coupon rate of 6.2916%, 6.6550%, and 6.8312%, respectively.

The third Tranche of the Bond Program will be issued with a Base Offer of an aggregate principal amount of ₱9,000,000,000.00. The Offer Bonds will be issued on the Issue Date.

The Offer Bonds shall be constituted by a Trust Agreement to be executed on or about May 15, 2026 between FLI and BPI Asset Management and Trust Corporation as Trustee. The Trustee has no interest in or relation to FLI which may conflict with the performance of its functions as trustee for the Offer Bonds. The description and the terms and conditions of the Offer Bonds as set out below is subject to the detailed provisions of the Trust Agreement.

BPI Asset Management and Trust Corporation, doing business under the trade name and style of BPI Wealth – A Trust Corporation ("**BPI Wealth**"), is the largest trust corporation in the Philippines. As of December 2025, BPI Wealth administers over PHP 1.83 trillion in assets under management (AUM), which accounts to about 21% of the industry's AUM.

BPI Wealth is a wholly-owned subsidiary of the Bank of the Philippine Islands (BPI) and is the first among the trust departments of major local banks to have been spun off to a stand-alone trust corporation and authorized to conduct business as such by the Bangko Sentral ng Pilipinas (BSP) under Circular No. 710. Coming from a 54-year history as a trust entity and department of BPI, it started commercial operations on 1 February 2017.

BPI Wealth remains to be a strong business contributor to BPI and also continues to be a major player in the Philippine asset management and trust industry. The trust corporation has a long track record of managing assets of both institutional and individual investors through innovative and investment products and solutions considered to be the most complete in the industry – these include the 37 Unit Investment Trust Funds (UITFs) amounting to over PHP 258 billion, which is 29% of the total UITF market.

A Registry and Paying Agency Agreement shall be executed on or about May 15, 2026 in relation to the Offer Bonds between FLI and PDTC as Registrar and Paying Agent. PDTC has no interest in or relation to the Company which may conflict with the performance of its functions.

Copies of the Trust Agreement and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee and the Registrar, respectively. The holders of the Offer Bonds (the "**Bondholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Agreement and are deemed to have notice of those provisions of the Registry and Paying Agency and Agreement applicable to them.

1. Form, Denomination and Title

(a) *Form and Denomination*

The Offer Bonds shall be issued in scripless form. A Master Certificate of Indebtedness representing the Offer Bonds sold in the Offer shall be issued to and registered in the name of the Trustee for the benefit of the Bondholders.

The Offer Bonds shall be issued in minimum denominations of Fifty Thousand Pesos (₱50,000.00) each and in integral multiples of Ten Thousand Pesos (₱10,000.00) thereafter, and traded in denominations of Ten Thousand Pesos (₱10,000.00) in the secondary market.

(b) *Title*

Legal title to the Offer Bonds shall be shown in the Registry of Bondholders maintained by the Registrar. A notice confirming the principal amount of the Offer Bonds purchased by each applicant in the Offer shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Offer Bonds shall pass by recording of the transfer from the transferor to the transferee in the electronic Registry of Bondholders maintained by the Registrar. Settlement with respect to such transfer or change of title to the Offer Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder.

(c) *Offer Bonds Rating*

The Offer Bonds have been rated PRS Aaa with a Stable Outlook by PhilRatings on March 13, 2026 having considered FLI's business plans, growth prospects and cashflow. A Stable Outlook, on the other hand, indicates that the rating is likely to be maintained or to remain unchanged in the next twelve (12) months. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. FLI's capacity to meet its financial commitment on the obligation is extremely strong. The assigned credit rating takes into account the following key considerations: (1) FLI's established brand name and track record; (2) its well diversified real estate developments and ample landbank; (3) Company's sustained profitability; and (4) its positive operating cash flows and ample liquidity. PhilRatings' ratings are based on available information and projections at the time that the rating process was ongoing. PhilRatings shall continuously monitor developments relating to FLI and may change the rating at any time, should circumstances warrant a change. The rating is subject to regular annual reviews, or more frequently as market developments may dictate, for as long as the Offer Bonds are outstanding. After Issue Date, the Trustee shall likewise monitor compliance by the Issuer with certain covenants in relation to the Offer Bonds through regular annual reviews.

2. Transfer of Offer Bonds

a) Registry of Bondholders

FLI shall cause the Registry of Bondholders to be kept by the Registrar, in electronic form. The names and addresses of the Bondholders and the particulars of the Offer Bonds held by them and all transfers of the Offer Bonds shall be entered in the Registry of Bondholders. As required by BSP Circular No. 428-04*,* the Registrar shall send each Bondholder a written statement of registry holdings at least quarterly (at the cost of the Issuer), and a written advice confirming every receipt or transfer of the Offer Bonds that is effected in the Registrar's system. Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. Any and/or all requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfer of the Offer Bonds may be made during the period of two (2) Business Days preceding the Interest Payment Date or the Maturity Date.

b) Transfers; Tax Status

Subject to the compliance with all procedures and provisions set forth in the Registry and Paying Agency Agreement and as the same may be amended by the Registrar with notice to the Issuer, as well as payment by the relevant Bondholder of the proper fees, if any, to PDEx and/or the Registrar, Bondholders may transfer their Offer Bonds at any time, regardless of tax status of the transferor vis-à-vis the transferee except for: (i) transfers across Tax Categories except on Interest Payment Dates that fall on a Business Day, provided, however, that transfers from a Tax-Exempt Category to a Taxable Tax Category on a non-Interest Payment Date shall be allowed using the applicable tax-withheld series name on PDEx, ensuring the computations are based on the final withholding tax rate of the taxable party to the trade; provided further that should this transaction occur, the tax-exempt entity shall be treated as being of the same Tax Category as its taxable counterpart for the interest period within which such transfer occurred; (ii) transfers by Bondholders with deficient documents; and (iii) transfers during a Closed Period. For purposes hereof, "Tax Categories" refer to the four (4) final withholding tax categories covering, particularly, tax-exempt entities, 20% tax- withheld entities, 25% tax-withheld entities, and 30% tax-withheld entities; *"Closed Period"* means the periods during which the Registrar shall not register any transfer or assignment of the Offer Bonds, specifically: (a) during the period of two (2) Business Days preceding the Interest Payment Date or the Maturity Date, as the case may be; or (b) the period after the Offer Bonds have been called for redemption or pre-termination. Transfers taking place in the Registry of Bondholders after the Offer Bonds are listed on PDEx shall be allowed between taxable and tax- exempt entities without restriction and observing the tax exemption of tax-exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions and guideline of PDEx and PDTC. A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified below under "Payment of Additional Amounts; Taxation", within the period required under the PDEx Rules.

c) Secondary Trading of the Offer Bonds

FLI intends to list the Offer Bonds in PDEx for secondary market trading. Secondary market trading and settlement in PDEx shall follow the applicable PDEx Rules, including rules, conventions and guidelines governing trading and settlement between

bondholders of different tax status, and shall be subject to the relevant fees of PDEx and PDTC.

Upon listing of the Offer Bonds with PDEx, investors shall course their secondary market trades through PDEx Brokering Participants for execution in the PDEx Trading Platform in accordance with PDEx Rules, and shall settle such trades on a Delivery versus Payment basis in accordance with PDEx Rules. The PDEx Rules are available on the PDEx website (www.pds.com.ph). An Investor Frequently Asked Questions discussion on the secondary market trading, settlement, documentation and estimated fees are also available on the PDEx website.

3. Ranking

The Offer Bonds constitute direct, absolute, unconditional, unsubordinated and unsecured obligations of the Issuer and shall rank pari passu and ratably without any preference or priority amongst themselves and shall rank at all times at least pari passu in priority of payment and in all respects with all its other unsubordinated and unsecured Indebtedness, other than obligations preferred by the law other than the preference or priority established by Article 2244, paragraph 14 of the Civil Code of the Philippines, as the same may be amended from time to time.

"**Indebtedness**" means, (a) with respect to the Issuer: (i) all indebtedness or other obligations of the Issuer for borrowed money or for the deferred purchase price of property or services and similar arrangements; (ii) all indebtedness or other obligations of any other Person, the payment or collection of which is guaranteed by the Issuer (except by reason of endorsement for collection in the ordinary course of business) or in respect of which the Issuer is liable, contingently or otherwise, including without limitation, any agreement to purchase, to provide funds for payment, to supply funds to or otherwise invest in such Person; and (iii) capitalized lease obligations of the Issuer; and (b) with respect to any other Person, all indebtedness or other obligations of such Person for borrowed money or for the deferred purchase price of property or services and similar arrangements.

4. Interest

a) Interest Payment Dates

The Offer Bonds shall bear interest on its principal amount from and including the Issue Date per annum, payable quarterly in arrears, commencing on September 2, 2026, for the first Interest Payment Date, and March 2, June 2, September 2, and December 2 of each year for each subsequent Interest Payment Date while the Offer Bonds are outstanding, or the subsequent Business Day without adjustment for accrued interest, if the relevant Interest Payment Date is not a Business Day. If the Issue Date is set at a date other than June 2, 2026, then the Interest Payment Dates will be automatically adjusted to the numerically corresponding dates at every three (3) months following the actual Issue Date.

For purposes of clarity, the last Interest Payment Date on the Offer Bonds shall fall on the Maturity Date. The cut-off date in determining the existing Bondholders entitled to receive the interest or principal amount due shall be the second (2^{nd}) Business Day immediately preceding the relevant Interest Payment Date (the "**Record Date**"), which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal or any other amount due under the Offer Bonds. No transfers of the Offer Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

The Series E Bonds shall bear interest on its principal amount from and including the Issue Date at the rate of 7.3993% per annum.

b) Interest Period

Interest on the first Interest Payment Date will cover the period from Issue Date up to such Interest Payment Date. Subsequent interest payments shall be reckoned from the day immediately succeeding the last Interest Payment Date up to the next Interest Payment Date.

c) Interest Accrual

The Offer Bonds shall cease to bear interest after the Maturity Date, as defined in the discussion on *"Final Redemption",* below, unless, upon due presentation, payment of the principal in respect of the Offer Bonds then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see *"Penalty Interest"* below) shall apply.

d) Determination of Interest Amount

The interest shall be calculated on the basis of a 30/360-day basis, consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days.

5. Redemption and Purchase

a) Early Redemption Option

The Issuer shall have the right, but not the obligation, to redeem in whole (but not in part), the outstanding Offer Bonds on the dates set out below (the "**Early Redemption Option Date**"); provided, that if the Early Redemption Option Date falls on a day that is not a Business Day, then the payment of the Early Redemption Price shall be made by the Issuer on the next Business Day, without adjustment to the amount of interest and the Early Redemption Price to be paid.

Series E Bonds	
Early Redemption Option Date	**Early Redemption Price**
On the 6th month following the 2nd anniversary of the Issue Date	100.50%

The amount payable to the Bondholders upon the exercise of the Early Redemption Option by the Issuer shall be calculated, based on the principal amount of the Offer Bonds being redeemed, as the sum of: (i) accrued interest computed from the last Interest Payment Date up to the Early Redemption Option Date; and (ii) the product of the principal amount of the Offer Bonds being redeemed and the Early Redemption Price in accordance with the above table. For the avoidance of doubt, the Bondholders shall not have any right to cause the Issuer to redeem the Offer Bonds pursuant to this Early Redemption Option.

The Issuer shall give no less than thirty (30) nor more than sixty (60) days prior written notice to the Trustee, the Registrar and Paying Agent of its intention to redeem the Offer Bonds, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Offer Bonds on the Early Redemption Option Date stated in such notice.

b) Final Redemption

Unless otherwise earlier redeemed or purchased and cancelled, the Offer Bonds shall be redeemed at par or 100% of face value on the Maturity Date. However, if the Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Issuer through the Paying Agent, without adjustment in computation as to the amount of interest payable and principal amount, on the succeeding Business Day.

c) Redemption for Taxation Reasons

If payments under the Offer Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Issuer, the Issuer shall have the option, but not the obligation, to redeem the Offer Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days' prior written notice to the Trustee and the Registrar and Paying Agent) at 100% of the face value of the Offer Bonds plus accrued interest thereon computed up to the date when the Offer Bonds shall be redeemed earlier than the Maturity Date, subject to the requirements of Applicable Law.

d) Redemption due to Change in Law or Circumstance

If any provision of the Trust Agreement or any of the related documents is or shall become for any reason, invalid, illegal or unenforceable to the extent that it shall become, for any reason, unlawful for the Issuer to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents, the Issuer shall provide the Trustee an opinion of legal counsel confirming the foregoing, such legal counsel being from an internationally recognized Philippine law firm reasonably acceptable to the Trustee. Thereupon the Trustee, upon notice to the Issuer, shall declare the principal of the Offer Bonds, including all accrued interest and other chargers thereon, if any, to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable without any pre-payment penalty, notwithstanding anything in the Trust Agreement or in the Offer Bonds to the contrary.

e) Purchase and Cancellation

The Issuer may at any time purchase any of the Offer Bonds at any price in the open market or by tender or by contract at market price, in accordance with PDEx Rules, which may be amended from time to time, without any obligation to purchase Offer Bonds pro-rata from all Bondholders and the Bondholders shall not be obliged to sell. Any Offer Bonds so purchased shall be redeemed and cancelled and may not be re-issued. Upon listing of the Offer Bonds on PDEx, the Issuer shall disclose any such transactions in accordance with the applicable PDEx disclosure rules.

6. Payments

The principal of, interest on, and all other amounts payable on the Offer Bonds shall be paid by FLI, through the Paying Agent, to

the Bondholders by crediting the settlement accounts designated by each of the Bondholders. The principal of, and interest on, the Offer Bonds shall be payable in Philippine Pesos, net of final taxes and fees (if any). FLI shall ensure that so long as any of the Offer Bonds remains outstanding, there shall at all times be a Paying Agent for the purposes of the Offer Bonds. In the event the Paying Agent shall be unable or unwilling to continue to act as such, FLI shall appoint a qualified financial institution in the Philippines authorized to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

7. Taxation and Yield Protection

Interest income on the Offer Bonds is subject to a final withholding tax at rates between 20% and 25% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of FLI; provided however, that FLI shall not be liable for the following:

(a) income tax on any gain by a holder of the Offer Bonds realized from the sale, exchange or retirement of the Offer Bonds;

(b) the applicable final withholding tax on interest earned on the Offer Bonds prescribed under the Tax Reform Act of 1997, as amended and its implementing rules and regulations as maybe in effect from time to time. Interest income on the Offer Bonds is subject to a final withholding tax at rates between 20% and 25% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by FLI as being sufficient in form and substance:

   (i) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue ("**BIR**") and addressed to the relevant applicant or Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014, including any clarification, supplement or amendment thereto;
   (ii) with respect to tax treaty relief, a copy of the duly filed request for confirmation or tax treaty relief application, as may be applicable, with the International Tax Affairs Division of the BIR as required under BIR Revenue Memorandum Order No. 14-2021; including any clarification, supplement or amendment thereto and, once available, a BIR-certified certification, ruling or opinion addressed to the relevant Applicant or Bondholder confirming its entitlement to the preferential tax rate under the applicable treaty;
   (iii) a duly notarized undertaking executed by (1) the corporate secretary or any authorized representative of such Applicant or Bondholder who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Bondholder holds, the Offer Bonds for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Offer Bonds pursuant to its management of tax-exempt entities (i.e. Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent of any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and
   (iv) such other documentary requirements as may be required by the Issuer and the Registrar under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided, further, that all sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar.

(c) Gross Receipts Tax under Section 121 of the Tax Code;

(d) taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding; and

(e) VAT under Sections 106 to 108 of the Tax Code, and as amended bys Republic Act No. 9337.

Documentary stamp tax for the primary issue of the Offer Bonds and the execution of the Bond Agreements, if any, shall be for FLI's account.

8. Financial Covenants

FLI shall maintain a Debt-to-Equity Ratio of not more than 2.00:1.00 Debt-to-Equity Ratio is computed as total Financial Indebtedness divided by Total Equity.

The Financial Covenant of FLI with respect to the Offer Bonds is limited to the foregoing.

For clarity, the foregoing ratios shall be computed using the following definitions:

"**Financial Indebtedness**" means any outstanding indebtedness of FLI and/ or any or all of its subsidiaries for or in respect of:

(i) monies borrowed, which, in accordance with PFRS or PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as applicable, shall be treated as loans payable, notes payable, bonds payable, or other similar borrowing. "PFRS" means Philippine Financial Reporting Standards,

(ii) any amount raised by acceptance under any acceptance credit facility;

(iii) any obligation in respect of a standby or documentary letter of credit or any other similar instrument issued by a bank or financial institution;

(iv) receivables sold or discounted other than receivables that are sold on a non-recourse basis;

(v) any amount of any liability (other than trade accounts payable, accrued expenses, and unearned revenues) under an advance or deferred purchase agreement if one of the primary reasons behind entering into that agreement is to raise funds;

(vi) any currency swap, or interest rate swap, cap or collar arrangement or any other derivative instrument;

(vii) any amount raised by the issue of redeemable shares that are recognized as part of financial liabilities in accordance with PFRS or PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as applicable;

(viii) any amount raised under any other transaction having the commercial effect of a borrowing; and/or

(ix) Any guarantee or indemnity or other assurance against financial loss of any person except those incurred in the ordinary course of business.

"Stockholders' Equity" means the total stockholders' equity of the Issuer as recognized and measured in its audited consolidated financial statements in conformity with PFRS or PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as applicable.

"**Total Equity**" means total consolidated Stockholders' Equity (including minority interest) as recognized and measured in FLI's audited consolidated financial statements in conformity with PFRS or PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as applicable.

9. Negative Pledge

For as long as any of the Offer Bonds remain outstanding, FLI covenants that it shall not, without the prior written consent of the Majority Bondholders, permit any Indebtedness for borrowed money to be secured by or to benefit from Security in favor of any creditor or class of creditors without providing the Bondholders with the same kind or class of Security, the benefit of which is extended equally and ratably among them to secure the Offer Bonds; provided however that, this restriction shall not prohibit the following:

(a) Any Security over any asset, including, but not limited to assets purchased, leased, or developed in the ordinary course of business, to secure: (i) the payment of the purchase price or cost of leasehold rights of such asset; or (ii) the payment of the cost and expenses for the development of such asset pursuant to any development made or being made by FLI in the ordinary course of business; or (iii) the payment of any indebtedness in respect of borrowed money (including extensions and renewals thereof and replacements therefore) incurred for the purpose of financing the purchase, lease or development of such asset; or (iv) the normal rediscounting of receivable activities of FLI made in the ordinary course of business;

(b) Any Security created for the purpose of paying current Taxes, assessments or other governmental charges which are not delinquent or remain payable without any penalty; or the validity of which is contested in good faith in appropriate proceedings upon stay of execution of the enforcement thereof and adequate reserves having been provided for the payment thereof;

(c) Any Security to secure, in the normal course of the business of FLI or its Affiliates: (i) statutory or regulatory obligations; (ii) surety or appeal bonds; (iii) bonds for release of attachment, stay of execution or injunction; or (iv) performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases;

(d) Any Security: (i) imposed by law, such as carrier's, warehousemen's, mechanics' liens and other similar liens arising in the ordinary course of business and not material in amount; (ii) arising out of pledges or deposits under the workmen's compensation laws, unemployment insurance, old age pensions or other social security or retirement benefits or similar legislation; and (iii) arising out of set-off provisions in the normal course of its financing arrangements; provided that, the Bondholders hereunder shall also have to the extent permitted by applicable law, and upon notice to FLI, a similar right of set-off;

(e) Any Security in favor of banks, insurance companies, other financial institutions and Philippine government agencies, departments, authorities, corporations or other juridical entities, which secure a preferential financing obtained by FLI under a governmental program under which creation of a security is a prerequisite in order to obtain such financing, and which cover assets of FLI which have an aggregate appraised value, determined in accordance with generally accepted appraisal principles and practices consistently applied not exceeding fifteen percent (15%) of FLI's total assets based on the most recent interim financial statements;

(f) Any Security established in favor of insurance companies and other financial institutions in compliance with the applicable requirements of the Office of the Insurance Commission on admitted assets;

(g) Any Security existing on the date of the Trust Agreement which is disclosed in writing by FLI to the Trustee prior to the execution of the Trust Agreement;

(h) Any Security to be constituted on the assets of the Issuer after the execution of the Trust Agreement which is disclosed in writing by the Issuer to the Trustee prior to the execution of the Trust Agreement and with an aggregate amount not exceeding fifteen percent (15%) of the consolidated assets of the Issuer at any one time; and

(i) Any Security or Lien undertaken in compliance with the requirements of government regulatory agencies such as but not limited to the Bangko Sentral ng Pilipinas, the Department of Human Settlements and Urban Development, the Housing and Land Use Regulatory Board and the Department of Agrarian Reform, provided that any such Security or Liens are created by operation of law and not as a result of any default or omission by the Issuer.

10. Events of Default

FLI shall be considered in default under the Offer Bonds and the Trust Agreement in case any of the following events (each an "**Event of Default**") shall occur and is continuing:

a) Payment Default

FLI fails to pay when due and payable any amount which FLI is obligated to pay to the Bondholders under the Trust Agreement and the Offer Bonds in the manner, at the place, and in the currency in which it is expressed to be payable; provided that such non-payment shall not constitute an Event of Default if it is solely due to an administrative or technical cause, not attributable to the fault or negligence of the Issuer, affecting the transfer of funds despite timely payment instruction having been given by the Issuer and such payment is received by the Paying Agent within two (2) Business Days from the relevant due date.

b) Representation/Warranty Default

Any representation or warranty of FLI hereof or in any certificate or opinion submitted pursuant hereto proves to have been untrue, incorrect or misleading in any material respect as and when made and the circumstances which cause such representation or warranty to be incorrect or misleading continue for not less than fourteen (14) days (or such longer period as the Majority Bondholders shall approve) after receipt of written notice from the Bondholders through the Trustee to that effect.

c) Other Default

FLI fails to perform or violates any other provision, term of the Trust Agreement and the Offer Bonds, and such failure or violation is not remediable or, if remediable, continues to be unremedied after the applicable grace period, or in the absence of such grace period, after thirty (30) days from the date of occurrence of the said violation; provided that, the Events of Default constituting a payment default, expropriation, insolvency or closure default, or a violation of a negative covenant shall not be remediable.

d) Cross Default

FLI and/or any of its Material Subsidiaries fails to pay or defaults in the payment of any installment of the principal or interest in excess of the Philippine Pesos: Seven Hundred Thirty Five Million (₱735,000,000.00), or fails to comply or commits a breach or violation of any material term, condition or stipulation, of any other agreement, contract or document with its lenders or any third party to which it is a party or privy or under which it acts as a guarantor or surety, including any agreement similar or analogous

thereto, whether executed prior to or after the date of the issuance of the Offer Bonds, and which breach or violation, if remediable, is not remedied by FLI or its Material Subsidiary within ten (10) Business Days from receipt of notice by the Trustee to FLI and if the effect of the failure to observe or perform such term, covenant or agreement is to cause such obligation to become due prior to its stated maturity unless these are diligently contested in good faith in appropriate proceedings.

e) Insolvency Default

FLI and/or any of its Material Subsidiaries becomes insolvent or unable to pay its debts when due or commits or permits any act of bankruptcy, which term shall include, but shall not be limited to: (i) filing of a petition in any bankruptcy, reorganization (other than a labor or management reorganization), winding-up, suspension of payment or liquidation proceedings, or any other proceeding analogous in purpose and effect; (ii) appointment of a trustee or receiver of all or a substantial portion of its properties; (iii) making of an assignment for the benefit of its creditors;
(iv) the admission in writing by FLI of its inability to pay its debts; or (v) the entry of any order or judgment of any court, tribunal or administrative agency or body confirming its bankruptcy or insolvency or approving any reorganization (other than a labor or management reorganization), winding-up, liquidation or appointment of trustee or receiver of FLI and/or any of its Material Subsidiaries or a substantial portion of its property or assets.

f) Closure Default

FLI voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of thirty
(30) calendar days except in the case of strikes or lockouts or when necessary to prevent business losses or when due to fortuitous events or force majeure or when suspension or cessation of operations, as the case may be, is required by the national government as a result of pandemic or epidemic.

g) Expropriation Default

The Republic of the Philippines or any competent authority thereof takes any action to suspend the whole or the substantial portion of the operations of FLI and to condemn, seize, nationalize or appropriate (either with or without compensation) FLI or any material portion of its properties or assets, unless such act, deed or proceedings are contested in good faith by FLI.

h) Cancellation of Licenses, Permits, etc.

Any of the licenses, permits, rights, options, or privileges presently or hereafter enjoyed, utilized or required in the conduct of the business or operations of FLI shall be revoked, cancelled, or otherwise terminated, or the free and continued use and exercise thereof shall be curtailed or prevented, in each case in such manner as to materially and adversely affect the ability of FLI to meet its obligations under the Trust Agreement and the Offer Bonds, or any similar events that occur which materially and adversely affect the ability of FLI to meet its obligations under the Trust Agreement and the Offer Bonds.

i) Judgment Default

Any final judgment, decree or arbitral award for the sum of money, damages or for a fine or penalty in excess of ₱500,000,000 or its equivalent in any other currency is entered against FLI and the enforcement of which is not stayed, and is not paid, discharged or duly bonded within thirty (30) calendar days after the date when payment of such judgment, decree or award is due under the applicable law or agreement.

j) Writ and Similar Process Default

Any judgment, writ, warrant of attachment, injunction, stay order, execution or similar process shall be issued or levied against any material part of FLI's assets, business or operations and such judgment, writ, warrant or similar process shall not be released, vacated or fully bonded within thirty (30) calendar days after receipt of order relating to the issuance or levy on execution.

k) Non-Payment of Taxes

Non-payment of any Taxes, or any assessments or governmental charges levied upon it or against its properties, revenues and assets by the date on which such Taxes, assessments or charges attached thereto, which are not contested in good faith by FLI, or after the lapse of any grace period that may have been granted to FLI by the Bureau of Internal Revenue or any other Philippine tax body or authority.

For purposes hereof, **"Material Subsidiaries"** means subsidiaries of FLI which each contribute to at least 10% of FLI's consolidated revenues or consolidated net income per fiscal year.

11. Consequences of Default

Subject to the terms of the Trust Agreement, the Trustee shall, within ten (10) Business Days after receiving notice, from the Issuer or the Majority Bondholders, or having knowledge of the occurrence of any Event of Default pursuant to Section 3.01(b) of the Trust Agreement, give to all the Bondholders written notice of such Event of Default known to it unless the same shall have been cured before the giving of such notice.

The written notice required to be given to the Bondholders hereunder shall be published in a newspaper of general circulation in Metro Manila for two (2) consecutive days, further indicating in the published notice that the Bondholders or their duly authorized representatives may obtain any information relating to such occurrence of an Event of Default at the principal office of the Trustee upon presentation of sufficient and acceptable identification consistent with the Bondholders' records of the Registrar.

If any one or more of the Events of Default occur and continue without the same being cured within the periods provided in the Trust Agreement and in these terms and conditions, the Trustee, acting upon the written direction of persons holding more than 50% of the aggregate principal amount of the issued Offer Bonds (the "**Majority Bondholders***")*, following notification from the Trustee in case of a potential Event of Default pursuant to Section 3.01(b) of the Trust Agreement, shall, by notice in writing delivered to FLI, all the Bondholders, with a copy furnished the Paying Agent and Registrar, declare the principal of the Offer Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable.

All the unpaid obligations under the Offer Bonds, including accrued Interest, and all other amounts payable thereunder, shall be declared to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by FLI.

12. Notice of Default

The Trustee shall, within ten (10) Business Days after receiving notice from the Issuer or the Majority Bondholders or having knowledge, pursuant to Section 3.01(b) of the Trust Agreement, the occurrence of any Event of Default, give to the Bondholders written notice of such Event of Default known to it, unless the same shall have been cured before the giving of such notice; provided that, in the case of payment default under Section 10(a) above, the Trustee shall immediately notify the Bondholders upon the occurrence of such payment default. The existence of a written notice required to be given to the Bondholders hereunder shall be published in a newspaper of general circulation in the Philippines for two (2) consecutive days, further indicating in the published notice that the Bondholders or their duly authorized representatives may obtain any information relating to such occurrence of an Event of Default at the principal office of the Trustee upon presentation of sufficient and acceptable identification to the Trustee.

13. Penalty Interest

In case any amount payable by FLI under the Offer Bonds, whether for principal, interest, or fees due to Trustee, Registrar, Paying Agent or otherwise, is not paid on due date, FLI shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay penalty interest on the defaulted amount(s) at the rate of 12% per annum (the "**Penalty Interest**") from the time the amount falls due until it is fully paid.

14. Payment in the Event of Default

FLI covenants that upon the occurrence of any Event of Default, FLI shall pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Offer Bonds with interest at the rate borne by the Offer Bonds on the overdue principal and with Penalty Interest as described above, where applicable, and in addition thereto, FLI shall pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or liabilities incurred without gross negligence or bad faith by the Trustee.

15. Application of Payments

Any money collected or delivered to the Paying Agent, and any other funds held by it, subject to any other provision of the Trust Agreement and the Registry and Paying Agency Agreement relating to the disposition of such money and funds, shall be applied by the Paying Agent in the order of preference as follows: *first,* to the payment to the Trustee, the Paying Agent and the Registrar, of the costs, expenses, fees and other charges of collection, including reasonable compensation to them, their agents, attorneys and counsel, and all reasonable expenses and liabilities incurred or disbursements made by them, without gross negligence or bad faith; *second,* to the payment of the interest in default, in the order of the maturity of such interest with Penalty Interest; *third,* to the payment of the whole amount then due and unpaid upon the Offer Bonds for principal and interest, with Penalty Interest; and *fourth,* the remainder, if any shall be paid to FLI, its successors or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct. Except for any interest and principal payments, all disbursements of the Paying Agent in relation to the Offer Bonds shall require the conformity of the Trustee. The Paying Agent shall render a monthly account of such funds under its control.

16. Prescription

Claims with respect to principal and interest or other sums payable hereunder shall prescribe unless made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

17. Remedies

All remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra-judicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement, subject to the discussion below on *"Ability to File Suit"*. No delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

18. Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from FLI hereunder on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) such Bondholder previously gave to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Offer Bonds; (ii) the Majority Bondholders shall have decided and made a written request upon the Trustee to institute such suit, action, or proceeding in the latter's name; (iii) the Trustee neglected or refused to institute any such suit, action, or proceeding for sixty (60) days after receipt of such notice and request; and (iv) no directions inconsistent with such written request shall have been given or a waiver of default by the Bondholders have been made, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatsoever by virtue of or by availing of any provision of the Trust Agreement to affect, disturb or prejudice the rights of the holders of any other such Offer Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders.

19. Waiver of Default by the Bondholders

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or the Majority Bondholders may decide for and on behalf of the Bondholders to waive any past default, except the events of default specified in Sections 10 (a), (d), (e), (f), and (g) above. In case of any such waiver, FLI, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder; provided however that, no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Offer Bonds.

20. Trustee Notices

a) Notice to the Trustee

All documents required to be submitted to the Trustee pursuant to the Trust Agreement and this Offer Supplement and all correspondence addressed to the Trustee shall be delivered to:

To the Trustee:	BPI Asset Management and Trust Corporation
Attention:	Kenneth John C. Gavino, Senior Vice President ; Frances Alexandra F. Quito, Assistant Vice President; Raquel G. De Castro, Assistant Vice President; Jerizza Mae P. Remoreras, Senior Manager
Subject:	Filinvest Land Inc Fixed Rate Bonds Due 2029
Address:	BPI Wealth – A Trust Corporation, Institutional Wealth, 27/F, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City 1226
Telephone:	(+632) 8580-3991
E-mail address:	bpiwealthiwfiduciaryservices@bpi.com.ph

All documents and correspondence not sent to the above-mentioned address shall be considered as not to have been sent at all.

b) Notice to the Bondholders

The Trustee shall send all notices to Bondholders to their mailing address as set forth in the Registry of Bondholders. Except where a specific mode of notification is provided for herein, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail; (ii) surface mail; (iii) by one- time publication in a newspaper of general circulation in the Philippines; or (iv) personal delivery to the address of record in the Registry of Bondholders. The Trustee shall rely on the Registry of Bondholders in determining the Bondholders entitled to notice. All notices shall be deemed to have been received: (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by surface mail; (iii) on the date of publication; or (iv) on the date of delivery, for personal delivery; or (v) on the date of receipt of the e-mail in readable form.

c) Binding and Conclusive Nature

Except as provided in the Trust Agreement, all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for the purposes of the provisions of the Trust Agreement, shall (in the absence of willful default, bad faith or manifest error) be binding on FLI and all Bondholders. No liability to FLI, the Paying Agent or the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under the Trust Agreement resulting from the Trustee's reliance on the foregoing.

21. Duties and Responsibilities of the Trustee

(a) The Trustee is appointed as trustee for and on behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Agreement.

(b) The Trustee shall act as trustee for and in behalf of the Bondholders and as such shall, in accordance with the terms and conditions of the Trust Agreement, monitor the compliance or non-compliance by FLI with all its representations and warranties, and the observance by FLI of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement, *provided*, that such monitoring shall be based on Certificate of No Default submitted by the Issuer to the Trustee pursuant to Section 5.01(j)(i) of the Trust Agreement and/or disclosures to the PSE and/or the Philippine Depository & Trust Corp. For the avoidance of doubt, any and all documents, disclosures, or notices made publicly available through filings with the PSE or publication in newspapers of general circulation shall be deemed sufficient notice to, and shall constitute proper service upon, all Bondholders. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Agreement. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall be responsible to the Bondholders, and the Bondholders shall solely communicate with the Trustee in respect to any matters that must be taken up with FLI.

(c) The Trustee shall have custody of and hold in its name, for and on behalf of the Bondholders, the Master Certificate of Indebtedness for the total issuance of the Offer Bonds.

(d) The Trustee shall promptly and faithfully carry out the instructions or decisions of the Majority Bondholders issued or reached in accordance with Section 11 above.

(e) The Trustee shall, from time to time, request the Issuer to submit such certification of its officers, reports of its external auditors,

and other documents relating to the Issuer's ability to comply with its obligations under the Offer Bonds and this Agreement, as well as to examine such records of the Issuer as may be related to the Issuer's obligations under the Offer Bonds and the Trust Agreement.

The request shall be reasonable, made not less than seventy-two (72) hours prior to the intended date of examination and shall be in writing to the Issuer which shall include, in reasonable detail, the purpose for such request and the intended use of the requested documents or information. The Issuer may require the Trustee, its directors, officers, employees, representatives, agents, partners, consultants and advisors to hold in confidence such documents and information furnished to the Trustee pursuant to said request or to limit the use thereof for the purpose intended as stated in the request provided such limitation shall not apply if in conflict with the duties and responsibilities of the Trustee under any provision of the Trust Agreement.

(f) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Agreement. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Agreement, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters, exercise in the management of their own affairs.

(g) The Trustee shall inform the Bondholders of any event which has a Material Adverse Effect (as defined in the Trust Agreement) on the ability of the Issuer to comply with its obligations to the Bondholders, breach of representations and warranties, and Events of Default within a reasonable period from the time that the Trustee learns of such events, subject to Section 12 above.

(h) The Trustee shall perform such other powers and functions as provided for elsewhere under the Trust Agreement.

22. Resignation and Change of Trustee

(a) The Trustee may at any time resign by giving thirty (30) days' prior written notice to FLI and to the Bondholders of such resignation. Upon receiving such notice of resignation of FLI, the Issuer shall immediately appoint a successor trustee by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the resigning Trustee and one (1) copy to the successor trustee. If no successor shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Trustee, or any Bondholder who has been a *bona fide* holder for at least six months (the "**Bona Fide Bondholder**") may, on behalf of himself and all the other Bondholders, petition any such court of competent jurisdiction for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, prescribe and appoint a successor trustee.

(b) A successor trustee should possess all the qualifications required under pertinent laws, otherwise, the incumbent trustee shall continue to act as such in a temporary hold-over capacity until such qualified successor trustee has been appointed subject to Section 22(a) above.

(c) In case at any time any of the following shall occur – (i) the Trustee fails to comply with the provisions of Section 22(a) above after written request therefor by the Issuer or by the Majority Bondholders; (ii) the Trustee ceases to be eligible in accordance with the provisions of Section 3.02 of the Trust Agreement and fails to resign after written request therefor by the Issuer or by any Bona Fide Bondholder; or (iii) the Trustee becomes incapable of acting, or is adjudged bankrupt or insolvent, or a receiver of the Trustee or of its property is appointed, or any public officer takes charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then FLI may within thirty (30) days from there remove the Trustee concerned, and appoint a successor trustee, by written instrument in duplicate, executed by its duly authorized officers, one (1) copy of which instrument shall be delivered to the Trustee so removed and one (1) copy to the successor trustee. If FLI fails to remove the Trustee concerned and appoint a successor trustee, any Bona Fide Bondholder may, on behalf of himself and all other Bondholders, petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor trustee.

For the avoidance of doubt, the Trustee may not be removed by the Issuer following the occurrence of an Event of Default without the same being cured within the cure periods provided in this Agreement, unless such removal is initiated by the Bondholders or otherwise expressly permitted under this Agreement.

(d) The Majority Bondholders may at any time remove the Trustee for cause, and appoint a successor trustee, by the delivery to the Trustee so removed, to the successor trustee and to FLI of the required evidence of the action in that regard taken by the Majority Bondholders. This is without prejudice to whatever remedies may be available to the Majority Bondholders under the Law or in equity.

(e) Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any of the provisions of the Trust Agreement shall become effective upon the earlier of: (i) acceptance of appointment by the successor trustee as provided

in the Trust Agreement; or (ii) the effectivity of the resignation notice sent by the Trustee under the Trust Agreement (the "**Resignation Effective Date**"); provided, however, that after the Resignation Effective Date and, as relevant, until such successor trustee is qualified and appointed, the resigning Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the successor Trustee promptly upon the appointment thereof by FLI, the Majority Bondholders, or the court, as the case may be, and shall be entitled to be compensated with due and demandable fees stipulated in Section 3.04, par. (a) of the Trust Agreement for services already rendered.

(f) Within thirty (30) days from the effectivity of the resignation or removal of the Trustee and the appointment of the successor trustee, the Trustee shall transfer and turn over to the successor trustee, and shall make an accounting of, all the assets, documents or instruments which are in the custody of the Trustee pursuant to the Trust Agreement, if any.

23. Successor Trustee

(a) Any successor trustee appointed shall execute, acknowledge and deliver to FLI and to its predecessor Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as trustee in the Trust Agreement. The foregoing notwithstanding, on the written request of FLI or of the successor trustee, the Trustee ceasing to act as such shall execute and deliver an instrument transferring to the successor trustee, all the rights, powers and duties of the Trustee so ceasing to act as such. Upon request of any such successor trustee, FLI shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor trustee all such rights, powers and duties.

(b) No successor Trustee shall accept appointments as provided in Section 3.10 of the Trust Agreement unless at the time of acceptance such successor Trustee is qualified and eligible under the provisions of Section 3.02 of the Trust Agreement and has none of the conflict of interest under Section 3.08 of the Trust Agreement.

(c) Upon acceptance of the appointment by a successor trustee, FLI shall notify the Bondholders in writing of the succession of such trustee to the trusteeship. If FLI fails to notify the Bondholders within ten (10) days after the acceptance of appointment by the trustee, the latter shall cause the Bondholders to be notified at the expense of FLI.

24. Reports to the Bondholders

(a) The Trustee shall submit to the Bondholders on or before February 28 of each year from the Issue Date until full payment of the Offer Bonds a brief report dated as of December 31 of the immediately preceding year with respect to:

(i) The property and funds, if any, physically in the possession of the Paying Agent held in trust for the Bondholders on the date of such report which shall be based on the report to be given by the Paying Agent to the Trustee upon request by the Trustee through the Issuer; and

(ii) Any action taken by the Trustee in the performance of its duties under the Trust Agreement which it has not previously reported and which in its opinion materially affects the Offer Bonds, except action in respect of a default, notice of which has been or is to be withheld by it.

(b) The Trustee shall submit to the Bondholders a brief report within ninety (90) days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is prior to that of the Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, such advance remaining unpaid amounts to at least ten percent (10%) of the aggregate outstanding principal amount of the Offer Bonds at such time.

(c) The following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

(i) Trust Agreement

(ii) Registry and Paying Agency Agreement

(iii) Articles of Incorporation and By-Laws of the Company

(iv) SEC Permit to Offer Securities for Sale

25. Meetings of the Bondholders

A meeting of the Bondholders may be called at any time for the purpose of taking any actions authorized to be taken by or on behalf of the Bondholders of any specified aggregate principal amount of the Offer Bonds under any other provisions of the Trust Agreement or under the law and such other matters related to the rights and interests of the Bondholders under the Offer Bonds.

a) Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of the Offer Bonds may direct the Trustee in writing to call a meeting of the Bondholders, to take up any allowed action, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be sent by the Trustee to FLI and to each of the registered Bondholders not earlier than forty- five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting. Each of such notices shall be published in a newspaper of general circulation as provided in the Trust Agreement. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the notices for the requested meeting shall be reimbursed by FLI within ten (10) days from receipt of the duly supported billing statement. Meetings may be either in person or through teleconference, videoconference or through similar modes of modern communication technology.

b) Failure of the Trustee to Call a Meeting

In case at any time FLI or the holders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of the Offer Bonds shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, in accordance with the notice requirements, the notice of such meeting, then FLI or the Bondholders may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof.

c) Quorum

The Trustee shall determine and record the presence of the Majority Bondholders, personally or by proxy based on the list of the Bondholders prepared by the Registrar and Paying Agent in accordance with the Registry and Paying Agency Agreement, which list shall include all information necessary for the performance of the duties and powers of the Trustee under the Trust Agreement, such as, but not limited to, specimen signatures of the Bondholders' authorized signatories. The presence of the Majority Bondholders shall be necessary to constitute a quorum to do business at any meeting of the Bondholders.

d) Procedure for Meetings

(i) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by FLI or by the Bondholders, in which case FLI or the Bondholders calling the meeting, as the case may be, shall in like manner move for the election of the chairman and secretary of the meeting.

(ii) Any meeting of the Bondholders duly called may be adjourned for a period or periods not to exceed in the aggregate of one (1) year from the date for which the meeting shall originally have been called and the meeting as so adjourned may be held on another date without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Offer Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

e) Voting Rights

To be entitled to vote at any meeting of the Bondholders, a person shall be a registered holder of one (1) or more Offer Bonds or a person appointed by an instrument in writing as proxy by any such holder as of the date of the said meeting. Bondholders shall be entitled to one vote for every Ten Thousand Pesos (₱10,000) interest. The only persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the persons entitled to vote at such meeting and any representatives of FLI and its legal counsel.

f) Voting Requirement

All matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders present or represented in a meeting at which there is a quorum except as otherwise provided in the Trust Agreement (please refer to the preceding discussion on "Quorum"). Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as herein provided in the Trust Agreement shall be binding upon all the Bondholders and FLI as if the votes were unanimous.

g) Role of the Trustee in Meetings of the Bondholders

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Bondholders, in regard to proof of ownership of the Offer Bonds, the appointment of proxies by registered holders of the Offer Bonds, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit. The elected secretary shall take down the minutes of the meeting, covering all matters presented for resolution by, and the results of the votes cast by, the Bondholders entitled to vote at the meeting and/or the person appointed in writing by a public instrument as proxy or agent by any such Bondholder in accordance with the procedure set forth in Section 11.07 of the Trust Agreement. The elected secretary shall immediately provide the Trustee with a copy of the minutes of the meeting which copy shall be made available at any time to the Issuer and all Bondholders upon receipt of written request.

All reasonable costs and expenses incurred by the Trustee for the discharge of its duties during the conduct of the meetings shall be reimbursed by the Issuer within ten (10) days from receipt of the duly supported billing statement.

26. Amendments

FLI and the Trustee may, without prior notice to or the consent of the Bondholders or other parties, amend or waive any provisions of the Agreements if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency provided in all cases that such amendment or waiver does not adversely affect the interests of the Bondholders and provided further that all Bondholders are notified of such amendment or waiver.

FLI and the Trustee may amend the terms and conditions of the Offer Bonds without notice to every Bondholder but with the prior written consent of the Majority Bondholders (including consents obtained in connection with a tender offer or exchange offer for the Offer Bonds). However, without the consent of each Bondholder affected thereby, an amendment may not:

a. reduce the amount of Bondholder that must consent to an amendment or waiver;

b. reduce the rate of or extend the time for payment of interest on any Offer Bond;

c. reduce the principal of or extend the Maturity Date of any Offer Bond;

d. impair the right of any Bondholder to receive payment of principal of and interest on such Bondholder's Offer Bonds on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such Bondholders;

e. reduce the amount payable upon the redemption or repurchase of any Offer Bond under the terms and conditions or change the time at which any Bond may be redeemed;

f. make any Offer Bond payable in money other than that stated in the Bond;

g. subordinate the Offer Bonds to any other obligation of FLI;

h. release any security interest that may have been granted in favor of the Bondholders;

i. amend or modify the provisions of the Trust Agreement and the Taxation and Yield Protection, the Events of Default or the Waiver of Default by the Bondholders sections; or

j. make any change or waiver of this Section 26 Amendments.

It shall not be necessary for the consent of the Bondholders under this condition to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this Section 26 Amendments becomes effective, FLI shall send a notice briefly describing such amendment to the Bondholders in the manner provided in the section entitled "Notices."

27. Evidence Supporting the Action of the Bondholders

Wherever in the Trust Agreement it is provided that the holders of a specified percentage of the aggregate outstanding principal amount of the Offer Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy

appointed in writing; or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith; or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

28. Non-Reliance

Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of FLI on the basis of such documents and information as it has deemed appropriate and that he has subscribed to the Issue on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature with respect to its obligations under the Trust Agreement, except for its gross negligence or willful misconduct.

29. Own Risk

Bondholders understand and acknowledge that investment in the Offer Bonds is not covered by the Philippine Deposit Insurance Corporation ("**PDIC**") and that any loss or depreciation in the value of the assets of the Bondholders, resulting from the investments or reinvestment in the Offer Bonds and the regular conduct of the Trustee's trust business shall be for the account of the Bondholder.

30. Governing Law

The Bond Agreements are governed by and are construed in accordance with Philippine law.

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

The following discussion of the Company's recent financial results should be read in conjunction with the auditors' reports and the Company's consolidated financial statements and notes thereto contained in this Offer Supplement and the section entitled "Summary of Financial Information". This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" and elsewhere in this Offer Supplement.

Results of operations for the years ended December 31, 2025 compared to year ended December 31, 2024

	For the years ended December 31,					
	2025 (audited)		2024 (audited)		Change (In PHP)	Change (In %)
					(in millions except % figures)	
REVENUE						
Real estate sales	**16,274.02**	**62.84%**	₱15,392.76	62.97%	881.25	5.73%
Rental and related services	**8,247.02**	**31.84%**	7,848.09	32.10%	398.93	5.08%
Total Revenue	**24,521.04**	**94.68%**	23,240.85	95.07%	1,280.18	5.51%
EQUITY IN NET EARNINGS OF ASSOCIATES	**529.07**	**2.04%**	359.04	1.47%	170.04	47.36%
OTHER INCOME						
Interest income	**357.01**	**1.38%**	319.09	1.31%	37.92	11.88%
Others - net	**491.24**	**1.90%**	526.92	2.16%	(35.68)	(6.77%)
	25,898.35	**100.00%**	24,445.90	100.00%	1,452.45	5.94%
COSTS						
Real estate sales	**7,687.90**	**29.68%**	7,354.90	30.09%	333.00	4.53%
Rental and related services	**3,906.07**	**15.08%**	3,583.37	14.66%	322.70	9.01%
OPERATING EXPENSES						
General and administrative expenses	**3,197.55**	**12.35%**	2,623.35	10.73%	574.20	21.89%
Selling and marketing expenses	**1,342.33**	**5.18%**	1,558.16	6.37%	(215.83)	(13.85%)
INTEREST AND OTHER FINANCE CHARGES	**4,077.59**	**15.74%**	3,685.75	15.08%	391.84	10.63%
	20,211.42	**78.04%**	18,805.53	76.93%	1,405.90	7.48%
INCOME BEFORE INCOME TAX	**5,686.93**	**21.96%**	5,640.37	23.07%	46.56	0.83%
PROVISION FOR (BENEFIT FROM) INCOME TAX	**879.10**	**3.39%**	1,004.64	4.11%	(125.54)	(12.50%)
NET INCOME	**4,807.83**	**18.56%**	4,635.74	18.96%	172.10	3.71%
Net income attributable to:						
Equity holders of the parent	**4,171.70**	**16.11%**	4,168.47	17.05%	3.23	0.08%
Noncontrolling interest	**636.13**	**2.46%**	467.27	1.91%	168.87	36.14%
	4,807.83	**18.56%**	4,635.74	18.96%	172.10	3.71%

Vertical Analysis

For the years 2024 and 2025, the Company's total consolidated revenues were primarily derived from real estate sales, which include the sale of residential lots, house-and-lot units, condominium units, and industrial lots. Real estate sales remained the dominant contributor to total revenues in both periods. This was complemented by revenues from the leasing segment, consisting mainly of retail and office leasing operations.

On the cost and expense side, costs associated with real estate sales represented the largest cost component that consumed the total revenues, reflecting the Company's continued focus on its residential development business. This was followed by interest and other finance charges, as well as costs related to rental and related services. General and administrative expenses and selling and marketing expenses were incurred in the ordinary course of business to support sales activities, enhance market presence, secure new leases, and manage the Company's operations.

As a result of the foregoing, the Company was able to maintain a net income margin of approximately 19% in both 2024 and 2025, reflecting stable operating performance and cost management during the periods.

Year-on-year changes for the years ended December 31, 2025 and 2024

For the year ended December 31, 2025, FLI's net income from its business segments increased by 172.10 million or 3.71%, from 4,635.74 million in 2024 to 4,807.83 million in 2025 primarily due to the growth of the real estate and leasing business segments.

Revenues and other income

Total consolidated revenues and other income increased by 1.45 billion or 5.94% year-on-year from 24.45 billion in 2024 to 25.89 billion in 2025 due to higher revenues generated from residential, retail and office leasing businesses.

Real estate sales grew by 881.25 million or 5.73% compared to prior year, from 15.39 billion in 2024 to 16.27 billion in 2025 primarily attributed to higher construction percentage of completion achieved during the year. Real estate sales booked during the year broken down by product type are as follows: Medium Income 69.7% (inclusive of MRB and HRB); Affordable and low affordable 17.0%; High-End and others 9.2%; Socialized 4.1%.

Rental and other services improved by 398.93 million or 5.08% vs. last year, from 7,848.09 million in 2024 to 8,247.02 million in 2025. Mall rentals revenue grew by 245.37 million or 9.68% driven by increased occupancy levels and escalation rate. On the other hand, the office sector remained stable with an increase of 34.90 million or 0.73% despite continuing challenges on account of flexible work arrangements and slow return-to-office set-up. FLI's operations on its co-living or dormitel business in Filinvest Mimosa+ Leisure City contributed 259.26 million in revenues with an increase of P27.03 million or 11.64% from P232.23 million in 2024. In addition, rental revenue from industrial park in New Clark City, increased by 31.84 million or 134.74% from 23.63 million in 2024 to 55.45 million in 2025.

Equity in net earnings of associates increased by 170.04 million or 47.36% year-on-year from 359.04 million in 2024 to 529.07 million in 2025 due to higher net income reported by FAI and the improvement in operations of Filinvest Mimosa, Pro-Excel and DPI.

Interest income improved by 37.92 million or 11.88% compared to prior year, from 319.09 million in 2024 to 357.01 million in 2025 largely due to interest income derived from short-term investments.

Other income decreased by 35.68 million or 6.77 % against last year, from 526.92 million in 2024 to 491.24 million in 2025 from lower late payment charges, reduced forfeitures of deposits and decline in management fee.

Costs and Expenses

Cost of real estate sales increased by 333.00 million or 4.53%, year-on-year from 7,354.90 million in 2024 to 7,687.90 million in 2025, in line with the higher real estate sales during the year.

Cost of rental services went up by 322.70 million or 9.01% compared to prior year from 3,583.37 million in 2024 to 3,906.07 million in 2025, mainly due to depreciation of new buildings that opened during the year and from higher direct operating expenses on account of improving business activities in the leasing segment.

General and administrative expenses increased by 574.20 million or 21.89% against last year from 2,623.35 million in 2024 to 3,197.55 million in 2025 primarily due to higher manpower costs from salary increase and new hires, taxes and licenses, depreciation and amortization, electronic data processing charges and retirement costs.

Selling & marketing expenses decreased by 215.83 million or 13.85% year-on-year from 1,558.16 million in 2024 to 1,342.33 million in 2025 on account of lower commissions and service fees.

Interest and other finance charges

Interest and other finance charges increased by 391.84 million or 10.63% compared to prior year from 3,685.75 million in 2024 to 4.077.59 million in 2025 mainly due non-capitalization of borrowing costs from increase in the debt stock and higher average interest rates in 2025.

Provision for Income Tax

Total provision for income tax decreased by 125.54 million or 12.50% year-on-year from 1,004.64 million in 2024 to 879.10 million in 2025, as the taxable income decreased from the retail segments.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

Financial Condition as of December 31, 2025 compared to as of December 31, 2024

	As of December 31,					
	2025 (audited)		2024 (audited)		Change (In PHP)	Change (In %)
					(in millions except % figures)	
ASSETS						
Cash and cash equivalents	5,181.40	2.42%	3,984.19	1.93%	1,197.21	30.05%
Contracts receivables	1,703.34	0.80%	2,178.28	1.05%	(474.94)	(21.80%)
Contract assets	6,422.24	3.00%	5,785.98	2.80%	636.26	11.00%
Other receivables	3,636.49	1.70%	3,563.39	1.72%	73.10	2.05%
Real estate inventories	74,020.75	34.56%	69,967.11	33.82%	4,053.64	5.79%
Other current assets	6,678.79	3.12%	8,263.85	3.99%	(1,585.06)	(19.18%)
Contract assets – net of current portion	3,815.00	1.78%	2,653.11	1.28%	1,161.89	43.79%
Investments in associates	5,460.88	2.55%	5,321.21	2.57%	139.67	2.62%
Investment properties	88,160.76	41.16%	85,041.04	41.11%	3,119.72	3.67%
Property and equipment	5,815.69	2.72%	5,812.72	2.81%	2.97	0.05%
Deferred income tax assets	147.48	2.13%	96.03	2.21%	51.45	53.57%
Goodwill	4,567.24	2.91%	4,567.24	3.06%	–	0.00%
Build-Transfer-Operate (BTO) Rights	6,238.39	0.07%	6,329.16	0.05%	(90.77)	(1.43%)
Other noncurrent assets	2,331.83	1.09%	3,316.33	1.60%	(984.50)	(29.69%)
TOTAL ASSETS	214,180.29	100.00%	206,879.65	100.00%	7,300.64	3.53%
LIABILITIES AND EQUITY						
Liabilities						
Accounts payable and accrued expenses	11,436.32	5.34%	10,947.08	5.29%	489.24	4.47%
Contract liabilities	477.24	0.22%	586.26	0.28%	(109.02)	(18.60%)
Lease liabilities – current portion	188.77	0.09%	155.89	0.08%	32.88	21.09%
Due to related parties	95.90	0.04%	244.14	0.12%	(148.24)	(60.72%)
Income tax payable	65.61	0.03%	71.73	0.03%	(6.12)	(8.53%)
Current portion of loans payable	15,605.87	7.29%	6,876.64	3.32%	8,729.23	126.94%
Current portion of bonds payable	1,752.26	0.82%	14,815.94	7.16%	(13,063.68)	(88.17%)
Loans payable – net of current portion	34,231.61	15.98%	35,156.01	16.99%	(924.39)	(2.63%)
Bonds payable – net of current portion	31,165.07	14.55%	21,040.64	10.17%	10,124.42	48.12%
Contract liabilities – net of current portion	64.67	0.03%	24.16	0.01%	40.51	167.70%
Lease liabilities – net of current portion	6,927.28	3.23%	6,774.45	3.27%	152.83	2.26%
Net retirement liabilities	497.87	0.23%	398.74	0.19%	99.13	24.86%
Deferred income tax liabilities - net	4,039.23	1.89%	4,817.00	2.33%	(777.78)	(16.15%)
Accounts payable and accrued expenses – net of current portion	11,284.01	5.27%	11,635.47	5.62%	(351.46)	(3.02%)
Total Liabilities	117,831.71	55.02%	113,544.14	54.88%	4,287.57	3.78%
EQUITY						
Common stock	24,470.71	11.43%	24,470.71	11.83%	–	0.00%
Preferred stock	80.00	0.04%	80.00	0.04%	–	0.00%
Additional paid-in capital	5,612.32	2.62%	5,612.32	2.71%	–	0.00%
Treasury stock	(2,078.08)	(0.97%)	(2,078.08)	(1.00%)	–	0.00%
Retained earnings						
Unappropriated	29,380.78	13.72%	37,302.24	18.03%	(7,921.47)	(21.24%)
Appropriated	34,035.00	15.89%	24,813.77	11.99%	9,221.23	37.16%
Revaluation reserve on financial assets at fair value through other comprehensive income	(2.62)	0.00%	(2.62)	0.00%	–	0.00%
Remeasurement gains on retirement plan – net of tax	17.79	0.01%	47.52	0.02%	(29.73)	(62.57%)
Share in other components of equity of associates	372.45	0.17%	372.45	0.18%	–	0.00%
Equity attributable to equity holders of the parent	91,888.34	42.90%	90,618.31	43.80%	1,270.03	1.40%
Noncontrolling interest	4,460.24	2.08%	2,717.20	1.31%	1,743.04	64.15%
Total Equity	**96,348.59**	**44.98%**	**93,335.51**	**45.12%**	**3,013.07**	**3.23%**
TOTAL LIABILITIES AND EQUITY	**214,180.29**	**100.00%**	**206,879.65**	**100.00%**	**7,300.64**	**3.53%**

Vertical Analysis

For the years ended 2024 and 2025, the Company's total consolidated assets were primarily composed of investment properties, which consist of commercial malls, land, and other properties held for long-term rental income and capital appreciation, as well as land held for future development and with undetermined use. Investment properties continued to represent a significant portion of the Company's asset base, reflecting its strategy of maintaining a stable portfolio of income-generating properties. This was followed by real estate inventories, which include residential lots, condominium units, house-and-lot packages held for sale, and land and land development costs related to ongoing and future real estate projects. The level of real estate inventories was consistent with the Company's development pipeline and sales activities.

To finance capital expenditures, land acquisitions, and development activities, loans and bonds payable, both current and non-current, comprised a significant portion of the Company's total consolidated liabilities. Equity financing, primarily common stock and retained earnings, also formed a substantial part of the Company's capital structure. Retained earnings represent the cumulative undistributed earnings of the Company over time, net of dividends distributions to shareholders and adjustments, and continue to support the Company's growth and funding requirements.

Year-on-year changes for the period ended December 31, 2025 and 2024

As of December 31, 2025, FLI's total consolidated assets stood at 214.18 billion from 206.88 billion as of December 31, 2024, an increase of 7.30 billion or 3.53%. The following are the material changes in account balances:

30.05% Increase in Cash and Cash Equivalents
Mainly from ₱7.88 billion cashflows from operations, offset by cash used in investing activities amounting to ₱3.25 billion and financing activities of ₱3.44 billion.

12.46% Overall Increase in Contract Receivables and Contract Assets
21.80% decrease in contract receivables; 21.31% increase in contract assets (11.00% increase in contract assets – current portion; 43.79% increase in contract assets – net of current portion)
Increases are mainly due to new sales recognized during the year and longer payment terms.

22.19% Decrease in Other Assets
19.18% decrease in Other Current Assets; 29.69% decrease in Other Noncurrent Assets
Primarily due to lower creditable withholding taxes, input taxes, advances to contractors and short-term deposits.

53.57% Increase in Deferred Income Tax Assets
Mainly from the deferred taxes attributable on advance rentals.

0.61% Overall Increase in Accounts Payable and Accrued Expenses
4.47% increase in accounts payable and accrued expenses – current portion; 3.02% decrease in accounts payable and accrued expenses – net of current portion
Primarily from retention fees, advances and deposits from customers and accrued operating expenses, offset by decreases in payable to contractors and suppliers.

11.22% Overall Decrease in Contract Liabilities
18.60% decrease in contract liabilities – current portion; 167.70% increase in contract liabilities – net of current portion
Driven by the construction progress for the accounts already qualified for revenue recognition.

60.72% Decrease in Due to Related Parties
Mainly from reduced payables to affiliates.

8.53% Decrease in Income Tax Payable
Primarily due to lower taxable income and payment dues.

18.57% Increase in Loans Payable
126.94% increase in Loans Payable – current portion; 2.63% decrease in Loans Payable – net of current portion
Attributable to newly availed loans of 16.70 billion offset by 8.87 billion repayments.

8.20% Decrease in Bonds payable
88.17% decrease in Bonds Payable – current portion; 48.12% increase in Bonds Payable – net of current portion
Primarily due to the settlement of FLI's bonds of 14.93 billion in 2025 offset by the ₱12.00 billion bond issuance in March 2025.

2.68% Increase in Lease Liabilities
21.09% increase in Lease Liabilities – current portion; 2.26% increase in Lease Liabilities – net of current portion
Attributable to higher interest expense, offset by lease payments during the year.

24.86% Increase in Retirement Liabilities
Arising from actuarial adjustments of the present value of the defined benefit obligation.

16.15% Decrease in Deferred Tax Liabilities – Net
Largely from the decrease in unrealized gross profit.

64.15% Increase in Non-controlling Interests
As a result of the infusion of Festival Main Mall to FILRT increasing the NCI share, net of dividends declared.

Performance Indicators	**2025**	2024
Earnings per Share - Basic[1]	0.19	0.17
Earnings per Share - Diluted[2]	0.19	0.17
Price Earnings Ratio[3]	4.05	4.29
Interest-bearing Debt to Equity Ratio[4] [5]	0.86	0.83
Debt Ratio[6]	0.55	0.55
EBITDA to Total Interest Paid [7]	1.94	2.16

[1] Basic earnings per share amounts are calculated by dividing net income for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

[2] Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

[3] Price Earnings Ratio is computed as closing price of the Parent Company's shares of stock divided by actual earnings per share for the years ended December 31, 2025 and 2024

[4] Interest-bearing debt-to-Equity Ratio is computed as the sum of consolidated loans payable and consolidated bonds payable divided by total equity.

[5] The Debt-to-Equity ratio financial covenant computed as total Financial Indebtedness divided by Total Equity yields the same numerical outcome given that the Issuer does not have any non-interest-bearing debt that fall under the definition of Financial Indebtedness.

[6]Debt Ratio is computed as total liabilities divided by total assets

[7] EBITDA to Total Interest Paid is computed as EBITDA (net income plus interest and other finance charges (including interest expense on financial liability on lease contract), provision for income tax, depreciation and amortization) divided by total interest paid.

Results of operations for the years ended December 31, 2024 compared to year ended December 31, 2023

	For the years ended December 31,					
	2024 (audited)		2023 (audited)		Change (In PHP)	Change (In %)
					(in millions except % figures)	
REVENUE						
Real estate sales	₱15,392.76	62.97%	14,486.51	64.23%	₱906.26	6.26%
Rental and related services	7,848.09	32.10%	7,200.95	31.93%	647.14	8.99%
Total Revenue	23,240.85	95.07%	21,687.46	96.16%	1,553.40	7.16%
EQUITY IN NET EARNINGS OF ASSOCIATES	359.04	1.47%	242.01	1.07%	117.03	48.36%
OTHER INCOME						
Interest income	319.09	1.31%	283.98	1.26%	35.11	12.36%
Others - net	526.92	2.16%	340.89	1.51%	186.03	54.57%
	24,445.90	100.00%	22,554.34	100.00%	1,891.56	8.39%
COSTS						
Real estate sales	7,354.90	30.09%	8,101.49	35.92%	(746.59)	(9.22)%
Rental and related services	3,583.37	14.66%	3,122.34	13.84%	461.03	14.77%
OPERATING EXPENSES						
General and administrative expenses	2,623.35	10.73%	2,584.60	11.46%	38.76	1.50%
Selling and marketing expenses	1,558.16	6.37%	1,370.14	6.07%	188.02	13.72%
INTEREST AND OTHER FINANCE CHARGES	3,685.75	15.08%	2,434.39	10.79%	1,251.35	51.40%
	18,805.53	76.93%	17,612.96	78.09%	1,192.58	6.77%
INCOME BEFORE INCOME TAX	5,640.37	23.07%	4,941.38	21.91%	698.99	14.15%
PROVISION FOR (BENEFIT FROM) INCOME TAX	1,004.64	4.11%	645.34	2.86%	359.30	55.68%
NET INCOME	4,635.74	18.96%	₱4,296.04	19.05%	₱339.69	7.91%
Net income attributable to:						
Equity holders of the parent	4,168.47	17.05%	₱3,765.39	16.69%	₱403.08	10.70%
Noncontrolling interest	467.27	1.91%	530.65	2.35%	(63.39)	(11.95%)
	4,635.74	18.96%	₱4,296.04	19.05%	₱339.69	7.91%

Vertical Analysis

For the years 2023 and 2024, the Company's total consolidated revenues were primarily derived from real estate sales, which include the sale of residential lots, house-and-lot units, condominium units, and industrial lots. Real estate sales remained the dominant contributor to total revenues in both periods. This was complemented by revenues from the leasing segment, consisting mainly of retail and office leasing operations.

On the cost and expense side, costs associated with real estate sales represented the largest cost component that consumed the total revenues, reflecting the Company's continued focus on its residential development business. This was followed by interest and other finance charges, as well as costs related to rental and related services. General and administrative expenses and selling and marketing expenses were incurred in the ordinary course of business to support sales activities, enhance market presence, secure new leases, and manage the Company's operations.

As a result of the foregoing, the Company was able to maintain a net income margin of approximately 19% in both 2023 and 2024, reflecting stable operating performance and cost management during the periods.

Year-on-year changes for the years ended December 31, 2024 and 2023

For the year ended December 31, 2024, FLI's net income from its business segments increased by 339.69 million or 7.91%, from 4,296.04 million in 2023 to 4,635.74 million in 2024 primarily due to the growth of the residential and leasing business segments.

Revenues and other income
Total consolidated revenues and other income increased by 1.89 billion or 8.39% year-on-year from 22.55 billion in 2023 to 24.45 billion in 2024 due to higher revenues generated from residential, retail and office leasing businesses.

In 2024, Real estate sales grew by 0.91 billion or 6.26%, from 14.49 billion in 2023 to 15.39 billion in 2024 primarily attributed to higher construction percentage of completion achieved during the year. Real estate sales booked in 2024 broken down by product

type are as follows: Medium Income 73.6% (inclusive of MRB and HRB); Affordable and low affordable 12.1%; High-End and others 9.9%; Socialized 4.4%.

Rental and other services improved by 647.14 million or 8.99%, from 7,200.95 million in 2023 to 7,848.09 million in 2024. Mall rentals revenue grew by 322.40 million or 14.57% driven by gradual reduction of rental concessions, reinstatement of escalation rates and increased occupancy levels. On the other hand, the office sector remained stable with an increase of 149.29 million or 3.20% despite continuing challenges on account of flexible work arrangements and slow return-to-office set-up and pre-termination of leases from POGO tenants. In 2023, FLI started operations on its co-living or dormitel business in Filinvest Mimosa+ Leisure City and the leasing of ready built factories (RBFs) which contributed 180.86 million in revenues which increased by P71.04 million or 38.44% to 255.85 million in 2024.

Equity in net earnings of associates increased by 117.03 million or 48.36% year-on-year from 242.01 million in 2023 to 359.04 million in 2024 due to higher net income reported by FAI and the improvement in operations of Filinvest Mimosa, Pro-Excel, DPI and SPI.

Interest income improved by 35.11 million or 12.36% compared to prior year, from 283.98 million in 2023 to 319.09 million in 2024 due to interest income derived from installment contract receivables.

Other income increased by 186.03 million or 54.57% against last year, from 340.89 million in 2023 to 526.92 million in 2024 due to higher income generated from processing fees and management fees.

Costs and Expenses

Cost of real estate sales decreased by 746.59 million or 9.22%, year-on-year from 8,101.49 million in 2023 to 7,354.90 million in 2024 due to higher gross profit rate of 44% in 2023 to 52% in 2024.

Cost of rental services went up by 461.03 million or 14.77% compared to prior year from 3,122.34 million in 2023 to 3,583.37 million in 2024 due to higher direct operating expenses during the year on account of improving business activities in the leasing segment.

General and administrative expenses increased by 38.76 million or 1.50% against last year from 2,584.60 million in 2023 to 2,623.35 million in 2024 primarily due to lower property and maintenance costs, information technology expenses, outside services and recovery of prior year provision for bad debts from increased efforts on collection of past due accounts.

Selling and marketing expenses increased by 188.02 million or 13.72% year-on-year from 1,370.13 million in 2023 to 1,558.16 million in 2024 on account of higher commissions, sales generation activities such as exhibits and open houses, and salaries and wages and service fees to sellers to boost our sales force.

Interest and other finance charges

Interest and other finance charges increased by 1,251.35 million or 51.40% compared to prior year from 2,434.39 million in 2023 to 3,685.75 million in 2024 mainly from non-capitalization of borrowing costs due to the first time adoption of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods, increase in the debt stock and average interest rates in 2024.

Provision for Income Tax

Total provision for income tax increase by 359.30 million or 55.68% against last year from 654.34 million in 2023 to 1,004.64 million in 2024, as the taxable income increased from the residential and office leasing segments. There are no significant elements of income or loss that did not arise from the Company's continuing operations.

Financial Condition as of December 31, 2024 compared to as of December 31, 2023

As of December 31,

	2024 (audited)		2023 (audited)		Change (In PHP)	Change (In %)
					(in millions except % figures)	
ASSETS						
Cash and cash equivalents	3,984.19	1.93%	5,732.01	2.80%	(₱1,747.82)	(30.49%)
Contracts receivables	2,178.28	1.05%	1,837.83	0.90%	340.45	18.52%
Contract assets	5,785.98	2.80%	4,745.83	2.32%	1,040.15	21.92%
Other receivables	3,563.39	1.72%	3,465.06	1.69%	98.34	2.84%
Real estate inventories	69,967.11	33.82%	72,634.83	35.52%	(2,667.72)	(3.67%)
Other current assets	8,263.85	3.99%	7,192.43	3.52%	1,071.42	14.90%
Contract assets – net of current portion	2,653.11	1.28%	5,037.94	2.46%	(2,384.83)	(47.34%)
Investments in associates	5,321.21	2.57%	5,219.90	2.55%	101.31	1.94%
Investment properties	85,041.04	41.11%	79,659.34	38.96%	5,381.70	6.76%
Property and equipment	5,812.72	2.81%	5,673.01	2.77%	139.71	2.46%
Deferred income tax assets	96.03	2.21%	48.48	2.23%	47.55	98.07%
Goodwill	4,567.24	3.06%	4,567.24	3.12%	-	0.00%
Build-transfer-operate (BTO) Rights	6,329.16	0.05%	6,387.60	0.02%	(58.44)	(0.91%)
Other noncurrent assets	3,316.33	1.60%	2,274.58	1.11%	1,041.75	45.80%
TOTAL ASSETS	206,879.65	100.00%	204,476.08	100.00%	₱2,403.57	1.18%
LIABILITIES AND EQUITY						
Liabilities						
Accounts payable and accrued expenses	10,947.08	5.29%	12,551.17	6.14%	₱(1.604.09)	(12.78%)
Contract liabilities	586.26	0.28%	792.40	0.39%	(206.15)	(26.02%)
Lease liabilities – current portion	155.89	0.08%	175.46	0.09%	(19.57)	(11.15%)
Due to related parties	244.14	0.12%	488.49	0.24%	(244.35)	(50.02%)
Income tax payable	71.73	0.03%	21.56	0.01%	50.18	232.76%
Current portion of loans payable	6,876.64	3.32%	16,480.44	8.06%	(9,603.80)	(58.27%)
Current portion of bonds payable	14,815.94	7.16%	1,697.34	0.83%	13,118.60	772.89%
Loans payable – net of current portion	35,156.01	16.99%	20,507.49	10.03%	14,648.52	71.43%
Bonds payable – net of current portion	21,040.64	10.17%	35,771.17	17.49%	(14,730.52)	(41.18%)
Contract liabilities – net of current portion	24.16	0.01%	149.95	0.07%	(125.79)	(83.89%)
Lease liabilities – net of current portion	6,774.45	3.27%	6,544.40	3.20%	230.05	3.52%
Net retirement liabilities	398.74	0.19%	437.19	0.21%	(38.46)	(8.80%)
Deferred income tax liabilities - net	4,817.00	2.33%	5,649.15	2.76%	(832.15)	(14.73%)
Accounts payable and accrued expenses – net of current portion	11,635.47	5.62%	8,938.00	4.37%	2,697.46	30.18%
Total Liabilities	113,544.14	54.88%	110,204.21	53.90%	1,591.77	1.47%
EQUITY						
Common stock	24,470.71	11.83%	₱24,470.71	11.97%	₱-	0.00%
Preferred stock	80.00	0.04%	80.00	0.04%	-	0.00%
Additional paid-in capital	5,612.32	2.71%	5,612.32	2.74%	-	0.00%
Treasury stock	(2,078.08)	(1.00%)	(221.04)	(0.11%)	(1,857.04)	840.14%
Retained earnings						
Unappropriated	37,302.24	18.03%	57,061.52	27.91%	(19,759.28)	(34.63%)
Appropriated	24,813.77	11.99%	5,000.00	2.45%	19,813.77	396.28%
Revaluation reserve on financial assets at fair value through other comprehensive income	(2.62)	0.00%	(2.62)	0.00%	-	0.00%
Remeasurement gains on retirement plan – net of tax	47.52	0.02%	47.52	0.02%	-	0.00
Share in other components of equity of associates	372.45	0.18%	372.45	0.18%	-	0.00%
Equity attributable to equity holders of the parent	90,618.31	43.80%	92,420.86	45.20%	(1,802.56)	(1.95%)
Noncontrolling interest	2,717.20	1.31%	1,851.01	0.91%	866.20	46.80%
Total Equity	93,335.51	45.12%	94,271.87	46.10%	(936.36)	(0.99%)
TOTAL LIABILITIES AND EQUITY	206,879.65	100.00%	₱204,476.08	100.00%	2,403.57	1.18%

Vertical Analysis

For the years ended 2023 and 2024, the Company's total consolidated assets were primarily composed of investment properties, which consist of commercial malls, land, and other properties held for long-term rental income and capital appreciation, as well as land held for future development and with undetermined use. Investment properties continued to represent a significant portion of the Company's asset base, reflecting its strategy of maintaining a stable portfolio of income-generating properties. This was followed by real estate inventories, which include residential lots, condominium units, house-and-lot packages held for sale, and land and land development costs related to ongoing and future real estate projects. The level of real estate inventories was consistent with the Company's development pipeline and sales activities.

To finance capital expenditures, land acquisitions, and development activities, loans and bonds payable, both current and non-current, comprised a significant portion of the Company's total consolidated liabilities. Equity financing, primarily common stock and retained earnings, also formed a substantial part of the Company's capital structure. Retained earnings represent the cumulative undistributed earnings of the Company over time, net of dividends distributions to shareholders and adjustments, and continue to support the Company's growth and funding requirements.

Year-on-year changes for the years ended December 31, 2024 and 2023

As of December 31, 2024, FLI's total consolidated assets stood at 206.88 billion from 204.48 billion as of December 31, 2023, an increase of 2.40 billion or 1.18%. The following are the material changes in account balances:

30.49% Decrease in Cash and Cash Equivalents
Mainly from capital expenditures on residential projects, investment properties, property, and equipment, and BTO rights and payment of interest and cash dividends. This was partially offset by cash generated from the Group's operations.

8.64% Overall Decrease in Contract Receivables and Contract Assets
18.52% increase in contract receivables; 13.74% decrease in contract assets (21.92% increase in contract assets – current portion; 47.34% decrease in contract assets – net of current portion)
Decreases are mainly due to increased collections including receipt of bank takeouts while increases are primarily due to longer payment terms and new sales recognized during the year.

14.90% Increase in Other Current Assets
Primarily due to additional input taxes, creditable withholding taxes, and advances to contractors.

6.76% Increase in Investment Properties
Rise in investment properties is mainly due to construction of new buildings and transfers from real estate inventories, net of depreciation.

98.07% Increase in Deferred Income Tax Assets
Mainly from the deferred taxes attributable to net operating loss carry-over.

45.80% Increase in Other Noncurrent Assets
Significantly due to increase in advances to contractors and suppliers.

5.09% Overall Increase in Accounts Payable and Accrued Expenses
12.78% decrease in accounts payable and accrued expenses – current portion; 30.18 increase in accounts payable and accrued expenses – net of current portion
Primarily from unpaid capital expenditures to contractors and suppliers and advances and deposits from customers.

35.22% Overall Decrease in Contract Liabilities
26.02% decrease in contract liabilities – current portion; 83.89% decrease in contract liabilities – net of current portion
Mainly because of the construction progress for the accounts already qualified for revenue recognition.

50.02% Decrease in Due to Related Parties
Pertains to FILRT's continuing quarterly payments to FDC for the purchase of land In Boracay, Aklan, as part of its asset infusion program and other shared expenses.

232.76% Increase in Income Tax Payable
Primarily due to higher 4th quarter income tax.

13.64% Increase in Loans Payable
58.27% decrease in Loans Payable – current portion; 71.43% increase in Loans Payable – net of current portion

Attributable to newly availed loans of 38.10 billion offset by 32.91 billion repayments.

4.30% Decrease in Bonds payable
772.89% increase in Bonds Payable – current portion; 41.18% decrease in Bonds Payable – net of current portion
Primarily due to the settlement of FLI's bonds of 1.60 billion in 2024.

3.13% Increase in Lease Liabilities
11.15% decrease in Lease Liabilities – current portion; 3.52% increase in Lease Liabilities – net of current portion
Primarily due to new leases during the year, net of accretion.

8.80% Decrease in Retirement Liabilities
Mainly from plan asset contribution and payments, offset by net benefit costs for the year.

14.73% Decrease in Deferred Tax Liabilities – Net
Attributable to the reversal of capitalized borrowing costs on real estates inventories upon implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost).*

840.14% Increase in Treasury Stock
As a result of the Capped Voluntary Tender Offer (VTO) to all shareholders of the Company to acquire up to P1.866 billion of its own shares. The consideration was paid in shares of the Company in FILRT.

46.80% Increase in Non-controlling Interests
As a result of the VTO transaction resulting to a decrease in ownership of the Company in FILRT and share in net income, net of dividends declared.

Performance Indicators	2024	2023
Earnings per Share - Basic[1]	0.17	0.16
Earnings per Share - Diluted[2]	0.17	0.16
Price Earnings Ratio[3]	4.29	3.69
Interest-bearing Debt to Equity Ratio[4][5]	0.83	0.79
Debt Ratio[6]	0.55	0.54
EBITDA to Total Interest Paid [7]	2.16	2.18

[1] Basic earnings per share amounts are calculated by dividing net income for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

[2] Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

[3] Price Earnings Ratio is computed as closing price of the Parent Company's shares of stock divided by actual earnings per share for the years ended December 31, 2024 and 2023

[4] Interest-bearing debt-to-Equity Ratio is computed as the sum of consolidated loans payable and consolidated bonds payable divided by total equity.

[5] The Debt-to-Equity ratio financial covenant computed as total Financial Indebtedness divided by Total Equity yields the same numerical outcome given that the Issuer does not have any non-interest-bearing debt that fall under the definition of Financial Indebtedness.

[6] Debt Ratio is computed as total liabilities divided by total assets

[7] EBITDA to Total Interest Paid is computed as EBITDA (net income plus interest and other finance charges (including interest expense on financial liability on lease contract), provision for income tax, depreciation and amortization) divided by total interest paid.

Seasonality

Except for the significant impact of COVID-19 pandemic to the Company's operations starting March 2020, there were no other trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from operations. In May 2023, the World Health Organization announced the end of the COVID 19 pandemic. Subsequently, in July 2023, the President of the Philippines issued Presidential Proclamation No. 297, formally lifting the country's State of Public Health Emergency.

Significant Subsidiary

Only FILRT qualifies as FLI's significant subsidiary. All other subsidiaries do not have significant contributions to the Group.

Key Financial Ratios of Significant Subsidiary
(Based on stand-alone financial statements)

Filinvest REIT Corp. (FILRT)

Filinvest REIT Corp. (FILRT), formerly Cyberzone Properties, Inc. (CPI), is a real estate investment trust (REIT) company that was publicly listed on the Philippine Stock Exchange on August 12, 2021 as the Philippines' first sustainability-themed REIT. Its original portfolio consists of 17 Grade A office buildings which include green and sustainability-themed features. An addition to the portfolio is 2.9 hectares of land that is being leased to the owner and operator of Crimson Resort & Spa Boracay. Totaling over 330,000 square meters of gross leasable area, 16 of the buildings are in Northgate Cyberzone in Filinvest City in Alabang. Another building is Filinvest Cyberzone Cebu Tower 1 located in the gateway of Cebu IT Park in Lahug, Cebu City.

FILRT's predecessor, CPI, was incorporated on January 14, 2000 and began commercial operations on May 1, 2001. CPI is registered with the PEZA as an Economic Zone Facilities Enterprise, which entitles CPI to certain tax benefits and non-fiscal incentives such as paying a 5% tax on its modified gross income in lieu of national and local taxes. CPI is also entitled to a zero percent value-added tax on sales made to other PEZA-registered enterprises. The change of name from CPI to Filinvest REIT Corp. was approved by the SEC on July 2, 2021. FILRT is traded in the Philippine Stock Exchange under the PSE ticker symbol FILRT. FILRT has adopted a dividend policy in accordance with the provision of the REIT Law, pursuant to which the FILRT's shareholders may be entitled to receive at least ninety percent (90%) of the FILRT's annual Distributable Income.

	For the years ended December 31,		
	2023	**2024**	**2025**
Current Ratio[1]	0.87	0.69	0.64
Debt Ratio[2]	0.17	0.16	0.15
Net Profit Margin[3]	0.44	0.45	0.54
Return on Equity[4]	0.03	0.03	0.04
Asset-to-Equity Ratio[5]	1.21	1.19	1.17

1. Current Ratio = Current Assets divided by Current Liabilities
2. Debt Ratio = Total Liabilities divided by Total Assets
3. Net Profit Margin = Net Income divided by Revenue
4. Return on Equity = Annualized Net Income divided by Total Equity.
5. Asset-to-Equity Ratio = Total Assets divided by Total Equity

All other subsidiaries do not have significant contributions to the Group.

Capital Expenditures

There are no material commitments for capital expenditures. FLI establishes its annual capital expenditure budget primarily to support the completion of ongoing leasing assets and preselling projects. Additional capital outlays are evaluated based on market absorption conditions in each location to safeguard FLI's market share and ensure the timely replenishment of inventory. These capital expenditures will be funded through internally generated cash or debt.

Other Disclosures

Co-Living Pro Managers Corp. and Filinvest Lifemalls Mimosa Inc. ("**FLMI**"), a wholly-owned subsidiaries of FLI has filed with the SEC, an application for the amendment of its Articles of Incorporation to shorten its corporate term on July 23, 2025 and December 19, 2025, respectively. FLMI has not commenced commercial operations since its incorporation. Notwithstanding the shortening of the corporate term of FLMI, FLI, through its subsidiary entity, Filinvest Clark Mimosa Inc., will continue with the development of Mimosa Lifestyle Mall as owner, developer and manager of the project, which is expected to commence operations in 2026.

Aside from any probable material increase in interest rates on the outstanding long-term debt with floating rates, there are no known trends, events or uncertainties or any material commitments that may result in any cash flow or liquidity problems of the Company within the next 12 months. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments, or any significant amount of the Company's payables that have not been paid within the stated trade terms.

Except for income generated from retail leasing, there are no seasonal aspects that have a material effect on FLI's financial conditions or results of operations.

The operating activities of FLI are carried out uniformly over the calendar year; there are no significant elements of income or loss that did not arise from its continuing operations.

There are no known events that will trigger the settlement of a direct or contingent financial obligation that is material to the Company.

There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period other than those that were previously reported.

The Group does not have any contingent liability or borrowings wherein financial assets were pledged to secure payment nor does it have borrowings wherein properties were mortgaged to secure a loan.

Corporate History and Structure

HISTORY OF THE COMPANY

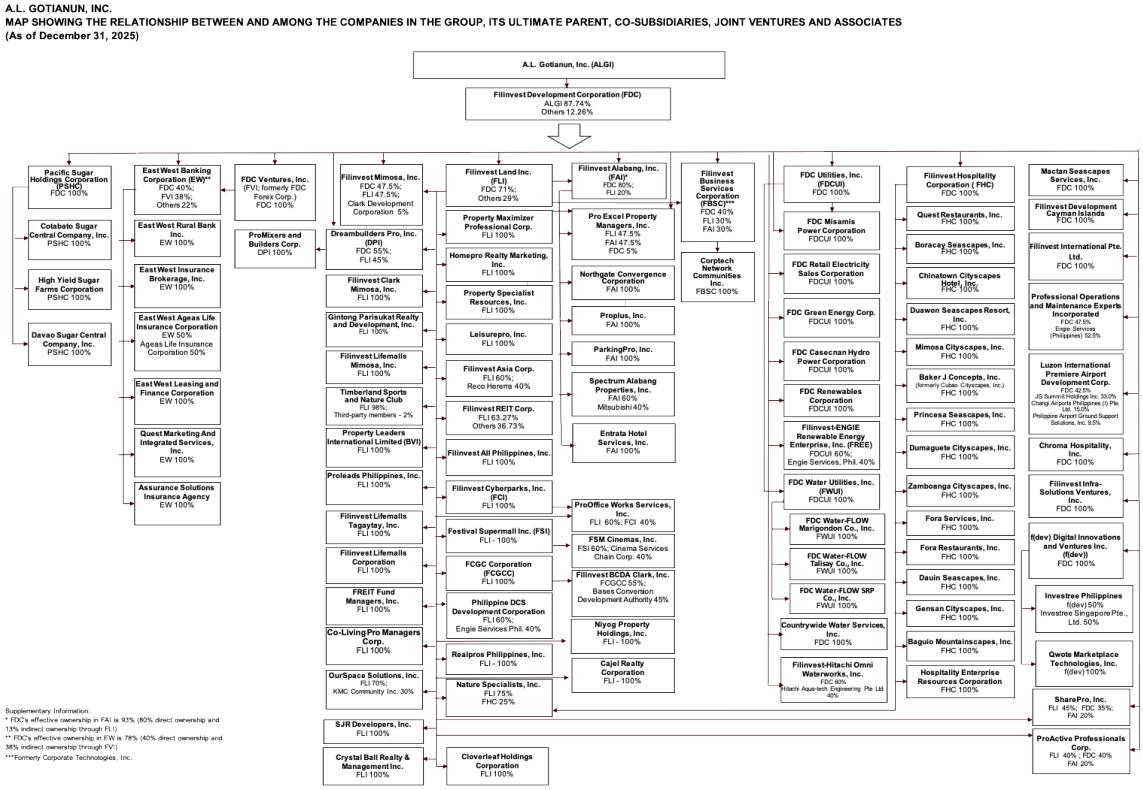
Filinvest Land, Inc. was incorporated in the Philippines on November 24, 1989 as Citation Homes, Inc. and later changed its name to FLI on July 12, 1993. It started commercial operations in August 1993 after Filinvest Development Corporation spun off most of its real estate operations and transferred all related assets and liabilities to FLI in exchange for shares of stock of FLI. FLI's shares were listed on the PSE on October 25, 1993. FDC remains FLI's largest shareholder. As of December 31 2025, FDC beneficially owned approximately 71.42% of FLI's outstanding common shares and 100% of FLI's issued and outstanding preferred shares, such that FDC has an effective 78.95% voting ownership in FLI. FDC is the holding company for real estate and other business activities of the Gotianun Family. FDC traces its origin to the consumer finance business established by Mr. Andrew Gotianun Sr. and his family in 1955. The shares of FDC and FLI are both listed in the PSE. The ultimate parent company of FLI is A.L. Gotianun, Inc.

With over sixty (60) years of experience in the real estate industry—one highly sensitive to financial crises, market downturns, and political upheaval, FLI has emerged as one of the few survivors in the country's property sector. The Company has carefully built and nurtured a distinguished performance record in the real estate development, which was recognized by international bankers, fund managers, other global institutional investors, and the international financial community.

FLI's principal corporate office is located at the Filinvest Building, 79 EDSA, Brgy. Highway Hills, 1550 Mandaluyong City, Philippines.

STRUCTURE

The chart illustrates the Company's corporate structure as of December 31, 2025.



SUBSIDIARIES AND AFFILIATES

The following table sets out FLI's and its principal subsidiaries' and affiliates' direct ownership interests, organized by business segment as of December 31, 2025. The voting rights held by the Company in these entities are in proportion to their ownership interest.

Subsidiaries	Nature of Business	Ownership
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	100%
FCGC Corporation (FCGCC)	Real estate developer	100%
Filinvest BCDA Clark, Inc. (FBCI)[1]	Real estate developer	55%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate developer	100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	100%
SJR Developers, Inc. (SDI)	Real estate developer	100%
Niyog Property Holdings, Inc. (NPHI) [2]	Real estate developer	100%
Cajel Realty Corporation (CRC) [2]	Real estate developer	100%
Filinvest REIT Corp. (FILRT)	Real estate developer and lessor	63%
Filinvest Asia Corporation (FAC)	Real estate developer and lessor	60%
Filinvest Cyberparks, Inc. (FCI)	Real estate developer and lessor	100%
Filinvest Clark Mimosa, Inc. (FCMI)	Real estate developer and lessor	100%
Festival Supermall, Inc. (FSI)	Property manager	100%
Filinvest Lifemalls Corporation (FLC)	Real estate developer and lessor	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Real estate developer and lessor	100%
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Real estate developer and lessor	100%
ProOffice Works Services, Inc. (ProOffice)	Property manager	100%
Property Specialist Resources, Inc. (Prosper)	Property manager	100%
Co-Living Pro Managers Corp. (CPMC)	Real estate developer and lessor	100%
FSM Cinemas, Inc. (FSM Cinemas) [3]	Theater operator	60%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	60%
Timberland Sports and Nature Club, Inc. (TSNC)	Recreational facilities developer and operator	98%
Nature Specialists, Inc. (NSI)	Property manager	75%
Leisurepro, Inc. (Leisurepro)	Marketing manager	100%
Proleads Philippines, Inc. (PPI)	Marketing manager	100%
Property Leaders International Limited (PLIL)	Marketing manager	100%
Property Maximizer Professional Corp. (Promax)	Marketing manager	100%
Realpros Philippines, Inc. (RPI)	Marketing manager	100%
FREIT Fund Managers, Inc. (FFMI)	Fund manager	100%
Cloverleaf Holdings Corporation (CHC)	Landbanking	100%
Crystal Ball Realty & Management Inc. (CBRMI)	Landbanking	100%
OurSpace Solutions, Inc. (OSSI)	Coworking spaces operator	70%

Notes:
1. *FBCI is owned indirectly through FCGCC.*
2. *NPHI and CRC were acquired in 2023*
3. *FSM Cinemas is owned indirectly through FSI*
4. *On August 2, 2023, as Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI resulting to FLI's 70% ownership in OSI (see Note 1).*

Detailed discussion of each subsidiary follows:

- FAPI was incorporated on September 25, 2006 to develop the Timberland Sports and Nature Club (TSNC) and Phase 2 of Timberland Heights.

- FCGCC was incorporated on February 11, 2016 to undertake the development of the Clark Green City (now New Clark City) Project under the Joint Venture Agreement with Bases Conversion and Development Authority (BCDA).

- Filinvest BCDA Clark, Inc. (FBCI) is a joint venture company with BCDA and was incorporated on March 16, 2016 to handle the development of the Clark Green City. FBCI is 55% owned by FCGCC and 45% owned by BCDA.

- On January 19, 2018, FLI entered into a Share Sale and Purchase Agreement to purchase 100% of the total outstanding shares of GPRDI for a total consideration of ₱1.71 billion. The primary purpose of GPRDI is to hold, purchase, lease, contract otherwise acquire any and all real and personal properties.

- Homepro was incorporated on March 25, 1997 and started commercial operations on January 1, 2004.

- Filinvest REIT Corp. (FILRT), formerly Cyberzone Properties, Inc. (CPI), is a real estate investment trust (REIT) company that was publicly listed on the Philippine Stock Exchange on August 12, 2021 as the Philippines' first sustainability-themed REIT. Its original portfolio consists of 17 Grade A office buildings which include green and sustainability-themed features. An addition to the portfolio is 2.9 hectares of land that is being leased to the owner and operator of Crimson Resort & Spa Boracay. Totaling over 330,000 square meters of gross leasable area, 16 of the buildings are in Northgate Cyberzone in Filinvest City in Alabang. Another building is Filinvest Cyberzone Cebu Tower 1 located in the gateway of Cebu IT Park in Lahug, Cebu City. FILRT's predecessor, CPI, was incorporated on January 14, 2000 and began commercial operations on May 1, 2001. CPI is registered with the PEZA as an Economic Zone Facilities Enterprise, which entitles CPI to certain tax benefits and non-fiscal incentives such as paying a 5% tax on its modified gross income in lieu of national and local taxes. CPI is also entitled to a zero percent value-added tax on sales made to other PEZA-registered enterprises. The change of name from CPI to Filinvest REIT Corp. was approved by the SEC on July 2, 2021. FILRT is traded in the Philippine Stock Exchange under the PSE ticker symbol FILRT.

- FAC was incorporated on January 22, 1997 and as at date of this report is 60%-owned by FLI and 40%-owned by Reco Herrera Pte. Ltd. (RHPL). RHPL is 100% beneficially owned by the Government of Singapore Investment Corporation Pte. Ltd (GIC). FAC owns 50% of the 52-storey PBCom Tower, which is strategically located at the corner of Ayala Avenue and V. A. Rufino Streets in the Makati City Central Business District. FAC owns 36,000 sq. m. of leasable office space. The remaining 50% of PBCom Tower is owned by the Philippine Bank of Communications (PBCom). The PBCom Tower is registered as an information technology building by PEZA. Consequently, tenants occupying space in PBCom Tower are entitled to avail of certain fiscal incentives, such as a 5% tax on modified gross income in lieu of the national and local taxes, income tax holidays and zero-rated vat in certain cases.

- FCI was incorporated on February 4, 2014. Its primary purpose is to acquire by purchase, lease, donate and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, hold for investment and deal with real estate of all kinds.

- FCMI was incorporated on January 23, 2017. Its primary purpose is to acquire by purchase, lease except financial leasing, donation or and hold for investment or otherwise deal in real estate of all kinds, nature, purpose and/or any interest or right therein. FCMI started its commercial operations in May 2018. FCMI is registered with CDC as a Clark Freeport Enterprise enjoying the incentives like PEZA such as zero percent VAT on its revenues and 5% income tax on modified gross income, in lieu of local and national taxes.

- FSI is the property manager of Festival Supermall and other commercial centers of the Company. FSI also owns 60% equity interest in FSM Cinemas, Inc. which is engaged in theater operations. The transaction was accounted for using the pooling of interest method wherein the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts.

- FLC, formerly Whiluc Realty & Mgt., Inc., is organized to invest in, purchase, hold, use, develop, lease, sell, assign, transfer mortgage, enjoy or otherwise dispose of, as may be permitted by law, all properties of every kind, nature and description and wherever situated, of any corporation.

- FLMI was incorporated on January 23, 2017. Its primary purpose is to acquire by purchase, lease except financial leasing, donation, or otherwise, and/or to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop, and hold for investment or otherwise deal in real estate of all kinds, nature and purpose and/or any interest or right therein. On December 19, 2025, FLMI has filed with the SEC an application for the amendment of its Articles of Incorporation to shorten its corporate term. FLMI has not commenced commercial operations since its incorporation.

- FLTI was incorporated on November 20, 2017. Its primary purpose is to acquire by purchase, lease (except financial leasing), donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop, and hold for investment or otherwise deal in real estate of all kinds in order to develop, conduct, operation, lease, and maintenance of retail and commercial space for rent, restaurants, function halls, amusement centers, movie or cinema theaters within the compound to premises of the shopping centers. FLTI started its commercial operations in March 2018.

- ProOffice was incorporated on March 18, 2019 to engage in the business of administration, maintenance and management of real estate developments and projects. ProOffice started commercial operations in August 2019.

- Prosper was incorporated on June 10, 2002 and started commercial operations on January 01, 2004. Prosper is engaged in the purchase, lease and management of hotel and resort properties, and is currently managing the condotel operations of a high-rise condominium (Grand Cenia) and hotel project (Quest Hotel) of the Parent Company. Prior to Prosper's condotel and hotel management business, Prosper was engaged in the business of real estate marketing.

- FSM Cinemas was incorporated on April 23, 1998 to engage in servicing, booking, and arranging of films, programs, shows, plays, and movies of all kinds, types, makes, and colors for movie houses, theaters, or cinemas and to exhibit, lease, rent, run or operate movie houses, theaters, cinemas, as well as supply equipment, machines and accessories needed in cinemas, theaters or movie houses. FSM Cinemas is owned indirectly through FSI.

- On April 15, 2015, FLI and Engie Services Philippines (ENGIE) entered into a joint venture agreement to establish PDDC. On July 31, 2015, PDDC was registered with the SEC to engage in the business of building and operating a district cooling system within existing and future buildings at Northgate Cyberzone Area, Filinvest City, Alabang, Muntinlupa City. PDDC is 60% owned by FLI and 40% owned by ENGIE.

- On July 18, 2018, the SEC approved TSNC's application on voluntary revocation of its secondary registration which allowed TSNC to proceed with the transition to its new business model. On November 15, 2018, the Board of Directors (BOD) approved the amendment to change the primary purpose of the Club from an exclusive recreational sports club to a for profit commercial facility. On July 24, 2019, TSNC submitted its Amended Articles of Incorporation to SEC. The amendments include (a) change of the primary purpose of TSNC from that of an exclusive recreational sports club to a real estate development Company; (b) change of TSNC's principal address from No. 173 P. Gomez Street, San Juan, Metro Manila to Timberland Heights, Barangay Malanday, San Mateo Rizal; (c) converting of TSNC's capital stock from no par value club shares to par value shares; (d) removal of provisions which characterizes TSNC as an exclusive nonprofit association; and (e) removal of paragraphs which relate to the operations of an exclusive recreational sports club. On August 1, 2019, the SEC approved TSNC's application for voluntary revocation of its secondary registration. On August 18, 2019, the SEC approved TSNC's Amended Articles of Incorporation. Leisurepro was incorporated on April 21, 2004 and started commercial operations on January 1, 2006. The company has been inactive since 2010.

- PPI was incorporated on March 29, 2017 to provide management, organizational, and other administrative services and training. PPI started its commercial operations in November 2017.

- PLIL, a company limited by shares, was registered at the territory of the British Virgin Islands on February 7, 2017. PLIL has not started its commercial operations as of December 31, 2022 and has transferred the franchise to Proleades Philippines.

- Promax was incorporated on October 3, 1997. It is engaged in real estate marketing business and handles the marketing and sale of socialized, affordable, middle income, high-end and farm estate property development projects of FLI.

- RPI was incorporated on August 3, 2017 to provide administrative support services and skills training primarily through the use of information technology, licensed software, and systems. RPI started its commercial operations in November 2017.

- NSI was incorporated on August 24, 2018 to conduct real estate activities primarily focusing on hotels, inns, resorts, lodging houses and all adjunct accessories thereto, including restaurants, cafes, bars, stores, offices, etc. NSI opened on March 14, 2021 but has not reached commercial level of operations as of December 31, 2021 due to restrictions as a result of COVID-19 pandemic.

- FFMI was incorporated on April 13, 2021 to engage in business of providing fund management services REIT companies. FFMI started its operations in August 2021.

- CPMC was incorporated on August 02, 2021 to engage in business of developing, operating, managing, and maintaining dormitels, lots and buildings whether owned or leased, to make such dormitels available for all clients for temporary stay as well as any and all services and facilities incidental thereto; and generally to do any and all things necessary and pertinent or convenient to the purpose herein stated; provided that the corporation shall not solicit, accept or take investments/placements from the public, and neither shall it issue investment contracts. On July 23, 2025, CPMC filed with the Securities and Exchange Commission for the amendment of its Articles of Incorporation for shortening its corporate term. The dissolution of CPMC will not have any material impact on FLI.

- OSSI was incorporated on May 26, 2022. Its primary purpose is to engage in the business of developing, operating, managing, and maintaining commercial buildings to be used as coworking spaces whether owned or leased, to make such coworking spaces available for all clients as flexible working spaces as well as any and all services and facilities incidental thereto. The Company started its operations on November 1, 2023.

- On December 14, 2022, FLI entered a Deed of Assignment to purchase 100% ownership in SDI. The primary purpose of SDI is to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartment and other structures.

- On July 14, 2023, FLI entered into a Share Purchase Agreement with Rizal Commercial Banking Corporation (RCBC) to purchase all outstanding shares of stock of Niyog Property Holdings, Inc. (NPHI) and Cajel Realty Corporation (CRC) taking over the two companies' joint land development activities in Bacoor City, Cavite.

- CHC was incorporated on July 29, 2005 to invest or acquire interest in shares of stock, securities and all other properties of whatever kind or nature. CHC's activity since its incorporation is the acquisition of land as investment property.

- CBRMI was incorporated on July 20, 2006 to invest or acquire interest in shares of stock, securities and all other properties of whatever kind or nature. CBRMI's activity since its incorporation is the acquisition of land.

None of the foregoing subsidiaries has been a party to any bankruptcy, receivership or similar proceedings and has not undergone or entered into any material classification, merger, consolidation (except as disclosed elsewhere in this Offer Supplement), purchased or sold a significant amount of assets outside the ordinary course of business.

SECURITIES ISSUANCES

On November 8, 2013, FLI issued to the public unsecured fixed rate retail bonds with aggregate principal amount of ₱7.0 billion comprised of ₱4.30 billion seven (7)-year fixed rate bonds due in 2020 and ₱2.7 billion ten (10) year fixed rate bonds due in 2023. The seven (7)-year bonds carry a fixed interest rate of 4.8562% per annum while the five-year bonds have a fixed interest rate of 5.4333% per annum.

On December 4, 2014, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.0 billion comprising of ₱5.30 billion seven (7)-year fixed rate bonds due in 2021 and ₱1.70 billion ten (10)-year fixed rate bonds due in 2024. The seven (7)-year bonds carry a fixed rate of 5.4% per annum while the ten-year bonds have a fixed interest rate of 5.64% per annum.

On August 20, 2015, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.0 billion comprising of ₱7.0 billion seven (7)-year fixed rate bonds due in 2022 and ₱1.0 billion ten (10)-year fixed rate bonds due in 2025.

On July 2017, Filinvest REIT Corp. a subsidiary of FLI issued to the public ₱6.0 billion worth of unsecured fixed rate bonds due in 2023. The bonds carry a fixed interest rate of 5.05% per annum payable quarterly.

On November 18, 2020, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.1 billion comprising of ₱6.30 billion three (3)-year fixed rate bonds due in 2023 and ₱1.80 billion five and a half (5.5)-year fixed rate bonds

due in 2026. The three (3) year bonds carry a fixed rate of 3.34% per annum while the five and a half-year bonds have a fixed interest rate of 4.18% per annum.

On August 12, 2021, Filinvest REIT Corp., the real estate investment trust (REIT) of Filinvest Land, Inc., was listed on the PSE with an offer price of ₱7.00 per share. At the offer price, the projected dividend yield as stated in the REIT Plan is 6.3% for FY2021 and 6.6% for FY2022. The base offer of the IPO was 1,634,187,850 common shares, with an overallotment option of up to 163,418,785 common shares.

On December 21, 2021, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱10 billion comprising of ₱5 billion four (4)-year fixed rate bonds due in 2025 and ₱5 billion six (6)-year fixed rate bonds due in 2027. The four (4) year bonds carry a fixed rate of 4.5030% per annum while the six (6)-year bonds have a fixed interest rate of 5.2579% per annum.

On June 23, 2022, FLI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.90 billion comprising of ₱8.93 billion three (3) year fixed rate bonds due in 2025 and ₱2.98 billion five (5) year fixed rate bonds due in 2027. The three (3) year bonds carry a fixed rate of 5.3455% per annum while the five (5)-year bonds have a fixed interest rate of 6.4146% per annum.

On December 1, 2023, FLI issued to the public unsecured fixed rate bonds with a tenor of three and a half (3.5) years and an aggregate principal amount of ₱11.43 billion, maturing in 2027. The bonds carry a fixed rate of 6.9829% per annum.

On March 12, 2025, the Parent Company issued to the public unsecured fixed rate bonds with an aggregated principal amount of 12.00 billion, comprising of 6.786 billion, 5-year fixed rate bonds with interest of 6.2916% per annum due in 2030, 2.661 billion, 7-year fixed rate bonds with interest of 6.6550% per annum due in 2032, and 2.553 billion, 10-year fixed rate bonds with interest of 6.8312% due in 2035.

Business

OVERVIEW

The Company is a leading real estate developer in the Philippines, providing real estate products to residential and commercial customers with a particular focus on the affordable and middle market housing segments. The Company has over 60 years of real estate expertise through the Filinvest brand. The Company has developed ~3,000 hectares of land and completed a large number of high-profile real estate projects. Having provided homes for more than 200,000 families, the Company believes that it has a reputation both in the real estate industry and among home buyers, including the significant OFW and expatriate Filipino markets, as a reliable developer that develops and delivers quality products in a timely manner conveniently located near major commercial centers. The Company believes it is able to offer customers one of the most diversified ranges of real estate products in the Philippine market. As of December 31, 2025, the Company's projects are situated across over fifty-six (56) cities and municipalities, and the Company believes that this product, market and geographic diversification mitigates construction, market and economic risks.

The Company's real estate operations remain a key driver of the Company's income, contributing ₱15.39 billion to the Company's total revenue and other income of ₱24.45 billion in 2024 and ₱16.27 billion to total revenue and other income of ₱25.90 billion in 2025. The Company develops and sells residential real estate to generate cash flow for their business operations and retain ownership of a significant portion of commercial and retail real estate for long-term investment to generate recurring income and realize potential capital appreciation. The Company is a pioneer and major player in office development and leasing in the Philippines with a stable and growing revenue stream from recurring income. The Company believes that its unblemished credit track record over its long history with the local banking community as well as local and international bond markets, especially during market downturns, such as the Asian Financial Crisis and Global Financial Crisis, have resulted in increased investor confidence, which allows the Company greater access to medium and low-cost funding. The Company believes that its strength in credit record and financial position enhances its ability to expand its business and capitalize on opportunities in the Philippine housing and land development market.

FLI focuses on the development of residential houses, lots, condotels, MRBs and high-rise buildings ("**HRBs**") projects throughout the Philippines, and the development of investment properties in the retail, office, co-living and industrial real estate sectors. As of December 31, 2025, FLI has built more than 220 residential developments across the country and operates forty (40) office buildings, five (5) major malls, and twelve (12) other retail developments totaling over 973,000 sqm of GLA. Retail developments also fall under FLI's "Filinvest Malls" and "Filinvest Shoppes" brands while office developments are owned by FLI or Filinvest REIT Corp. and Filinvest Cyberparks, both subsidiaries of FLI. In addition, FLI owns 60% of Filinvest Asia Corp. whose sole project is PBCom Tower.

Few property developers can match Filinvest's broad reach, with projects spanning over 56 cities and towns across the Philippines. FLI has projects as far South as Koronadal in Central Mindanao, which has become an agro-industrial hub for the country's second largest island, and Dagupan, Pangasinan in North Luzon, an emerging hub for solar renewable energy.

For the years ended December 31, 2023, 2024, and 2025, the Company recorded consolidated revenues and other income of ₱22,554.33 million, ₱24,445.90 million, and ₱25,898.35 million, respectively; EBITDA of ₱8,969.16 million, ₱11,469.22 million, and ₱11,845.94 million, respectively; and net income of ₱4,296.04 million, ₱4,635.74 million and ₱4,807.83 million, respectively. FLI's common shares were listed on the PSE on October 25, 1993 and, as of December 31, 2025, FLI had a market capitalization of ₱17,235.49 million.

	For the years ended December 31,					
	2023		2024		2025	
	Millions	%	Millions	%	Millions	%
REVENUES AND OTHER INCOME						
Real estate sales	₱14,486.51	64.23%	₱15,392.76	62.97%	₱16,274.02	62.84%
Rental and related services	7,200.95	31.93%	7,848.09	32.10%	8,247.02	31.84%
EQUITIY IN NET EARNINGS OF ASSOCIATES	242.00	1.07%	359.04	1.47%	529.07	2.04%
OTHER INCOME						
Interest income	283.98	1.26%	319.09	1.30%	357.01	1.38%
Others - net	340.89	1.51%	526.92	2.16%	491.24	1.90%
Total	**₱22,554.33**	**100.00%**	**₱24,445.90**	**100.00%**	**₱25,898.35**	**100.00%**

COVID-19 Impact on Company's Operations

In May 2023, the World Health Organization announced the end of the COVID 19 pandemic. Subsequently, in July 2023, the President of the Philippines issued Presidential Proclamation No. 297, formally lifting the country's State of Public Health Emergency. Nonetheless, the Company continues to monitor and evaluate developments relating to any public health epidemic or pandemic to develop, to the extent practicable, contingency measures to mitigate the risk impact to its business. By the end of 2025, the effects of COVID-19 were no longer a directly significant factor in the Company's operational and financial results.

COMPETITIVE STRENGTHS

The Company believes that its principal strengths are the following:

One of the market leaders in the affordable and middle-income residential real estate segment with an established reputation and brand name

The Company has been involved in the real estate development business through the "Filinvest" brand for more than 60 years through its parent and controlling shareholder, FDC, as well as through other Gotianun Family ventures. FLI has become one of the Philippine's leading real estate developers and has successfully developed a large number of high-profile real estate projects, with a particular focus on the affordable and middle market housing segments. The Company believes that it has developed a reputation within the real estate industry and among home buyers, including the significant OFW and expatriate Filipino markets, as a reliable developer that delivers quality products in a timely manner, and provides accessibility by conveniently locating its developments near major commercial population centers. The Company also has an extensive network of sales offices, in-house sales agents and independent brokers located throughout the Philippines, as well as accredited brokers in countries and regions with large OFW and expatriate Filipino populations.

Diversified and innovative real estate development portfolio

The Company believes it is able to offer customers one of the most diversified ranges of real estate products among all developers in the Philippine real estate market. FLI focuses its business on the socialized, affordable and middle- income market segments, but at the same time it has designed projects that address demand from the lowest end of the real estate market to the highest. The Company has also expanded its portfolio to include new types of residential developments that cater to potentially high-growth niche markets, such as residential farm estate projects, entrepreneurial communities, medium-rise buildings, high-rise condominiums and township developments. The Company also introduced new products such as the dormitels to cater to the accommodation needs of workers, initially in Mimosa and the logistics and innovation park in New Clark City. The dormitels are branded as "The Crib" and the Company plans to build four (4) dormitel buildings with each offering around 800 beds. Expanding the logistics and industrial park development will address the growing need of logistics, light manufacturing, technology and e-commerce companies looking to support inventory management. In its industrial parks, the Company also developed ready-built factories (RBFs) with flexible unit sizes, giving locators room to scale operations as their business grows.

Extensive and diversified land bank

Over the years, the Company has accumulated an extensive, low-cost land bank. As at December 31, 2025, the Company's land bank totaled approximately 1,774.78 hectares of raw land, including 196.51 hectares available for development pursuant to joint venture agreements. In addition, FLI has 489.6 hectares of land in Filinvest Mimosa Plus and New Clark City under joint development or long-term leasing agreement also available to FLI for development. The bulk of the Company's land bank consists of land situated in regional centers primarily outside of Metro Manila that FLI believes are prime locations across the Philippines for existing and future property development projects, including land in the nearby provinces of Rizal, Bulacan, Batangas, Cavite and Laguna, as well as in growth areas such as Cebu, Davao and General Santos City in South Cotabato province. It recently expanded its geographic reach in North Luzon provinces with high growth potential such as Dagupan, Bataan, Mimosa and Clark. The Company believes that the diversity of its current projects and land bank will allow it to benefit from these areas' continued economic development. The Company also has land available for future developments located in central and southern Philippines, which it believes has allowed it to position itself as a leading residential project developer in these new and expanding markets. The Company also believes that its strong reputation and reliability as a developer allows it to attract joint venture partners with desirable land banks, allowing it to access additional land for future development.

Strong development and investment revenue stream

The Company has successfully shown its strong track record in growing its investment property revenue stream (rental and related services). It started in 2006 with just 151,470 sq.m. of gross leasable area, and as of December 31, 2025, it already has more than 973,000 sq.m., combining both retail and office spaces. This segment now accounts for 32% of the company's total revenues and other income. These projects are located in several high growth areas of the country, near the transport hubs and easily accessible

to the public.

Strong credit record and financial position

The Company believes it is currently in sound financial condition, with strong debt service capabilities and a management team committed to maintaining and implementing a prudent financial management program. The Company's sound financial management allowed it to continue to meet its debt service obligations for its peso- denominated debts and to meet and exceed the debt service ratios required under its loan agreements even with the aftermath of several financial crises, notably the 1997-1998 Asian financial crisis, 2002 US stock market downturn and the 2008 Global Financial Crisis. The Company believes that its financial strength enhances its ability to expand its business and to capitalize on opportunities in the Philippine housing and land development market. The PhilRatings maintained the PRS Aaa for FLI's outstanding bonds as of December 31, 2025, (i) ₱1.76 billion bonds due in 2026, (ii) ₱5.0 billion bonds due in 2027, (iii) ₱2.98 billion bonds due in 2027, (iv) ₱11.43 billion bonds due in 2027, (v) ₱6.79 billion bonds due in 2030, (vi) ₱2.66 billion bonds due in 2032, and (vii) ₱2.55 billion bonds due in 2035. PhilRatings also rated as PRS Aaa with Stable Outlook, the First Tranche of the ₱35.0 Billion shelf bonds amounting to ₱11.43 billion due in 2027 and the Second Tranche amounting to ₱12.0 billion due in 2030, 2032 and 2035. Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. PRS Aaa is the highest rating assigned by PhilRatings. The rating reflects the following factors: sustained growth of FLI's real estate and leasing operations, resulting in strong income generation and improved cash flows; its conservative debt position and high financial flexibility; its established brand name and track record.

Benefits of Large-Scale Operations

The Company, as one of the Philippines' leading real estate developers and with one of the largest real estate operations and in-depth industry knowledge, believes it is well positioned to respond promptly to changes in market conditions and capture opportunities. Moreover, the Company's scale of real estate business operations enhances its position in negotiations with vendors and contractors, supply chain management, partnership with landowners, credible land purchases, and maintaining a balanced tenant mix, as well as strengthening its reputational and brand awareness in sales.

Experienced Management Team

The Company has an experienced management team with an average of more than thirty (30) years of operational and management experience in real estate development and who have also enjoyed long tenure with both the Company and FDC. The Company's management team has extensive experience in and in-depth knowledge of the Philippine real estate market and has also developed positive relationships with key market participants, including construction companies, regulatory agencies and local government officials in the areas where the Company's projects are located.

BUSINESS STRATEGY

FLI intends to further accelerate growth and improve its return on equity by aggressively developing its land bank while retaining its current focus on the high-growth affordable and middle market segments where the Company believes it has a competitive advantage based on its current strong position. The Company's business segments are not dependent upon a single or few customers, the loss of any or more of which would not have a material adverse effect on the registrant and its subsidiaries taken as a whole. It is also not dependent on any related party. FLI has the following strategies:

Continue product, market and geographic diversification to strengthen leadership position in the affordable and middle market segments.

In real estate trading, FLI capitalizes on its strong position in the affordable and middle market segments to increase its market share. With these segments representing the largest subset of house buyers in the Philippines, and with highly fragmented supply, FLI shall maintain its strong position by expanding its product offerings and geographic reach. New products are continuously being studied and offered to cater to the evolving needs of the market. In particular, FLI plans to offer more inner city mixed-used developments and MRB products to capture the growing demand for these types of products in greater Metro Manila, Cebu, and Davao. Meanwhile, the Company shall explore opportunities for expansion to new territories by acquiring land bank in selective regional markets for residential township and commercial development.

Continue to build up recurring income streams and capitalize on REIT opportunities.

In addition to retaining its position as one of the leading residential H&L and MRB developers in the Philippines, FLI has built its position as well as a reputable provider of office and commercial leasable spaces. FLI intends to continue to increase recurring rental income through the expansion of its commercial office and retail space leasing operations. The Company intends to achieve this by, among other things, increasing occupancy at its newer malls and other commercial projects, rolling out new leasing projects, introducing new leasing product types, enhancing its existing investment portfolio through proactive leasing and management, and capitalizing on its extensive real estate experience, scale and access to resources. Recently, to complement its core strengths in the affordable and middle-income residential segments, FLI is expanding recurring income through broadening its tenant bases in the

office and retail leasing spaces, as well as attracting new locators for its industrial parks. The Company also believes that the development of REITs in the Philippines will provide the Company with new opportunities to unlock value and accelerate the growth of its recurring income portfolio. On August 12, 2021, FILRT was listed on the PSE. The Company is prepared to infuse more rental assets into FILRT. As of December 31, 2025, FILRT has seventeen (17) fully operational office buildings. In 2022, FILRT acquired a prime beach front property in Boracay, Aklan. In addition to the office buildings and Boracay property, FLI, through property-for-share swap infused the Festival Main Mall to FILRT in May 2025.

Optimize existing assets

The Company intends to optimize its existing assets by ensuring maximum occupancy for its rental assets by marketing to different client types. For the mall business, FLI will explore new tenant formats such as exhibit halls, wellness centers and furniture/home stores. FLI encourages government offices to be in its malls for the convenience of its customers. For offices, FLI intends to have traditional offices as well as government offices aside from BPOs. FLI will also accelerate developments in its industrial parks and continue to market to manufacturers, logistics and e-commerce fulfillment centers.

Accelerate monetization of land bank.

FLI believes that there is currently significant unrealized value in its land bank based on the historical low-cost carrying value of such land bank on its balance sheet. The Company believes that it is now the opportune time to take advantage of the appreciation in value of such land bank and accelerate monetization through land sales, or establish vertical trading developments or developments to generate recurring income. Townships masterplans are consistently being revisited to ensure adaptability to the changing needs of the market and its existing residents or locators. In addition, given the current projects in their pipeline, the Company believes it can benefit from the country's strong economic fundamentals to accelerate the pace of new project launches. For their higher value raw land portfolio, the Company plans to develop higher density and higher value-added projects, such as residential buildings, office buildings and retail malls, with a view to optimizing the revenue per sq.m. generated from such land bank.

Targeted vertical operations integration and digitalization to improve cost efficiency.

The Company plans to continue initiatives to further integrate their operations. As an example, the Company had established in 2017 a separate construction company (DPI) to undertake construction of specific projects and products, such as MRBs, to improve its cost competitiveness. Moreover, the Company has embarked on targeted digitalization processes, such as the use of building information modeling for design, as well as the acquisition and implementation of other software for bidding and project management, all in an effort to improve both cost and process efficiencies. Online platforms are continuously being developed and enhanced to ensure efficient touchpoints to its business partners such as customers, contractors, sellers and brokers. The Company also has separate property management teams with digital customer service applications to focus on monitoring and delivering the services to its clients.

PROPERTIES

The Company does not have any real properties that is mortgaged or encumbered.

Land Bank

Since its incorporation, the Company has invested in properties situated in what the Company believes are prime locations across the Philippines for existing and future housing and land development projects. It is important for the Company to have access to a steady supply of land for future projects. In addition to directly acquiring land for future projects, the Company has also adopted a strategy of entering into joint venture arrangements with landowners for the development of raw land into future project sites for housing and land development projects. This allows FLI to reduce its capital expenditures for land and substantially reduces the financial holding costs resulting from owning land for development.

Under the joint venture agreements, the joint venture partner contributes the land free from any lien, encumbrance, tenants or informal settlers and the Company undertakes the development and marketing of the products. The joint venture partner is allocated either the developed lots or the proceeds from the sales of the units based on a pre-agreed distribution ratio.

Potential land acquisitions and participation in joint venture projects are evaluated against a number of criteria, including the attractiveness of the acquisition price relative to the market, the suitability or the technical feasibility of the planned development. The Company identifies land acquisitions and joint venture opportunities through active search and referrals.

As of December 31, 2025, the Company and its subsidiaries had approximately 1,774.78 hectares of raw land available for the development of its various projects, including approximately 196.51 hectares of land under joint venture agreements, which the Company's management believes is sufficient to sustain several years of development and sales.

Details of the Company's and its subsidiaries' raw land inventory as of December 31, 2025 are set out in the table below:

FLI Land Bank as of December 31, 2025 Area in HAs				
Location	**Company Owned**	**Under Joint Venture**	**Total**	**% to Total**
Luzon				
Metro Manila	30.49	-	30.49	1.72%
Rizal	691.93	9.20	701.13	39.51%
Bulacan	242.57	-	242.57	13.67%
Bataan	-	-	-	-
Pampanga	-	24.90	24.90	1.40%
Camarines Sur	0.78	-	0.78	0.04%
Pangasinan	0.29	-	0.29	0.02%
Cavite	286.55	58.83	345.38	19.46%
Laguna	198.82	0.71	199.53	11.24%
Batangas	45.59	42.07	87.66	4.94%
Sub-total	**1,497.02**	**135.71**	**1,632.73**	**92.00%**
Visayas				
Cebu	2.18	35.72	37.90	2.14%
Negros Oriental	0.17	-	0.17	0.00%
Sub-total	**2.35**	**35.72**	**38.07**	**2.14%**
Mindanao				
Davao	6.39	25.08	31.47	1.77%
South Cotabato	72.51	-	72.51	4.09%
Sub-total	**78.90**	**25.08**	**103.98**	**5.86%**
Total	**1,578.27**	**196.51**	**1,774.78**	**100.0%**

In addition to the above, FLI has the following land bank under a joint development or long-term leasing agreement, available to FLI for development and operations.

Location	Area (in HAs)	Remarks
Filinvest Mimosa Plus	201.6	Being developed with FDC
New Clark City	288.0	Being developed with BCDA
Total	**489.6**	

The Company does not intend to acquire properties for the next twelve (12) months except for as needed in the ordinary course of business.

Townships

City di Mare

Inspired by the world's best-loved coastal cities, City di Mare, or "City by the Sea", spans across 50.6 hectares at Cebu's South Road Properties.

In August 2010, FLI launched City di Mare, a 50.6-hectare property located at the South Road Properties in Cebu City. It is a

master-planned development composed of different zones catering to a wide array of lifestyles and activities, namely Il Corso, the 10.6-hectare waterfront lifestyle mall; the 40-hectare residential clusters; and The Piazza, nestled at the heart of the residential enclaves puts lifestyle essentials such as school, church, shops, and restaurants within the neighborhood. City di Mare is envisioned to be a destination in itself, taking full advantage of the coastal ambience featuring seaside shopping, dining, beach and water sports and more, right by the water's edge.

The 10.6-hectare retail development known as Il Corso has a gross leasable area of approximately 32,000 square meters. City di Mare has four resort-themed residential enclaves inspired by world-class resorts, with each 10-hectare development flaunting a distinct architectural character. With over 65% of the property allocated for wide, open areas and landscaped greens, City di Mare provides the generous amenity of breathing space and a refreshing dose of nature throughout the site. Residences are spread out over the sprawling development, maximizing the abundant sunlight and allowing the invigorating sea air to circulate freely. In July 2015, FLI, Filinvest REIT Corp, ("FILRT") and Filinvest Alabang, Inc. ("FAI") (collectively referred to as "Filinvest Consortium") won the bidding for a 19.20-hectare lot in Cebu's South Road Properties ("SRP"). This property is referred to as SRP2.

SRP 2

In July 2015, FLI, Filinvest REIT Corp. Filinvest Alabang, Inc., and a third party (collectively referred to as "Filinvest Consortium") won the bidding for a 19.20-hectare lot in Cebu's SRP. Thereafter, on August 7, 2015, Filinvest Consortium entered into a Deed of Sale on Installment (DSI) with the Cebu City Government. In a letter dated January 6, 2017, the Cebu City Mayor questioned the validity of the sale and gave the buyers the option to withdraw from the sale at buyer's discretion. In a letter to the Cebu City Mayor dated February 7, 2017 (the Letter), Filinvest Consortium expressed its intention to rescind the DSI. Under the DSI, Cebu City undertook to comply with several covenants, undertakings and obligations no later than February 7, 2016 (or 180 days from execution of the DSI). The Letter pointed out that as of February 7, 2017, the said covenants, undertakings, and obligations have not been complied with, and it does not appear that these will be complied with within a foreseeable reasonable period of time.

The rescission of the DSI shall only take effect upon return by Cebu City of the down payment and installment payments made to Cebu City by Filinvest Consortium, plus interests, within ninety (90) days from receipt of the Letter in accordance with Section 5.7 of the DSI. Pending receipt of such payments, the DSI shall remain valid and subsisting by and among the parties.

The 19.2-hectare property mentioned above is a separate property from the other two (2) properties within the SRP which were acquired from Cebu City: a) the 40-hectare property under a joint venture undertaking with Cebu City; and b) the 10-hectare property which was already paid in full by FLI to Cebu City.

On August 2, 2019, Filinvest Consortium informed Cebu City that the payments will be judicially consigned in accordance with law considering that to date, Cebu City has not yet returned the payments with interest, thus, the conditional rescission has already expired. In response, Cebu City issued a letter dated October 4, 2019 to Filinvest Consortium and insisted that the latter has no longer any debt to Filinvest Consortium as the DSI was effectively rescinded. Cebu City reiterates its willingness to restitute the Filinvest Consortium of the amount it has already paid prior the rescission.

The Cebu City Government and Filinvest Consortium came to a resolution on January 8, 2020 with the full payment and the signing of the Deed of Absolute Sale. The Filinvest Consortium paid on December 17, 2019 the full amount of the purchase price of the lot plus the accumulated interest for the unpaid installments since 2017. Accordingly, the matter has been resolved.

On October 7, 2020, Filinvest Consortium sold a portion of its property by reducing the area to 16.2 hectares. Prior to the sale, Filinvest Consortium secured a Letter of No Objection from the Executive Department of the City for the sale of the property.

Pampanga

Filinvest Mimosa, Inc. (FMI), a company formed in 2016 by the consortium of Filinvest Development Corporation (FDC) and FLI as the winning bidder in the privatization of the former Mimosa Leisure Estate, has a lease agreement with Clark Development Corporation (CDC) for a term of fifty (50) years, renewable for another twenty-five (25) years. Over this period, Filinvest Mimosa will develop, manage and operate the estate. FMI is owned by FDC (47.5%), FLI (47.5%) and CDC (5.0%). FMI is an associate of FLI. On February 20, 2017, FCMI, a subsidiary of FLI, entered into a sublease agreement with FMI whereby FCMI acquire the right to lease the 36.0352 hectare portion of the Mimosa Leisure Estate and develop it into a mixed use development with various components such as, but not limited to office spaces, retail, commercial and residential units. Monthly minimum guaranteed lease payment amounting to PhP6.42 million is subject to 10% increase starting June 1, 2021 and every three (3) years thereafter and until April 21, 2066, plus percentage of the gross revenue generated by the Company from the leased property, commencing after one (1) year from the signing of the agreement. In 2025, FCMI paid FMI PhP93.28 million minimum guaranteed and PhP9.61 million variable lease payments.

Tarlac

FLI signed a Joint Venture Agreement with the Bases Conversion and Development Authority (BCDA) for the development of the

288-hectare Filinvest at New Clark City in Tarlac. New Clark City is envisioned to be developed as the country's newest sustainable urban community and globally-competitive investment center that is smart, green and disaster-resilient. The industrial and logistics park is now currently being developed and has welcomed its first locator in July 2023. The township will also have commercial and residential components. As of December 31, 2025, Filinvest Innovation Park – New Clark City has 12,500 sqm GLA consisting of five (5) ready-built factories. This was 80% leased as of end of year.

Laguna

Ciudad de Calamba is a 350-hectare modern township development in Calamba City, Laguna. It is a master-planned affordable and middle-income township with an industrial component. On August 19, 2023, the second phase of the industrial park was inaugurated. The park has recently been granted PEZA ecozone status which makes it more attractive for locators.

Rizal

Havila is master-planned as a mix of affordable, middle-income and high-end subdivisions in Rizal province overlooking Metro Manila. With its 306-hectare development, the township offered three major communities such as Mission Hills, Highlands Pointe and Forest Farm interconnected by link road of Antipolo, Taytay and Angono Rizal. New developments in Havila are Mira Valley, Amarilyo Crest and Amarilyo Residences.

Timberland Heights, a sprawling 677-hectare premier mountain suburban township development located in the highest peaks of San Mateo, Rizal. It captures the essence of a mountain hideaway, a sporting and leisure paradise and a luxurious country resort in a premier township development.

Manna East, a 60-hectare modern Filipino themed affordable and middle-income community in Teresa, Rizal. Housing construction is ongoing for New Fields Phase 1 (launched Jan 2018). The construction of all amenity areas for New Fields Phase 1 has been completed. Land development has been completed in in Futura Plains (launched July 2019). New Fields Phase 2 is expected to be completed by 2026..

Negros Occidental

Palm Estates, 51-hectare township development designed to be a city within Talisay City. The first residential project was launched in the last quarter of 2016. Land Development for the first phase is complete.

Wood Estates

A 94-hectare township located in Trece Martires, Cavite with easy access to schools, shopping centers and transportation hubs.

Iloilo Centrale

Iloilo Centrale is an 11.4-hectare mixed-use development in Leganes, Iloilo City where the highly anticipated Panay-Guimaras bridge will be located. Blending modern urban living with Iloilo's timeless heritage and charm, Iloilo Centrale will be a vibrant community offering residential, commercial, retail, and recreational spaces, as well as a transport hub.

Recent Land Acquisitions

In 2017, FLI acquired from various third-party sellers parcels of land in Alabang Muntinlupa City, Cubao, Quezon City, Teresa, Cainta and Taytay, Rizal, Balanga, Bataan and Zamboanga City.

In 2018, FLI acquired from various third-party sellers parcels of land in Quezon City, Parañaque City, Dagupan City, Pangasinan, Bacoor City, Cavite, Calamba City, Laguna, Mandaluyong City, Dumaguete City and Zamboanga City.

In 2019, FLI acquired from various third-party sellers parcels of land in San Rafael, Bulacan, Cainta, Rizal, Bacoor City, Cavite, Dagupan City, Pangasinan, Naga City, Bicol, Davao City, Dumaguete City, General Santos City and Negros Oriental.

In 2020, FLI acquired from various third-party sellers parcels of land in Dagupan City, Pangasinan and Bacoor City, Cavite.

In 2021, FLI acquired from various third-party sellers parcels of land in Davao City, Dumaguete, Rizal and Taguig.

In 2022, FLI acquired from various third-party sellers the parcels of land in Mandaluyong City, Manila, Paranaque, Valenzuela, Dumaguete, Davao, Cavite, Rizal and Bulacan.

In 2024, FLI acquired a parcel of land in Rizal from a third-party seller.

Residential Developments

FLI will further grow its core residential real estate development business, which includes house and lots, MRBs, and high-rise condominium units contributing 61% of the total revenues. Currently, FLI has the following completed and on-going high-rise condominium projects:

The Linear

The Linear, a master-planned residential and commercial hub in Makati City. Two (2) L-shaped towers, each twenty- four (24) storeys high, comprise this dynamic condominium community that perfectly caters to the needs of young urban professionals.

Studio City

Studio City is a community composed of a five-tower residential condominium complex within the Filinvest City to serve the demand for housing of the growing number of professionals working within Filinvest City and in the nearby Madrigal Business Park.

Since it is located within Filinvest City, residents enjoy proximity to Festival Supermall, Westgate Center, Northgate Cyberzone, Asian Hospital and Medical Center, and other commercial, educational and medical institutions. The development consists of eighteen (18) storeys per building with commercial units at the ground floor. All residential floors have twenty-five (25) studio units per floor.

The Levels

Located at one of the highest points of Filinvest City at around 23 meters above sea level, The Levels is a one-block, four (4)-tower residential condominium development that features laidback suburban living inside a fast-paced business district. The residential development is set in a tropical landscape, with four (4) towers uniquely designed with terracing levels, giving it a castle-effect look. The high-rise sections will be set in lush greenery, providing residents with views of the gardens.

Studio N

Studio N is a 25-Storey development and is the latest addition to the studio series portfolio of Filinvest. This is located at the main business hub of Filinvest City. The project has already been topped off, with construction progressing steadily toward completion.

The Levels, Studio City and Studio N are located within the Filinvest City, residents will enjoy proximity to Festival Supermall, Westgate Center, Northgate Cyberzone, Asian Hospital and Medical Center, and other commercial, educational and medical institutions.

Vinia Residences

Vinia is a 25-storey condominium development located along EDSA in Quezon City, right across TriNoma and just steps away from the MRT-North Avenue station. With its coveted location, it offers a world of ease and convenience to yuppies and families looking for quality homes, as well as budding entrepreneurs who want to start a home-based business at the heart of the city. This is fully completed.

Studio Zen

Studio Zen is a 21-storey condominium development located along Taft Avenue in Metro Manila. Student-oriented amenities, Zen-inspired features, and functional building facilities makes it an ideal residence for students living independently and a great investment opportunity for entrepreneurs who want to take advantage of the ready rental market in the area. This is fully completed.

Studio A

Studio A is a single tower 34-storey hi-rise residential condominium located in Loyola Heights in Quezon City. A community conveniently situated near premier universities, the LRT 2 line and other commercial establishments. This is fully completed.

100 West

100 West is a single tower 38-storey high-rise commercial and residential condominium with office spaces located in Gen. Gil Puyat Avenue corner Washington St. in Makati City. 100 West is in the Makati Business District and accessible to both north and south of Metro Manila. This is fully completed.

Studio 7

Studio 7 is a mixed-use development that will have office and residential towers complemented with retail outlets, located in Quezon City along EDSA very close to the GMA-Kamuning MRT station. Studio 7 will have studios as well as one-bedroom residential units. This is under construction and about 95% complete.

Activa

Activa is a mixed-use development with residential, office, and retail components. It is entrenched in the heart of Quezon City's busiest and liveliest district, Cubao. Situated at the crossroads of two (2) of the metro's most vital thoroughfares. Activa connects to the north and south via EDSA, and to the east and west via Aurora Boulevard. It also has direct access to the MRT and LRT lines, and accessible by various modes of transportation like buses and jeepneys. The project was recognized and awarded by Dot Property as the best Mixed-Use Development for 2019 for its mixed-use concept which blends in key components such as convenience, flexibility, entertainment, and leisure. This is under construction

FLI expects to remain focused on core residential real estate development business which includes landed housing, medium-rise buildings (MRB) and high-rise condominium projects, residential farm estates, entrepreneurial communities, and leisure developments in response to the demands of the Philippine market.

Marina Town Dumaguete

A mixed-use development nestled against the backdrop of Dumaguete Bay. Marina Town is a 1.9-hectare integrated, metropolitan destination set to redefine the landscape of the progressive city.

The following are the most recently launched projects and projects with new phases and buildings:

PROJECT	LOCATION
HORIZONTAL	
Amarilyo Crest	Rizal
Pineview	Cavite
Sandia	Batangas
Tierra Vista	Bulacan
The Grove	Rizal
Savannah Place	Cavite
Futura Homes Palm Estates	Bacolod
Futura Homes Mactan	Cebu
Futura Homes Iloilo	Iloilo
Futura Homes Koronadal	South Cotabato
Anila Park Residences	Rizal
Aria at Serra Monte	Rizal
The Prominence	Quezon City
Futura Homes Davao	Davao
New Fields at Manna	Rizal
Meridian Place	Cavite
Valle Dulce	Laguna
Ventura Real	Rizal
Claremont Expansion	Pampanga
Southwinds	Laguna
Futura Zamboanga	Zamboanga
Enclave	Muntinlupa
New Leaf	Cavite

PROJECT	LOCATION
MRB	
One Oasis Cebu	Cebu
One Oasis Cagayan de Oro	Cagayan de Oro
Panglao Oasis	Taguig
One Spatial	Pasig
San Remo	Cebu
Centro Spatial	Davao
One Spatial Iloilo	Iloilo
Marina Spatial	Dumaguete
8 Spatial	Davao
Maui Oasis	Manila
Alta Spatial	Valenzuela City
Bali Oasis	Pasig
Maldives Oasis	Davao
Sorrento Oasis	Pasig
Veranda	Davao
Futura East	Cainta
Centro Spatial	Manila
Belize	Muntinlupa
Futura Vinta	Zamboanga
Futura Bay	South Cotabato
Futura Monte	Naga City
Futura Shores	Dumaguete
Sydney Oasis	Bacoor

Mira Valley	Rizal
Hampton Orchard	Pampanga
Futura Mira	Calamba
Futura Plains	Rizal
Tropics 4	Cainta
Alta Vida 4&5	Bulacan
Rosewood Place	Cavite
The Arborage C	Laguna
New Leaf Phase 2	Cavite
Celestia	Rizal
Futura Primo	Bataan

HRB	
Activa	Quezon City
Levels	Alabang
Studio City	Alabang
Studio N	Alabang
Walkup	
Futura Rise	Iloilo

These ongoing developments are expected to require additional funds, FLI is confident that it will have sufficient resources to finance these through internally generated cash, debt, or a combination of both.

FLI expects to remain focused on core residential real estate development business which includes landed housing, medium-rise buildings (MRB) and high-rise condominium projects, residential farm estates, entrepreneurial communities, and leisure developments in response to the demands of the Philippine market.

Leasing Segment

The Company has a significant leasing portfolio comprising mostly commercial office and retail developments, including forty (40) offices and BPO buildings, its flagship mall, the Festival Supermall in Filinvest City, and four (4) other community malls, in addition to retail spaces in mixed-use developments. The Company was a pioneer among Philippine landlords with the longest histories of focusing on the BPO industry as tenants. The Company believes this history and track record is a competitive advantage in gaining the continued confidence of BPO locators.

	For the years ended December 31,		
	2023	2024	**2025**
	(In thousands)		
Cinema operations by type of goods or services (included as part of rental and related services)			
Theater and parking sales	₱214,452	₱248,461	**₱257,696**
Snack bar sales	14,066	15,188	**15,394**
	228,518	263,649	**273,090**
Tenant dues			
Office leasing	1,149,383	1,176,240	**1,120,310**
Mall and other leasing operations	379,197	415,697	**501,740**
	1,528,580	1,591,937	**1,622,050**
Rental revenues			
Office leasing	3,511,044	3,633,481	**3,724,306**
Mall operations	1,605,302	1,856,071	**2,005,958**
Others	327,506	502,955	**621,616**
	5,443,852	5,992,507	**6,531,880**
Total Revenue	₱7,200,950	₱7,848,093	**₱8,247,020**

FLI has the following investment properties for lease:

Commercial Retail Leasing Properties

Festival Supermall

The landmark project, Festival Supermall, carries on its position as the prime destination for recreation and retail in southern Metro Manila. With more 'firsts' on its offerings and a better shopping ambiance, the mall has elevated the retail experience in the south. It is one of the country's largest shopping malls with more than 1,000 shops.

Major improvements have been undertaken and continue to be undertaken for the existing mall and its facilities. New interiors give the mall a refreshed look and modern ambiance, complementing the recently completed 46,000 sq.m. expansion wing.

The introduction of new and unique food establishments has made Festival a gastronomic destination ushering in new traffic and strengthening its appeal to its core target market. The Water Garden, a new distinctly refreshing outdoor amenity and convergence zone in the expansion wing, continues to be favorite among mall patrons. Uniqlo opened its first ever roadside store in the country in Westgate, Festival's affiliated lifestyle development in Filinvest City.

Other Filinvest Lifemalls

The following table sets out a summary of the Company's other major Filinvest Lifemalls:

Mall	Location	GLA (sq.m.)	Features
Fora Mall	Tagaytay Rotonda	~26,000	● 24-hour Super Metro anchor store ● Four (4) digital cinemas ● ISports amusement concepts ● Open air amphitheater and forest features ● Beside Quest Hotel
Main Square	Princeton Heights, Bacoor, Cavite	~18,000	● Robinsons Supermarket ● Watsons, Ace Hardware, DIY ● Anytime Fitness ● Starbucks, Coffee Bean & Tea Leaf ● Beside Bacoor City Hall
Il Corso	City di Mare, Cebu	~18,000	● Outlet stores of well-known global fashion brands ● Seaside waterfront boardwalk with al fresco dining ● Central piazza with dancing fountain ● Fully-functional lighthouse and battleship playground for children ● Cebuano homegrown food concepts
Filinvest Malls Dumaguete……..	Marina Town, Dumaguete	~3,800	● Spectacular views of Dumaguete Bay ● First UCC café in Dumaguete City ● National and regional store chains opening first stores in Dumaguete

Overall occupancy rate of all retail malls is at 80% of total retail GLA as of December 31, 2025.

Retail Space Projects in the Pipeline

As of the date of this Offer Supplement, the Company has no plans to acquire any additional shopping malls, but intends to undertake commercial and retail projects to complement its residential developments in selected areas.

Mall Locators

In the Philippines, many major shopping malls have been developed by companies which also own large retail operations that to

comprise a large chunk of the leasable area. The Company does not own any retail operations. Because the Company and its affiliates are focused primarily on real estate development and finance, the Company believes that this gives its Filinvest Malls the flexibility to sign up tenants who can best serve its target market. The Company has successfully attracted major retailers at the Filinvest Malls, such as Robinsons Retail Holdings, Inc., SM Retail, Inc., Stores Specialists, Inc. (SSI), Metro Retail Stores Group, H&M, Uniqlo and The Landmark.

The retail leasing business is not dependent upon a single customer or a few customers, the loss of any or more of which would not have a material adverse effect on the registrant and its subsidiaries taken as a whole. It is also not dependent on any related party.

Mall Leasing Policies

FLI manages its Filinvest Lifemalls with a view to maximizing and enhancing its value by ensuring that it has a mix of tenants that will allow it to cater to the widest possible range of market segments and to meet consumer demand in the communities which the mall serves.

Tenants enter into short to medium-term leases, typically for two (2) to five (5) years, with tenants required to make a security deposit equal to three (3) to six (6) months' rent and to pay rent on a monthly basis. Tenants pay rents that are either fixed or are comprised of a base rent plus a variable portion ranging from 1.5% to 15.0% of the tenants' sales revenues. Typically, tenants operating restaurants and other dining establishments are charged higher variable rates than tenants who operate apparel stores and other retail establishments. The combined rent of a base amount per sq.m. plus a variable rent factor based on a percentage of sales, is subject to a minimum rent computed at an amount per sq.m. per month. The base portions of rents are primarily determined by the specific location in the mall and size of space being leased and are typically subject to an annual escalation rate. Fixed rate leases are generally with tenants that provide services (such as banks and foreign exchange centers) or which sell high-priced goods (such as jewelry stores and computer stores) and which do not typically generate high turnover. Tenants are charged separately for common area-related costs, such as costs for security, janitorial and other maintenance services and for utilities.

Commercial Office Properties

As of December 31, 2025, the Company owns commercial office spaces for lease to several BPO and other office locators with total gross leasable space of 720,314 sq.m. Primarily, these are located in Northgate Cyberzone in Filinvest City, Alabang, Muntinlupa. Northgate is an 18.4-hectare IT-BPO campus-style hub accredited by the Philippine Economic Zone Authority (PEZA) that enjoys developer incentives. Among the Company's portfolio is the PBCom tower where FLI owns 60.0% through FAC, which owns 50.0% of the 52-storey PBCom Tower in the Makati CBD. PBCom Tower is a Grade A, PEZA-registered, IT/office building located along Ayala Avenue, Makati City with a GLA of 35,148 sq.m.

The Company also owns several completed office developments, in Bay City, Pasay, at EDSA, Mandaluyong near Ortigas MRT station, at Gil Puyat, Makati City, at Clark Mimosa and at Cyberzone Cebu IT Park. A summary of the GLA is set forth below:

Location	Number of Buildings	GLA (sq.m.)
Northgate Cyberzone, Filinvest City	20	366,895
Metro Manila outside of Filinvest City	10	210,396
Outside Metro Manila	10	143,023
Total	**40**	**720,314**

Overall occupancy rate of the office developments as of December 31, 2025 is at 60%. The Company is expecting the office leasing vacancy to decline in the next five (5) years. In 2025, our office leasing business awarded 93,000 square meters of new leases.

The office buildings of Filinvest are mainly located in business parks or in mixed-used complexes highly accessible to public transport. The Company believes its business park model, wherein the Company builds on areas specifically suited for business and industrial establishments supported, in certain cases, by incentives from the Government, gives it a competitive advantage as business parks are the preferred site of major BPO tenants. Being located in a major business park allows the tenants assurance of expansion options within close proximity thereby giving the Company an advantage over stand-alone developments.

- Northgate Cyberzone, an 18.7-hectare, PEZA-registered IT park located in Filinvest City in Alabang. The office buildings of the Company sit within the ten (10) hectare parcel of land in the Northgate district owned by FLI.

- Mimosa Workplus, an office campus type environment that is comprised of eight (8) buildings set amidst the lush natural environment of the Filinvest Mimosa+ Leisure City.

- Cyberzone Cebu and Filinvest IT Park are two (2) distinct developments on two (2) separate BTO arrangements with the

Cebu Province having land area of 1.2 hectares and 2.9 hectares respectively. The said properties are in close proximity to the city center located along Salinas Avenue and Banilad, in Cebu City. Together they comprise seven office towers, a mall and a hotel development. The office and mall portions are pre-certified LEED Gold rating.

- Studio 7 is a two (2)-tower mixed-use complex comprising of residential and office buildings on a retail and parking podium. Located along major thoroughfare EDSA in Quezon City, it is strategically located close to the GMA Kamuning Metro Rail Transit 3 Station and is a pre-certified LEED Silver rating.

- Filinvest Cyberzone Bay City is a four (4)-tower office complex in the bustling section of the Bay Area. The complex is also certified LEED Silver rating.

- Filinvest Buendia, a prime office address at the heart of Makati City, is a 14-storey development that complements the vibrant and fast-paced lifestyle of urbanites by offering state-of-the-art leasable office and retail spaces. As of December 31, 2025, it is fully leased out by the Philippine Department of Trade and Industry (DTI).

FLI expects to add 10,604 square meters of additional GLA upon completion of its ongoing office development in Binondo, Manila within 2026. Capital expenditures for this project will be funded through debt financing, internally generated cash, or a combination of both. FLI remains confident that sufficient funding will be available to support the development as needed.

Lease Profiles

The Company's office tenants are principally companies in the BPO sector with customer care, medical transcription, software development, graphic design and animation services. Firms that provide corporate backroom support operations, such as accounting and bookkeeping, account maintenance, accounts payable administration, payroll processing, expense and revenue reporting, legal, financial reporting and other finance-related services, have also established a growing presence in the Philippines. Aside from the BPO sector, there are Traditional HQ tenants and government agency tenants. As of December 31, 2025, FLI has no exposure to POGO tenants.

Office space leases for FLI are typically for periods ranging from three (3) to five (5) years, although "built-to-suit" buildings are typically leased for ten years. The lease agreements generally require tenants to make a three-month security deposit and three (3) months advance rent. Rent is paid on a fixed per sq.m. basis, depending on unit size and location.

The office leasing business is not dependent upon a single customer or a few customers, the loss of any or more of which would not have a material adverse effect on the registrant and its subsidiaries taken as a whole. It is also not dependent on any related party.

FLI's current tenants include Top Multinational BPO Companies - which are some of the most recognized players in the BPO space. FLI enjoys relatively high repeat business from its existing clients with about 90% of its current tenants being original tenants who have opted to either renew or extend their respective lease contracts, suggesting the company's strong ability to retain quality lessees.

New Leasing Formats

The Crib Clark located in the Clark Mimosa Leisure estate serves as temporary living accommodations for employees within the Clark Economic Zone.

Filinvest Innovation Parks in Filinvest New Clark City and Ciudad de Calamba targets industrial locators who will lease land or ready built factory buildings. Locators may lease land or ready built factories (RBFs) which are more flexible and can expand depending on the business requirement of the tenant. The locator may also opt to purchase the industrial lot or the leasehold rights.

Trading Segment

The Company, develops and sells residential subdivisions, commercial lots, housing units, MRBs and HRBs across all income segments in the Philippines with an emphasis on the affordable and middle-income segments. The Company also develops central business districts ("**CBDs**"), and other mixed-use and residential projects such as various types of townships, residential farms, leisure estates and condotels. As of December 31, 2025, the Company had over 220 developments under construction in 56 cities and municipalities located throughout the Philippines.

The following tables set forth the Company's trading real estate revenue for 2023, 2024 and 2025 (in thousands, except for % figures):

	For the year ended December 31,					
	2023		2024		2025	
In thousands, except %	(₱)	(%)	(₱)	(%)	(₱)	(%)
Real estate sales by market segment						
Medium income	₱9,835,600	68%	₱11,336,019	74%	**₱11,345,218**	**70%**
Low affordable and affordable	3,367,527	23%	1,863,213	12%	**2,763,988**	**17%**
High-end and others	855,169	6%	1,524,605	10%	**1,498,974**	**9%**
Socialized	428,210	3%	668,924	4%	**665,835**	**4%**
	₱14,486,506	**100%**	**₱15,392,761**	**100%**	**₱16,274,015**	**100%**

Residential Housing

Since it began commercial operations, FLI's core business has been developing and selling residential subdivisions and housing units in the Philippines. In the 1990s, FLI started developing affordable housing units in the Philippines. Since then, the Company has ventured into the development of other real estate products, such as MRBs and HRBs. The Company believes that its long-standing brands, built over a five (5)-decade history of success and innovation provides it with an advantage in the marketing and sales of its core affordable housing products nationwide.

The Company's residential projects include houses, lots, MRBs and HRBs, which are offered in the socialized, affordable, middle income and high-end housing segments. Except for FLI's socialized housing products, which are categorized based on criteria set by the Government, FLI's residential product lines are categorized based on criteria determined solely by the Company, taking into consideration factors such as the price points for each category and the target market for each project. The criteria set by the Company in determining which of its projects are affordable, middle-income and high-end may differ from those set by its competitors and by industry associations.

The Company's customer base consists of both domestic and overseas Filipinos. The Company believes the OFW population and expatriate Filipinos contribute a significant portion of the demand for FLI's affordable and middle- income housing by remitting funds to family members in the Philippines to purchase property and by purchasing properties from abroad. For the years ended December 31, 2023, 2024, and 2025 sales attributable to OFWs accounted for approximately 24%, 22%, and 19% of the Company's total real estate option sales, respectively.

Landed Residential Housing

Socialized Housing

Socialized housing is marketed under FLI's "Pabahay" brand, with lots typically priced at up to ₱160,000 per lot and housing units typically priced at up to ₱850,000 per unit. FLI's socialized housing comprises large-scale, mass- housing projects that have historically ranged in size from approximately six to 55 hectares and have been developed in phases typically comprising 1,000 lots of 35 to 50 sq.m. each, organized in clusters of front-expandable row houses with supporting amenities and facilities. Government regulations require developers to allocate at least 5% or 15% of total project cost or total area for socialized housing units, although this requirement can also be satisfied through alternative means. Buyers of socialized housing projects are eligible to obtain financing from the Government's Pag-IBIG Fund. Maximum sales prices for FLI's socialized housing products do not exceed the Government-mandated ceiling of ₱950,000 per unit and income realized from the development and improvement of socialized housing sites are exempt from taxation. See "*Regulatory and Environmental Matters*."

Affordable/Middle-Income Housing

Affordable housing is marketed under FLI's "Futura by Filinvest" brand, with lot-only prices ranging from ₱445,000 to₱1,900,000 and per-unit prices for housing units ranging from ₱970,000 to ₱2,600,000. Affordable housing developments typically range from two (2) hectares to twenty-six (26) hectares and have been developed in phases typically comprising approximately 300 lots each. Houses typically have a floor area of approximately 40 sq.m., with a lot size generally between 80 to 150 sq.m. FLI designs and constructs homes in this sector with the capacity and structural strength to give the owner the option to place an additional storey, which can double the available floor area. Affordable housing projects are typically located in provinces bordering Metro Manila, including Bulacan, Laguna, Batangas and Cavite, and in key regional cities and provinces such as Tarlac, Cebu, Davao, Palawan, Bacolod and Koronadal. Construction of a house in this sector is usually completed approximately nine months from the completion of the required down payment.

The Company markets its middle-income housing under the "Aspire by Filinvest" brand, with lot-only prices ranging from ₱1,500,000 to ₱5,500,000 and per-unit prices for housing units ranging from ₱3,900,000 to ₱8,000,000. Historically, FLI's middle-income housing developments have ranged in size from approximately five (5) to forty-six (46) hectares and have been developed

in phases typically comprising approximately 150 lots of 150 to 300 sq.m. each. Middle-income housing developments are typically located within Metro Manila, as well as nearby provinces such as Rizal, Cavite, Pampanga and Laguna, and major regional urban centers in Cebu, Davao, and Zamboanga.

A typical home in middle-income projects has two (2) stories. Houses in this sector are designed and constructed with the capacity and structural strength to allow the owner to add extensions to the existing structure. Construction of a house is usually completed approximately nine (9) to twelve (12) months from the receipt date of the final installment of the required down payment.

High-end Housing

The Company markets its high-end housing developments under the "Prestige by Filinvest" brand, with lots priced at above ₱5,500,000 each, and per-unit prices for housing units above ₱8,000,000. The Company also markets high-end housing projects under the "Filigree" brand for its more exclusive developments. Historically, the Company's high- end housing developments have ranged in size from approximately 5 to 25 hectares and have been developed in phases typically comprising approximately 35 to 300 lots of 250 to 1,000 sq.m. each. High-end housing developments are typically located within Metro Manila and in areas immediately outside Metro Manila and in major regional urban centers in Cebu. A typical home in a high-end housing project has two (2) stories. Homes in this sector are designed and constructed with the capacity and structural strength to allow the owner to add extensions to the existing structure. Construction of a house is usually completed approximately nine (9) to twelve (12) months from the receipt date of the final installment of the required downpayment.

Vertical Residential Housing

Medium-Rise Buildings or MRBs

MRB projects are designed in clusters of buildings that surround amenities with the intention of providing a quiet environment within an urban setting. MRBs are typically around five (5) stories with an elevator and include studio, one bedroom, and two (2) bedroom units. The Company's policy is to commence construction of an MRB building when at least 50.0% of the units in the building have been sold. From a developer's perspective, MRBs offer several benefits, compared to high-rise developments. MRBs can generally be constructed in less than one year once all approvals have been obtained, which reduces the risk borne by FLI between the launch and delivery of a project. The lower height of MRBs also reduces construction costs compared with high-rises, which require extra reinforcement to protect against earthquake damage.

MRBs are marketed under FLI's "Oasis" brand for the middle-income market and under FLI's "Spatial" brand for the affordable housing market. MRBs under the "Oasis" brand typically have per-unit prices ranging from ₱3,300,000.00 to ₱20,000,000.00 depending on the size of the unit, while MRBs under the "Spatial" brand typically have per-unit prices ranging from ₱2,800,000.00 to ₱6,200,000.00. MRBs offer low-density development and lower association dues compared with high-rise condominium buildings, in addition to a lower price per sq.m. MRBs are generally located in prime urban zones. Further, MRBs are developed to maximize open space, with buildings typically occupying 30% to 35% of the development's land area. In contrast with its other developments, which generally require the down payment to be paid within 12 months, FLI generally allows MRB purchasers to pay the down payment in installments over a 24-month period.

Walk-ups. A new sub-segment of products under MRBs is the Walk-up, a low-density three-story condominium project, typically in a compound of buildings with shared amenities. FLI's first such walk-up project is Futura Rise, located within the community-centric Iloilo Centrale development in Leganes, Iloilo. Futura Rise is designed to enable a holistic and wellness-centered lifestyle for the entire family, pets included—most high and mid-rise projects do not allow pets as these may suffocate in the confines of small units. The walk-up aims to offer buyers twin benefits: the convenience and affordability of a condominium unit with the freedom and amenities afforded by a house-and-lot subdivision

As of the date of this Offer Supplement, the Company has 2 MRB projects with more than 100 buildings throughout Luzon, Visayas and Mindanao.

High-Rise Buildings or HRBs

The Company develops HRBs in prime areas. HRBs are at least eighteen (18) stories, with various floor plans and designs depending upon the demographics of the target market for each building. FLI's policy is to commence construction of an HRB when at least 50% of the units in the building have been sold. From a development perspective, HRBs generally can be constructed in two (2) years once all government approvals have been obtained. As of December 2025, all of FLI's HRBs are currently in the major urban population centers of Metro Manila, with the exception of one condotel project in Cebu.

Leisure Projects

The Company's leisure projects consist of its condotels, residential farm estates, and residential resort developments.

Condotels

FLI developed the 25-storey Grand Cenia Hotel and Residences, which is strategically located across the Cebu Business Park, a joint venture project of FLI, as developer, and Gotianun Family-owned GCK Realty Corporation, as landowner. Under the terms of the joint venture agreement, GCK Realty Corporation contributed 4,211 sq.m. of land to be developed in accordance with a master development plan in exchange for an 8% interest in the joint venture. The condotel units are targeted to business travelers, returning OFWs and expatriate Filipinos. Owners of individual condotel units are required to place their units in a rental pool that will be operated as a business hotel. Owners are entitled to use the unit for 14 days annually. The units were handed over to the condotel buyers for preparation for hospitality operations. In 2012, the hotel started operating as the Quest Hotel and Conference Center, Cebu, a three-star hotel with business and conference facilities. The Company has also developed the Fora Hotel Tagaytay.

Residential Farm Estates

The Company began marketing its residential farm estate projects to customers in 2003, after FLI's in-house market research indicated that there was demand among customers, such as retirees and farming enthusiasts, for leisure farms that can serve as alternative primary homes near Metro Manila. To help attract buyers, the Company maintains demonstration farms in its farm estate projects and also has personnel on site to provide buyers with technical advice on farming. Customers can purchase lots (with a minimum lot size of 750 sq.m.) on which they are allowed to build a residential unit (using up to 25.0% of the total lot area). The remaining lot area can be used for small-scale farming, such as fish farming or vegetable farming. Residential farm estates are sold on a lot-only basis, with buyers responsible for the construction of residential units on their lots.

As of the date of this Offer Supplement, the Company has three (3) residential farm estates under FLI, Nusa Dua Farm Estate, Mandala Residential Farm Estate and Forest Farms Residential Farm Estate. Nusa Dua Farm Estate is located in Cavite, just south of Metro Manila. Mandala Residential Farm Estate ("**Mandala**") is located in Rizal province and integrated in FLI's Timberland Heights township project. Forest Farms Residential Farm Estate ("**Forest Farms**") is also located in Rizal province as part of FLI's Havila township project. It is an exclusive mountain retreat and nature park, located between the hills of Antipolo and the forested area of Angono, Rizal.

Residential Resort Development

FLI entered the high-end residential resort market in 2007 with the launching of the Laeuna de Taal project located along Tagaytay Ridge, Batangas and the Kembali Coast project and Veranda Resort Condominium in Samal Island, Davao. The residential resorts capture the growing demand for second homes and leisure and retirement destinations of the high-end market segment. Laeuna de Taal, provides scenic views of the Taal Lake, and offers three (3) residential enclaves: Arista, Bahia, and Orilla. Located on the water from of Laeuna de Taal is the Lake Club, a lakeside amenity designed for wellness, recreation and events. Kembali Coast is an Asian-Balinese inspired beachfront residential development with a 1.8 kilometer beach, providing seaside resort-style living in the Mindanao area. Kembali has a total land area of 50 hectares while the Laeuna de Taal project has a total land area of 60 hectares.

Other Infrastructure

District Cooling System

FLI has also partnered with Engie Services Philippines pursuant to a 60:40 joint venture to develop the first and largest district cooling system in the Philippines, serving 16 buildings with a total cooling capacity of 12,000 tons of refrigeration. The project is located in Northgate Cyberzone, Filinvest City, commenced construction in 2015, and started operating in 2017. The district cooling system reduces energy consumption by at least 40% and avoids carbon emissions by 50%.The joint venture entity, Philippine DCS Development Corporation ("**PDDC**"), was registered with the SEC on July 31, 2015 and started its commercial operations in September 2017. PDDC's primary purpose is to engage in the business of designing, financing, retrofitting, construction and operation of a district cooling system as well as the supply of chilled water as a utility.

Operations of the Company

Certain activities of the Company include land acquisition practice, project development, site development and construction, marketing, customer financing and customer service and warranties.

Land Acquisition

The Company acquires land for their projects either directly or through joint venture arrangements with land owners. The Company shares a policy that suitable land must be titled, located near areas with sufficient demand and topographically amenable to housing development based on accessibility and the availability of utility infrastructure. The Company also takes into consideration general economic conditions, anticipated demand, the overall competitive landscape, the neighboring environment and amenities and the feasibility of obtaining required governmental licenses, permits, authorizations and adding necessary improvements and infrastructure. Once the Company has decided to acquire specific parcels of land in a particular locale or to enter into a joint venture agreement with a landowner, an extensive due diligence exercise is undertaken.

Joint Ventures

In addition to growing their land bank through direct acquisitions, the Company has in some cases entered into joint venture agreements with land owners, such as its joint venture arrangement with the Cebu City Government for the development of a portion of land in the South Road Properties in Cebu. In Cebu, FLI has developed City di Mare, a master-planned aggregate 50.6-hectare development. The IL Corso Mall is situated on a 10.6-hectare company owned land portion of City di Mare, while FLI constructed MRBs known as San Remo Oasis and Amalfi Oasis on the remaining 40-hectare portion under a joint venture and profit-sharing arrangement with the Cebu City Government.

In September 2015, FLI won the bid for the right to own 55.0% of a joint venture company with the BCDA tasked with the development, marketing, management, and leasing of the first phase of Clark Green City that covers 288 hectares of land adjoining Clark Freeport Zone and CIA in Northern Luzon. Further, in 2016, together with FLI, FDC and the Clark Development Corporation, FLI formed FMI which entered into a 50-year lease (renewable for another 25 years) with the Clark Development Corporation for the development of Mimosa Leisure Estate which the Company has rebranded as Filinvest Mimosa+ Leisure City.

The company also enters into Build-Transfer Operate (BTO agreements) when there are opportunities for it. Currently, Cyberzone Cebu and Filinvest IT Park are two (2) distinct developments on two (2) separate BTO arrangements with the Cebu Province, having land areas of 1.2 hectares and 2.9 hectares respectively, are in close proximity to the city center located along Salinas Avenue and Banilad, Cebu City. Together they comprise of seven (7) office towers, a mall and a hotel development. In 2025, FLI officially handed over Filinvest Cyberzone Cebu Towers 3 and 4 to the Provincial Government of Cebu. As of December 31, 2025, there are four operational buildings under the BTO arrangement.

The Company generally will not enter into joint venture development arrangements for less than a majority interest. For a discussion of certain risks associated with these joint venture arrangements see "*Risk Factors — Risks Relating to the Company's Businesses*" — The Company operates in competitive industries, which could limit the Company's ability to maintain or increase its market share and maintain profitability" and "*Risk Factors — Risks Relating to the Company's Businesses"* — The interests of the Company's joint venture partners may differ from those of the Company and such partners may take actions that adversely affect the Company."

The Company's joint venture arrangements typically require the joint venture partner to contribute the land to the project, with the Company bearing all costs related to land development and the construction of subdivision facilities. The joint venture partner is required to clear the land of tenants and informal settlers before the Company commences development work on the land. The Company and each of their joint venture partners then agree on which of the resulting subdivided saleable lots will be allocated to the Company and which lots will be allocated to the joint venture partner, in accordance with their respective joint venture interests. Sales and marketing costs are allocated to both the Company and the joint venture partner, with the joint venture agreement specifying a percentage of the contract price (typically 12.0% to 15%) for the lots allocated to the joint venture partner as the sales and marketing costs (including commissions to brokers) attributable to the sale of such lots. However, the Company is responsible for organizing and conducting actual sales and marketing activities.

Project Development

Project development involves obtaining the required Government regulatory approvals and planning the potential project. Typically, site development after land acquisition takes at least one year, during which time the Company prepares both the master plan for the entire project (which can take several months and may be revised over the course of the project) and detailed plans for each project phase (which can take up to two (2) months), obtain the necessary Government approvals and permits and conduct pre-marketing activities. For residential projects, once the project has received a development permit from the relevant LGU and a permit to sell from the DHSUD, pre-sales of the residential lot or unit can begin (often on an initial phase of the project), and initial development work on the project site may commence. Before the site development process can begin, the Company must obtain clearances from various Government departments, principally the DENR, the Philippine Department of Agriculture ("**DA**") and the DAR, as well as the local government. For more information, see "*Regulatory and Environmental Matters*" for a discussion of government regulations FLI must obtain in the course of developing its projects. See also "*Risk Factors — Risks Relating to the Company's Businesses"* — The Company's businesses are highly regulated and Government policies and regulations could adversely affect the Company's operations and profitability."

The Company generally utilizes its in-house design capabilities to plan potential developments but in some cases third parties are hired to design and plan projects. In particular, the Company hires third parties, including international firms, to design projects which are complex and require specific technical expertise and to design specific high-end projects. The Company finances the development of projects through a combination of pre-sales (primarily for residential projects) and internally-generated funds, particularly for the construction of common areas and facilities during the early stages of a project. From time to time, the Company also obtains medium- and long-term loans from financial institutions to help finance larger development projects. The Company expects this financing model to continue going forward.

Site Development and Construction

Site development and construction work for the Company's projects are contracted out to various qualified independent contractors taking into consideration each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. For larger projects, such as site development work, contracts are awarded on the basis of competitive bidding. The Company maintains relationships with over 100 independent contractors and deal with each of them on an arm's-length basis. The Company does not enter into long-term arrangements with contractors and contracts typically cover the provision of contractor's services in relation to a particular project or particular housing units. The Company is not and does not expect to be dependent upon one or a limited number of suppliers or contractors.

The Company has a team of project engineers who perform the following functions:

- directly managing site development and construction activities;
- coordinating the activities of contractors and suppliers;
- overseeing quality and cost controls; and
- ensuring compliance with zoning and building codes and other regulatory requirements.

Typically, the Company enters into fixed-price contracts with their contractors, with the cost of materials included as part of the price. Site development work or housing unit construction will typically take eight (8) to twelve (12) months to complete. Most construction materials are provided by the contractors themselves in accordance with the terms of their contracts with the Company. In certain cases, the Company supplies some of the major materials such as cement and steel or guarantee payment to their specified suppliers for purchases by contractors of construction materials. In such cases, the Company makes direct payments to such suppliers, with the amounts paid by the Company for construction materials deducted from payments to the contractors. Progress payments are made to contractors during the term of the contract upon the accomplishment of pre-determined project performance milestones. The Company usually retains 10.0% of each progress payment in the form of a guaranteed bond or cash for up to one year from the date the contracted work is completed and accepted by the Company. The amounts retained are used to meet contingency costs, such as addressing claims from purchasers.

In 2017, the Company also created its own construction corporation, DPI.

Marketing for Trading Sales

The Company develops customer awareness through marketing and promotion efforts as well as referrals from satisfied customers. As of December 31, 2025, the Company had a real estate marketing team and a network of sales offices located in the Philippines, Italy, Canada, UAE, and Japan, as well as accredited agents in other parts of Europe, Hong Kong, Singapore and the Middle East. The Company conducts advertising and promotional campaigns principally through print and broadcast media, including billboards, fliers and targeted brochures. Advertising and promotional campaigns are conceptualized and conducted by the Company's marketing personnel and by third-party advertising companies. These campaigns are complemented with additional advertising efforts, including booths at shopping centers, such as Festival Supermall, Fora Mall, Main Square, Il Corso and other high traffic areas, to promote open houses and other events.

The Company also believes that the OFW population, as well as expatriate Filipinos, constitute a significant portion of the demand for FLI's affordable and middle-income housing and the Company's land development projects generally, either directly or indirectly by remitting funds to family members in the Philippines to purchase property. To this end, the Company, through its International Sales Group (ISG), has appointed and accredited independent brokers in countries and regions with large concentrations of OFWs and expatriate Filipinos, such as Italy, Japan, the United Kingdom and the Middle East. These brokers act as the Company's marketing and promotion agents in these territories to promote the Company and its products. The Company also sponsors road shows to promote their projects, targeting the OFW and Filipino expatriate markets. FLI also markets its properties on the Internet.

Marketing and Management for Leasing Segment

To attract call center and BPO firms, FLI has historically relied primarily on professional, multinational commercial real estate leasing agents (including, but not limited to, CB Richard Ellis, Jones Lang LaSalle and Colliers) to find tenants for its office buildings. These brokers work on a non-exclusive basis and earn commissions based on the term of the lease. FLI also maintains, through its subsidiaries, an in-house sales team to market its office and commercial spaces.

With the exception of PBCom Tower, which is managed by a third-party facilities management company, day-to-day operations for FLI's office leasing properties are currently handled by ProOffice Works, a subsidiary of FLI. The management services provided by ProOffice Works include: construction-related services, general management services, accounting services, operations, legal review and documentation, office rental services, recruitment and training services, and property management and tenant relations.

Day-to-day operations at Filinvest Lifemalls are currently managed by Festival Supermall, Inc. ("**FSI**"), a wholly owned subsidiary of FLI. As of December 31, 2025, FSI had approximately 129 personnel responsible for the day-to- day operations of Filinvest Lifemalls, many of whom have prior experience in shopping center operations. Engineering, maintenance, security and janitorial services for the mall are outsourced to third-party service providers on an annual basis. These third-party contracts can be terminated by FSI at any time in certain circumstances, such as if the contractor fails to perform at an acceptable level.

Leasing Policies

FLI manages its Filinvest Lifemalls with a view to maximizing and enhancing its value by ensuring that it has a mix of tenants that will allow it to cater to the widest possible range of market segments and to meet consumer demand in the communities which the mall serves. Overall occupancy of all malls as of December 31, 2025 was at 80%.

Tenants enter into short- to medium-term leases, typically for periods of two (2) to five (5) years, with tenants required to make a security deposit equal to three (3) to six (6) months' rent and to pay rent on a monthly basis. Tenants pay rents that are either fixed or are comprised of a base rent plus a variable portion ranging from 1.5% to 15.0% of the tenants' sales revenues. Typically, tenants operating restaurants and other dining establishments are charged higher variable rates than tenants who operate apparel stores and other retail establishments. The base portions of rents are primarily determined by the specific location in the mall and size of space being leased and are typically subject to an annual escalation rate. Fixed rate leases are generally with tenants that provide services (such as banks and foreign exchange centers) or which sell high-priced goods (such as jewelry stores and computer stores) and which do not typically generate high turnover. Tenants are charged separately for common area-related costs, such as costs for security, janitorial and other maintenance services and for utilities.

Sales

Sales for FLI's housing and land development projects and Filinvest Alabang, Inc.'s residential projects are made through an extensive network of sales channels composed of an in-house sales force, independent local brokers located throughout the Philippines, property portals as well as international service providers. The Company in-house sales agents and independent brokers are compensated through commissions on sales at market rates. In-house sellers also receive a monthly allowance and are provided administrative support by the Company, including office space and expense allowances. The Company believes that its extensive sales network gives the Company the breadth and depth of sales channels needed to expand its property business.

In addition to in-house sellers and independent brokers, the Company also employs representatives who staff their sales offices and provide customers with information about the Company's products, including financing and technical development characteristics. The Company also assigns each project a sales and operations coordinator who provides customers with assistance throughout the whole sales process, starting with the sales reservation, obtaining financing and the final steps of establishing title on their new home. The Company also has personnel who are able to advise customers on financing options, documentation and the loan application process. The Company design down payment plans for low-cost housing customers that are tailored to each customer's economic situation. Further, once a house is sold and delivered, the Company has customer service personnel who are available to respond to technical questions or problems that may occur after delivery of the property.

The Company typically sells residential units on a pre-sale basis, where sales are made before development is completed but after a permit to sell has been issued by the DHSUD. Sales of residential units are made before construction on the house commences. Buyers are required to pay a sales reservation fee and, in most cases, complete the required down payment before construction work on the house begins. Purchasers are required to make a reservation payment ranging from ₱3,000 to ₱100,000 and are also required to make a down payment. The amount of the down payment depends on the type of project, with buyers for socialized and affordable housing projects normally required to provide a down payment of 10.0% to 20.0% of the total contract price and buyers for middle-income and high-end housing projects required to provide a down payment of 10.0% to 30.0% of the total contract price. The down payment is typically payable over a period ranging from one month up to 12 months, depending on the terms of the purchase agreement, however the Company generally permits purchasers to pay the down payment over a period of twenty-four (24) months for MRBs and up to 36 months for HRBs, considering the construction period. Because of the higher down payment requirements for middle-income and high-end housing units, as well as the longer construction periods for these types of houses, the Company sometimes begins constructing these housing units before the down payment has been fully paid, although typically at least 5.0% of the total contract price should have already been paid by the buyer.

For sales of residential units, the balance of the purchase price is due upon the turnover to the buyer of the property being purchased. For residential horizontal housing unit sales, the balance of the purchase price is due upon handover of the H&L, which typically

takes from six (6) to twelve (12) months upon reservation. This construction period usually coincides with the down-payment period. For accounts under bank financing, the full balance of the purchase price is received by the Company from the banks upon completion of the unit and submission of the required documents. The reservation fee and any down payments already made can be forfeited at the option of the developer if a buyer does not pay the full down payment within the required period. Cancellation and refund of accounts are governed by the Maceda Law, when applicable, to which the Company abides. See "*Risk Factors — Risks Relating to the Company's Real Estate and Hospitality Businesses*" — The Company's portfolio of residential property development projects exposes the Company to sector specific risks."

Customer Financing

The ability of customers to obtain financing for purchases of subdivision lots or housing units is a critical element in the success of the Company's residential projects. Customer financing is particularly important in relation to sales of FLI's socialized housing projects, where most prospective buyers require financing for up to 100.0% of the purchase price. FLI therefore assists qualified homebuyers in obtaining mortgage financing from government-sponsored mortgage lenders, particularly for its socialized housing projects, and from commercial banks. The Company overall also provide a significant amount of in-house financing to qualified buyers. Government-subsidized loans still continue to be the largest source of purchaser financing and refinancing for FLI's socialized housing. See "*Risk Factors — Risks Relating to the Company's Real Estate and Hospitality Businesses"* — Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the Company and their customers' ability to obtain financing."

In-house Financing

The Company offers its buyers, who choose not to avail of Government-sponsored or bank financing, the option to obtain in-house financing. In-house financing may appeal to certain buyers who do not qualify for, or chose not to incur, Government or bank financing, primarily because of the associated stringent documentary requirements. For example, OFWs often have difficulty obtaining bank financing because they are not required by the Government to file Philippine income tax returns, which are typically required by banks before approving a loan application. The Company has established screening processes and procedures including background and credit checks on prospective buyers using national credit databases and, where feasible, physical verification of claims regarding residences and properties owned. FLI typically requires a 20.0% down payment and finances the remaining 80.0% of the total purchase price, which is secured primarily by a first mortgage over the property being sold. The loans are then repaid through equal monthly installments over periods ranging from five (5) to ten (10) years. The interest rates charged by the Company for in-house financing typically range from 11.5% per annum to 19.0% per annum, depending on the term of the loan, with the financing agreement providing for an escalation of the interest rate in the event of a general rise in interest rates charged by the banks and other financial institutions.

Where a buyer has obtained in-house financing for a purchase, the Company typically will retain title to the property for a period of twenty-four (24) months after the date of the sale. During this period, if the buyer defaults on the payment of the monthly installments due, the Company has the right to cancel the sale and retain payments already made by the buyer. Once the buyer has complied with his/her payment obligations for twenty-four (24) months, title is issued in the buyer's name and the Company takes a first mortgage over the property. If the buyer defaults on his/her payment obligations after title has been issued, subject to compliance with applicable laws, the Company can foreclose on the mortgage. See "*Risk Factors — Risks Relating to the Company's Real Estate Business"* — The Company faces certain risks related to the cancellation of sales involving their residential real estate projects and if the Company were to experience a material number of sales cancellations, the Company's historical revenues from real estate operations would be overstated" and "*Regulatory and Environmental Matters*."

Pag-IBIG Fund

A substantial number of buyers of FLI's socialized housing units, as well as some affordable housing units, finance their purchases through the Home Development Mutual Fund, or Pag-IBIG Fund. Established in 1978, the Pag-IBIG Fund extends provident and retail housing loans to its members and development loans and credit facilities to private housing developers. By law, all Government and private-sector employees are required to be members of the Pag- IBIG Fund, and employee and employer contributions to the fund are mandatory. To provide a liquidity mechanism to private developers, the Pag-IBIG Fund has instituted a take-out mechanism for conditional sales, installment contract receivables and mortgages and repurchases receivables from housing loans of its members.

Mortgage Loans

Mortgage loans from commercial banks are usually available to individuals who meet the credit risk criteria set by the relevant bank and who are able to comply with such bank's documentary requirements. In addition to taking security over the property, a bank may also seek repayment guarantees from the Philippine Guarantee Corporation ("**Philguarantee**"). The Philguarantee is a Government-owned and controlled corporation and operates a credit guaranty program in support of the Government's efforts to promote home ownership. It provides risk guarantees and fiscal incentives for loans and credit facilities for residential purposes

provided by banks and financial institutions. In the event a buyer defaults in connection with a Philguarantee-registered loan or credit facility, the Philguarantee guarantees the payment to the extent of the outstanding balance and portion of interest. The interest and yield on loans and credits guaranteed by the Philguarantee is exempt from taxation. The Company also assists prospective buyers to obtain mortgage financing from several commercial banks such as BDO Unibank, Inc., Bank of the Philippine Islands, China Banking Corporation, EastWest, Maybank Philippines, Inc., Philippine Savings Bank, Rizal Commercial Banking Corporation, Security Bank Corporation, Union Bank of the Philippines, among others.

Deferred Cash Purchases

In recent years, in addition to the financing arrangements discussed above, the Company has offered so-called "deferred cash" purchases, particularly for its high-end and leisure developments. Under this arrangement, the entire purchase price is amortized and paid in equal installments over a fixed period, which is typically twenty-four
(24) months, and title to the property passes to the buyer only when the contract price is paid in full or when the buyer executes a real estate mortgage in favor of the Company which can be annotated on the title to the property.

Sales Cancellations

Default, cancellation and foreclosure rates are subject to a variety of factors beyond the Company's control. See "*Risk Factors — Risks Relating to the Company's Real Estate Business" —* The Company faces certain risks related to the cancellation of sales involving their residential real estate projects and if the Company were to experience a material number of sales cancellations, the Company's historical revenues from real estate operations would be overstated" and "*Regulatory and Environmental Matters — Real estate sales on installments*."

Customer Service and Warranties

The Company's customer service employees oversee pre-delivery quality control inspections and respond to post- delivery customer needs. The Company responds to customer requests during the construction phase and coordinates the legal requirements that customers must comply with when making a purchase, including signing deeds, obtaining permits, and securing funding.

Under the terms of the Company's sales contracts, buyers may seek repairs for patent (i.e., observable) defects in new homes prior to their acceptance from the Company of the residential unit. If the defect is latent (i.e., non-observable), customers may seek repairs within one year from the date the housing unit was turned over to them for occupancy. Buyers of housing units obtained through financial assistance from the Pag-IBIG Fund are also given one month from full payment of the contract price for the housing unit to bring repair claims for any defects. For middle-income and high-end projects, buyers can seek repairs for all types of defects within one year from turnover of the housing unit, subject to evaluation of the defect by the Company's engineers.

In addition to the foregoing contractual warranties, the Company may be subject to additional liabilities arising from construction defects under Philippine law. However, the Company has historically spent immaterial amounts on claims from customers for construction or other defects. See "*— Site Development and Construction*" and "*Risk Factors — Risks Relating to the Company's Real Estate Business —* Construction defects and other building- related claims may be asserted against the Company, and the Company may be subject to liability for such claims."

Competition

The residential development market in the Philippines is intensely competitive. Success in this market depends on acquiring well-located land at attractive prices, often in anticipation of the direction and rate of urban growth. On the basis of publicly available information and its own market knowledge, the Company believes that it is among the leading housing and land project developers in the Philippines, particularly in the affordable to middle-income housing sectors. Approximately 87% of sales of the Company are in the affordable and middle-income segments. The affordable and middle-income market segments are the most stable and approximately 50% of the housing demand is in this segment. The housing backlog is seen to continue given that demand grows faster than supply. The Company believes that demand in the sector will continue to grow. The Company also believes that it is able to offer competitive commissions and incentives for brokers, and that it is able to compete on the basis of the pricing of its products, which encompasses products for different market sectors, as well as its brand name and its track record of successful completed quality projects.

The Company believes that there are significant barriers that a new entrant must overcome to viably compete in the commercial real estate and high-rise residential building markets, such as having industry-specific technological know-how and the financial capacity to incur the considerable capital expenditure involved. As such, the Company believes that it will be able to compete in this market segment for the foreseeable future. Being a pioneer in providing BPO space, the Company has an advantage because of its multinational client base, which usually has large office space requirements. FLI office buildings are preferred especially by existing clients who are expanding. The Company also believes that as the available space in traditional business centers such as Makati City declines, competition for office space will be determined principally on the basis of price and quality. Furthermore,

the Company believes that the trend will be for BPO firms to diversify locations for risk management and labor pool access reasons. The Company expects to be able to continue to compete in this market because it believes the locations of its leasable office spaces allow BPO firms to tap the labor pool in nearby residential developments and the provinces to the south of Metro Manila and on the basis of competitive rental prices of office space in its buildings, particularly in Northgate Cyberzone.

The Company faces significant competition in obtaining land in the Philippine property market. In particular, the Company competes with other developers in locating and acquiring, or entering into joint venture arrangements to develop, parcels of land of suitable size, in appropriate locations and at attractive prices. This is particularly emphasized for land located in Metro Manila, its surrounding areas, and urbanized areas throughout the Philippines. The Company believes that it has sufficient land reserves for its planned developments for the next several years. If the Philippine economy continues on its growth trajectory and if demand for residential properties remain buoyant, the Company expects that competition among developers for land reserves that are suitable for property development (whether through acquisition or joint venture arrangements) will intensify and will lead to higher land acquisition costs.

The Company competes in the residential segment with other major real estate companies positioned either as a full range developer or with subsidiary companies focused on specific segments of the market or geographic coverage. These companies include Ayala Land, Inc., Vista Land, Robinsons Land, Inc., DMCI Homes and SM Development Corporation. In 2025 residential real estate revenues, FLI is among the top 7 property developers in the Philippines capturing approximately 5% of the market. The Company intends to focus on the affordable and middle income markets across the country which is the Company's core strength. It will also focus on the end-user market and first-time homeowners.

With respect to the Company's assets dedicated to office space leasing and shopping mall operations, the Company faces competition from other shopping malls located in the same area as Festival Supermall, Fora Mall, and Main Square, principally malls operated by Ayala Land, Inc., Robinsons Land Corporation, and SM Prime Holdings Inc., which are among the leading shopping mall operators in the Philippines. In office space leasing, particularly call centers and other BPO operators, the Company competes with companies such as Robinsons Land, Inc., Ayala Land, Inc., Eton Properties Philippines and Megaworld Corporation.

Description of Principal Competitors

Ayala Land, Inc.

Ayala Land is the largest listed property developer by revenues, generating approximately ₱190 billion in consolidated revenues in 2025 and maintaining a total asset base exceeding ₱1 trillion. Revenues are broadly diversified across residential development, office leasing, shopping malls, hotels, and mixed-use estates. A significant portion of earnings is derived from recurring leasing income, supported by a large portfolio of investment properties and estate infrastructure nationwide.

SM Prime Holdings, Inc.

SM Prime recorded approximately ₱141 billion in total revenues in 2025, with total assets of about ₱1.1 trillion. The company's revenues are primarily driven by shopping mall and commercial leasing operations, which account for the majority of its income, complemented by residential development, offices, hotels, and convention centers. The scale of its mall portfolio provides substantial recurring cash flows, contributing to earnings stability.

Megaworld Corporation

Megaworld reported approximately ₱86 billion in total revenues in 2025, supported by an estimated asset base of about ₱800 billion. Revenues are generated from residential condominium sales, office leasing, and retail mall operations, primarily within master-planned townships located in Metro Manila and key provincial centers. The company has a strong presence in the office leasing market, particularly among BPO and multinational tenants.

Robinsons Land Corporation

Robinsons Land generated approximately ₱43 billion in total revenues in 2025 and reported total assets of about ₱265 billion. Its portfolio includes shopping malls, office buildings, hotels, logistics facilities, and residential developments. A substantial share of revenues is derived from recurring rental income, notably from malls and offices with a strong provincial footprint.

Vista Land & Lifescapes, Inc.

Vista Land generated an estimated ₱35 billion in total revenues in 2025, with total assets of about ₱380 billion. The company is primarily focused on residential house-and-lot developments, particularly in provincial markets, supported by a growing portfolio of community malls and leasing assets. Residential sales remain the principal revenue driver.

For further discussion of certain risks associated with competition, see "*Risk Factors — Risks Relating to the Company's Businesses"* — The Company operates in competitive industries, which could limit the Company's ability to maintain or increase its market share and maintain profitability."

Real Estate Sales Segment

Real estate development and selling are very competitive. FLI believes it is strongly positioned in the affordable to middle-income residential market segments. Success in these market segments depends on acquiring well-located land at attractive prices often in anticipation of the direction of urban growth.

The Parent Company believes that the name and reputation it has built in the Philippine property market contributes to its competitive edge over the other market players. On the basis of publicly available information and its own market knowledge, FLI's management believes that it is among the leading housing and land / project developers in the Philippines. FLI's management also believes that FLI is able to offer competitive commissions and incentives for brokers, and that FLI is able to compete on the basis of the pricing of its products, offering a wider range of product types for different market sectors. Its brand name and its track record of successfully completing quality projects also give credibility to our products.

FLI directly competes with other major real estate companies positioned either as a full range developer or with subsidiary companies focused on a specific market segment and geographic coverage. Its direct competitors include Ayala Land Inc., Vista Land, Robinsons Land, SMPHI and DMCI Homes.

The Parent Company faces significant competition in the Philippine property development market including land acquisition. This is particularly true for land located in Metro Manila and its surrounding areas, as well as in urbanized areas throughout the Philippines.

FLI's continued growth also depends in large part on its ability either to acquire quality land at attractive prices or to enter into joint venture agreements with land-owning partners under terms that can yield reasonable returns. Based on the Parent Company's current development plans, the Parent Company believes that it has sufficient land reserves for property developments for the next several years. If the Philippine economy continues to grow and if demand for residential properties remains relatively strong, the Parent Company expects that competition among developers for land reserves that are suitable for property development (whether through acquisitions or joint venture agreements) will intensify and that land acquisition costs, and its cost of sales, will increase as a result.

Leasing Segment

With regard to the Parent Company's assets dedicated to office space leasing and shopping mall operations, the Parent Company competes with property companies such as Ayala Land Inc., Robinsons Land Corp. and SM Prime Holdings in retail space leasing. In office space leasing, particularly to call centers and other BPO operators, the Parent Company competes with companies such as Robinsons Land, Inc., Ayala Land, Inc., Eton Corporation, SM Prime, and Megaworld Corporation.

Insurance

The Company's real estate properties maintain operational all risk insurance, commercial liability insurance and business interruption insurance in line with the industry standards.

REINVESTMENT PLAN FOR THE FILRT IPO

As sponsor of FILRT, the REIT Law requires the Company to reinvest (a) any proceeds realized by it from the sale of FILRT shares or other securities issued in exchange for income-generating real estate transferred to the FILRT and (b) any money raised by the Company from the sale of any of its income generating real estate to FILRT, in any real estate, including any redevelopment thereof, and/or infrastructure projects in the Philippines within one (1) year of receipt of the proceeds.

Following current regulations, Filinvest Land intends to invest its net proceeds in the construction and development of its various office, retail and residential projects. Filinvest Land plans to invest the net proceeds in nine (9) office buildings, three (3) retail projects, five (5) MRBs as well as industrial lots. It also plans to use the funds for the purchase of land parcels for residential and commercial purposes and to expand the capacity of the District Cooling System in the Northgate Cyberzone. All disbursements for such projects are intended to be distributed within one year upon receipt of the proceeds from the secondary offer of FILRT shares. All of the projects for which the proceeds will be spent are located within the Philippines and none are to be spent outside of the Philippines. Filinvest Land does not intend to reinvest the net proceeds from the Offer Shares in any infrastructure project.

Filinvest Land shall monitor the actual disbursements of projects proposed in the Reinvestment Plan on a quarterly basis. For purposes of monitoring, Filinvest Land prepares quarterly progress reports of actual disbursements on the projects covered by the

Reinvestment Plan. In the event of changes in the actual disbursements of projects proposed in the Reinvestment Plan, Filinvest Land, shall inform the SEC, PSE, BIR or the appropriate government agency, by sending a written notice to that effect

As of August 11, 2022, FLI already disbursed the total net proceeds amounting to Twelve Billion Two Hundred Sixty Four Million Nineteen Thousand Three Hundred Thirty Nine Pesos (₱12,264,019,339). Details of the disbursements are as follows:

Gross Proceeds from IPO	**₱ 12,583,246,445**
Purchase of shares during the stabilization period	2,282,800
Underwriters and IPO-related fees	316,945,306
Net proceeds	**12,264,019,339**
Disbursements for Transaction Costs, Aug 12 to Sep 30, 2021	132,542,601
Disbursements for Transactions Costs, Oct 1 to Dec 31, 2021	1,571,600
Available for Reinvestment	**12,129,905,139**
Disbursements for Reinvestment Aug 12 to Sep 30, 2201	1,566,787,667
Disbursements for Reinvestment Oct 1 to Dec 31, 2021	872,662,139
Disbursements for Reinvestment Jan 1 to Mar 31, 2022	2,016,678,604
Disbursements for Reinvestment Apr 1 to Jun 30, 2022	2,725,572,490
Disbursements for Reinvestment Jul 1 to Aug 11, 2022	4,984,244,239
Balance of IPO proceeds as of August 11, 2022	**-**

REINVESTMENT PLAN FOR THE VOLUNTARY TENDER OFFER

On September 25, 2024, FLI announced that its Board has approved a capped voluntary tender offer to purchase or reacquire up to 1,866,000,000 common shares, equivalent to approximately 7.69% ownership of FLI's outstanding and listed stock, in exchange of FILRT shares owned by FLI, at an exchange ratio of 0.32 FILRT share for every 1 FLI share tendered (the "Transaction"). FLI engaged FTI Consulting to issue a valuation and fairness opinion to determine the reasonable and fair range of prices for both FLI and FILRT shares and the exchange ratio between them.

The Transaction provided FLI shareholders with the opportunity for their shares to be bought back in exchange for those of FILRT. FLI shareholders also stand to benefit from price appreciation and a stronger dividend yield from FILRT shares.

Upon the successful completion of the Transaction, public ownership of FILRT increased to 46.75%, broadening FILRT's shareholder base, and placing it comfortably above the 33.33% minimum public ownership requirement for real estate investment trusts ("REITs") as mandated by Republic Act No. 9856, otherwise known as "The Real Estate Investment Trust Act of 2009" ("REIT Act"), its implementing rules and regulations, the Amended Listing Rules for REITs of the Philippine Stock Exchange, Inc. ("PSE"), and related issuances.

The Transaction also provided FLI shareholders a compelling opportunity to participate in REITs, gaining exposure to a portfolio of income-generating properties with the potential for capital appreciation. FILRT's portfolio consists of 17 Grade A and LEED Gold-certified office buildings that feature green and sustainability-themed elements. With over 300,000 square meters of gross leasable area ("GLA"), 16 of the buildings are located in Northgate Cyberzone in Filinvest City, Alabang. Another building, Filinvest Cyberzone Cebu Tower 1, is situated at the gateway of Cebu IT Park in Lahug, Cebu City. Rounding out the portfolio is 2.9 hectares of land leased to the owner and operator of Crimson Resort & Spa Boracay, bringing the REIT's total GLA to over 330,400 square meters.

Pursuant to SEC Memorandum Circular No.1 series of 2020 and Bureau of Internal Revenue (BIR) – Revenue Regulation No. 3-2020, any sponsor or promoter of a REIT who contributes income-generating real estate to a REIT shall submit a sworn statement to the SEC, the PSE, and the BIR, a reinvestment plan undertaking to reinvest any proceeds realized by the sponsor or promoter from the sale of REIT shares or other securities issued in exchange for income-generating real estate to the REIT, in any real estate, including any redevelopment thereof, and/or infrastructure projects in the Philippines, within one (1) year from the date of receipt of proceeds or money by the sponsor/promoter.

Following current regulations, FLI intends to invest the monetary equivalent of the net proceeds of the Transaction in the construction and development of retail and residential projects. In particular, FLI plans to invest the net proceeds in nine projects including two (2) retail projects, seven (7) mid-rise residential buildings, and two (2) high-rise residential buildings. All disbursements for such projects are intended to be distributed within one (1) year from December 11, 2024. All the projects for which the monetary equivalent of the proceeds will be spent are located within the Philippines and none are to be spent outside of the Philippines.

As of October 31, 2025, FLI already disbursed the total proceeds in the amount of One Billion Eight Hundred Forty One Million Fifty Seven Thousand Eight Hundred Forty Pesos and Fifty Centavos (P1,841,057,840.50), in accordance with its Reinvestment Plan.

The details of the disbursements are as follows:

Gross Proceeds	**₱1,857,043,200.00**
Underwriters and transaction fees	(15,985,359.50)
Net Proceeds received	1,841,057,840.50
Disbursements for Reinvestment Dec. 11-31, 2024	(171,595,002.38)
Disbursements for Reinvestment Jan.- March, 2025	(537,612,889.95)
Disbursements for Reinvestment April-June, 2025	(439,829,422.67)
Disbursements for Reinvestment July-September, 2025	(596,978,082.01)
Disbursements for Reinvestment October 2025	(95,042,443.49)
Total Disbursements as of October 31, 2025	(1,841,057,840.50)
Balance of Proceeds as of October 31, 2025	**₱0.00**

DEVELOPMENT COSTS

The Company has spent the following amounts for development in the past three (3) years:

	For the years ended December 31,		
	2023	**2024**	**2025**
DEVELOPMENT COST			
Residential	₱7,319	₱10,462	₱8,003
Office	2,024	2,990	1,198
Retail	984	885	1,472
Land Acquisition	1,128	43	334
Others	1,502	1,132	413
Total Development Cost	**12,957**	**₱15,512**	**₱11,420**
Revenue [(1)]	**22,554**	**₱24,446**	**₱25,898**
Total Development Cost / Revenue	**57%**	**63%**	**45%**

Notes:
(1) *Includes total revenue, equity in net earnings of associates, and other income (interest income, and others – net).*

EMPLOYEES

As of December 31, 2025, FLI had 919 employees located in the Philippines, comprising 258 executive and managerial employees, 161 supervisory employees, and 500 rank-and-file employees. We had 869 regular employees who are hired on a permanent basis, 34 probationary employee who are assessed for a certain period before qualifying to be regular employees, and 16 fixed-term/project hired employees who are engaged for specific project term assignments. Among the 919, 592 are between the ages of 31 and 60, while 318 are under the age of 30, and 9 employees are above 60 years old.

FLI provides managers, supervisors and general staff the opportunity to participate in both in-house and external training and development programs which are designed to help increase efficiency and to prepare employees for future assignments. FLI has also provided a mechanism through which managers and staff are given feedback on their job performance, which FLI believes will help to ensure continuous development of its employees. FLI also offers employees benefits and salary packages that it believes are in line with industry standards in the Philippines and which are designed to help it compete in the marketplace for quality employees.

The table below sets forth the breakdown of our employees by function as of December 31, 2025.

Type of Employees	Position	No. of Employees	Gender Distribution (%)	
			Female	Male
Administrative	Executive	3	33.33	66.67
	Manager	6	83.33	16.67
	Supervisor	18	66.67	33.33
	Rank and File	162	80.25	19.75
Operational	Executive	32	40.63	59.38
	Manager	122	60.66	39.34
	Supervisor	91	50.55	49.45
	Rank and File	295	69.49	30.51
Technical	Executive	21	38.10	61.90
	Manager	74	50.00	50.00
	Supervisor	52	59.62	40.38
	Rank and File	43	65.12	34.88
Grand Total		**919**	**64.20**	**35.80**

FLI anticipates that there will be no significant change in the number of its employees for the next twelve (12) months.

The Company provides managers, supervisors and general staff the opportunity to participate in both in-house and external training and development programs which are designed to help increase efficiency and to prepare employees for future assignments. The Company has also provided a mechanism through which managers and staff are given feedback on their job performance, which the Company believes will help to ensure continuous development of its employees' knowledge base. The Company also offers employee benefits and salary packages that it believes are in line with industry standards in the Philippines and which are designed to help it compete in the marketplace for quality employees. It is The Company's goal to position itself as an employer of choice in the Philippines.

Management believes that FLI's current relationship with its employees is generally good and neither FLI nor any of its subsidiaries have experienced a work stoppage or any labor related disturbance as a result of labor disagreements. None of FLI's employees or any of its subsidiaries belong to a union. FLI currently does not have an employee stock option plan.

MATERIAL PERMITS AND LICENSES

Our Compliance department is responsible for ensuring continued compliance with applicable laws and regulations that may adversely affect our operations. As of the date of this Offer Supplement, we have secured, applied for, or are in the process of renewing all material permits and licenses required to conduct our business.

The Company believes that the Company and its subsidiaries have secured all the mandated permits and licenses which are material and necessary to operate its businesses as currently conducted. As confirmed by Atty. Katrina Clemente O. Lua in her certification dated March 11, 2026, such permits and licenses are valid and subsisting as of the date of the certification and the Company will apply for the renewal of such permits and licenses with the appropriate government body or agency prior to its expiration.

We hold various permits for our business operations, which include but are not limited to the following:

Business Permits

LICENSE / PERMIT	REGULATORY BODY	ISSUE DATE / PAYMENT DATE	VALIDITY PERIOD	EXPIRY DATE
Business Permit	LGU Mandaluyong	15-Jan-26	2026	31-Dec-26
Barangay Clearance	Barangay Highway Hills	15-Jan-26	2026	31-Dec-26

Environmental Compliance Certificates (ECC)

#	PROJECT NAME	LOCATION	DATE ISSUED	ECC NO.
1	Futura Monte	Along Roxas Avenue, Diversion Road, Barangay Triangulo, Naga City, Camarines Sur	25-Nov-21	ECC-OL-R05-2021-0319
2	Futura Bay	Honorio Arriola Street, Barangay Lagao, Gen. Santos City, South Cotabato	8-Nov-21	ECC-OL-R12-2021-0323
3	Filinvest Innovation Park Calamba	Barangays Bubuyan and Punta, Calamba City, Laguna	14-Jan-22	ECC-OL-R4A-2022-0013
4	Filinvest Technology Park (Admin Building and Fire Station)	Barangay Punta, Calamba, Laguna	26-Aug-22	CNC-OL-R4A-2022-08-06374
5	Filinvest Technology Park (Ready Built Factory Building (Type-1/Lease 1)	Barangay Punta, Calamba, Laguna,	12-Sep-22	CNC-OL-R4A-2022-09-06790
6	Filinvest Technology Park (Ready Built Factory Building (Type-1/Lease 2)	Barangay Punta, Calamba, Laguna,	28-Sep-22	CNC-OL-R4A-2022-09-07115
7	Filinvest Technology Park (Ready Built Factory Building (Type-1/Lease 3)	Barangay Punta, Calamba, Laguna,	28-Sep-22	CNC-OL-R4A-2022-09-07116
8	Filinvest Technology Park (Ready Built Factory Building (Type-1/Lease 4)	Barangay Punta, Calamba, Laguna,	28-Sep-22	CNC-OL-R4A-2022-09-07117
9	Kembali Coast 3B	Barangay San Isidro, Kaputian District, Island Garden City of Samal, Davao del Norte	22-Sep-22	ECC-OL-R11-2022-0431
10	Futura Shores (Bldg. A)	Barangay Mangnao-Canal, Dumaguete City, Negros Oriental	15-Nov-22	ECC-OL-R07-2022-0367
11	Filinvest Innovation Park (Ready Built Factory Building (5-Unit Cluster 1, Rowhouse Type)	New Clark City, Clark Special Economic Zone, Capas, Tarlac	14-Dec-22	ECC-OL-RO3-2022-0758
12	Filinvest Innovation Park Calamba (Expansion)	Barangays Bubuyan and Punta, Calamba City, Laguna	3-Feb-23	ECC-R4A-2023-02-0015
13	The Veranda Resort Condos Project	Barangay San Isidro, Kaputian District, IGaCOS, Davao del Norte	17-May-23	ECC-OL-R11-2023-0125
14	Stello Centrale (Showroom (Parcel C)	Barangay Vergara Mandaluyong City, Metro Manila	5-Jul-23	CNC-OL-NCR-2023-07-02674
15	New Leaf 2	Brgy. Hugo Perez, Trece Martires City, Cavite	5-Oct-23	ECC-OL-R4A-2023-0671
16	Sydney Oasis	Emilio Aguinaldo Highway, Brgy. Talaba VI, Bacoor City, Cavite	22-Nov-23	ECC-OL-R4A-2023-0791
17	Celestia at Timberland Heights Project	Brgy. Guitnang Bayan II, Malanday and Guinayang, Timberland Heights, San Mateo, Rizal	28-Nov-23	ECC-R4A-2023-12-0168
18	Filinvest Innovation Park Project (ECC Change Project Name)	Brgy. Bubuyan and Punta, Calamba City, Laguna	17-Apr-24	ECC-R4A-2023-02-0015
19	Futura Strides Iloilo Centrale (Marketing Office)	National Highway, Brgy. Cagamutan Sur, Leganes, Iloilo Province	23-Apr-24	CNC-OL-R06-2024-04-00792
20	Futura Strides Iloilo Centrale	National Highway, Brgy. Cagamutan Sur, Leganes, Iloilo Province	25-Apr-24	ECC-OL-R06-2024-0133
21	Filinvest Innovation Park Project (LLDA Amendment)	Brgy. Bubuyan and Punta, Calamba City, Laguna	14-Jun-24	LA-19a-2024-00645
22	Filinvest Innovation Park	Capas, Tarlac	5-Oct-24	ECC-OL-R03-2024-0483
23	Mimosa Water Treatment Facility	Mimosa, CDC, Pampanga	11-Nov-24	ECC-OL-R03-2024-0559
24	Futura Rise San Rafael Estates Project	San Rafael, Bulacan	9-Dec-24	ECC-OL-R03-2024-0627
25	Futura Rise Bataan	Balanga, Bataan	28-Apr-25	ECC-OL-R03-2025-0253

#	PROJECT NAME	LOCATION	DATE ISSUED	ECC NO.
26	Belvedere Towne II-A	Brgy. Paradahan, Tanza, Cavite	26-May-25	CNC-OL-R4A-2025-05-01171
27	Activa Project (Expansion)	Cubao, Quezon City	2-Jun-25	ECC-NCR-2505-0015
28	Stello Centrale	Mandaluyong City	18-Jun-25	ECC-NCR-2506-0017
29	Futura Rise Palm Estates	Talisay, Bacolod, Negros	26-Jun-25	ECC-OL-RO6-2025-0244
30	8 Spatial Project - Expansion	Davao City	2-Jul-25	ECC-R11-2502-0003
31	Sta. Sofia, Sta Sofia 1A & Sta. Helena (formerly Mission Hills Subdivision Expansion Project (Jayme Property))	Rizal	16-Jul-25	ECC-224-RI-212-95
32	Futura Bay Gensan	General Santos City	14-Oct-25	ECC-OL-R12-2025-0278
33	Fortune District	Tondo, Manila City	29-Nov-25	ECC-OL-NCR-2025-0225

The ECC does not have a validity period except that it will be deemed expired if the project was not implemented within five (5) years from the date of issuance. The Company was able to implement these projects within the five (5)-year period.

Licenses to Sell

No.	Name of Project	Phase/Building	Location	LTS No.	Date Granted	Issuing Entity
1	Mission Hills (Sta. Barbara & Sta. Monica)		Brgy. Colaique, Antipolo City	91-04-1726	4-Apr-91	HLURB- Quezon City
2	Mission Hills- Sta. Monica III & Sta. Catalina		Brgy. Muzon, Angono, Rizal	92-02-1980	6-Feb-92	HLURB- Quezon City
3	Highlands Pointe	Phase 1	Dolores Taytay, Rizal	93-072384	30-Jul-93	HLURB- Quezon City
4	Mission Hills-Sta. Clara		Brgy. Dalig, Antipolo Rizal	29	5-Nov-94	HLURB- ENCRFO
5	Punta Altezza	Phase 1	Brgy. Punta, Calamba City Laguna	04835-R4-02-03	18-Mar-02	HLURB-Region IV
6	Nusa Dua Farm Estate	Phase 1	Brgy. Paradahan, Tanza, Cavite	06554-R4-03-01	7-Jan-03	HLURB-Region IV
7	Nusa Dua Farm Estate	Phase 2	Brgy. Paradahan, Tanza, Cavite	07287-R4A-03-07	21-Jul-03	HLURB-Region IV-A
8	Mandala Residential Farm Estate	West	Brgy. Malanday, San Mateo Rizal	9088	9-Feb-04	HLURB- ENCRFO
9	Laeuna De Taal Subdivision		Brgy. Banga, Talisay Batangas	10173-R4A-04-03	23-Mar-04	HLURB-Region IV-A
10	Mandala Residential Farm Estate	North	Brgy. Malanday, San Mateo Rizal	10476	4-Nov-04	HLURB- ENCRFO
11	Nusa Dua Farm Estate	Phase 3	Brgy. Paradahan, Tanza, Cavite	12291-R4A-05-01	14-Jan-05	HLURB-Region IV-A
12	Mandala Residential Farm Estate	South	Brgy. Malanday, San Mateo Rizal	12012	17-Mar-05	HLURB- ENCRFO
13	Forest Farm		Btgy. Mahabang Parng, Angono Rizal	12043	11-May-05	HLURB- ENCRFO
14	Mandala Residential Farm Estate	East	Brgy. Malanday, San Mateo Rizal	12050	7-Jun-05	HLURB- ENCRFO
15	Montebello Subdivision		Brgy. Punta Calamba, Laguna	14215	12-Jan-06	HLURB-Region IV-A
16	The Ranch		Brgy. Gitnang Bayan I, San Mateo, Rizal	14578	16-Jan-06	HLURB- ENCRFO
17	Highlands Pointe	Phase II	Dolores Taytay, Rizal	14720	1-Jul-06	HLURB- ENCRFO
18	The Villas at Highland Pointe	Phase II	Brgy. Dolores, Taytay Rizal	16641	1-Sep-06	HLURB- ENCRFO
19	Aldea Real	Phase 1	Brgy Bubuyan &Punta, Calamba City Laguna	16261-R4A-06-09	8-Sep-06	HLURB-Region IV-A

No.	Name of Project	Phase/Building	Location	LTS No.	Date Granted	Issuing Entity
20	Mission Hills - Sta. Cecilia	3	Brgy. San Roque, Antipolo City	20213	13-Oct-08	HLURB- ENCRFO
21	Mission Hills - Sta. Cecilia	2	Brgy. San Roque, Antipolo City	21934	10-Dec-08	HLURB- ENCRFO
22	Banyan Ridge	Phase II	Brgy. Malanday, San Mateo Rizal	18627	11-Oct-09	HLURB- ENCRFO
23	Nusa Dua Farm Estate	Phase 5	Brgy. Paradahan, Tanza, Cavite	22993	18-Dec-09	HLURB-Region IV-A
24	La Brisa Townhomes		Brgy. Punta, Calamba City Laguna	23984	2-Dec-10	HLURB-Region IV-STR
25	The Linear		Mayapis, Yakal, and Malugay Sts., San Antonio Village, Makati City	24662	5-Apr-11	HLURB- ENCRFO
26	Asenso Village Calamba(MSME Business Park - Calamba)		Brgy. Bubuyan Calamba City	24618	9-May-11	HLURB-Region IV - STR
27	La Arista		Brgy. Banga, Talisay City. Batangas	24915	4-Jul-11	HLURB-Region IV - STR
28	Studio City	Tower 1	Alabang, Muntinlupa City	26144	4-Jul-12	HLURB- ENCRFO
29	Studio Zen		1811 Taft Ave., Pasay City	26344	29-Oct-12	HLURB- ENCRFO
30	La Orilla @ Laeuna De Taal	Phase 2	Brgy. Banga, Talisay Batangas	27511	25-Nov-13	HLURB-Region IV - STR
31	Studio City	Tower 2	Alabang, Muntinlupa City	28594	20-Mar-14	HLURB- ENCRFO
32	Vinia Residences + Versaflats		EDSA, Brgy. Philam, Quezon City	28615	7-May-14	HLURB- ENCRFO
33	Mission Hills - Sta. Sofia		Brgy. Mahabang Parang, Angono, Rizal	29197	4-Jun-14	HLURB- ENCRFO
34	The Glades		Brgy. Malanday, San Mateo Rizal	29231	26-Aug-14	HLURB- ENCRFO
35	Villa Montserrat	3B	Brgy. San Juan, Taytay, Rizal	29237	20-Sep-14	HLURB- ENCRFO
36	The Villas	2	Brgy. San Juan, Taytay, Rizal	29286	11-Nov-14	HLURB- ENCRFO
37	Villa Montserrat	1D	Brgy. San Juan, Taytay, Rizal	29321	25-Jan-15	HLURB- ENCRFO
38	Studio A		99 Xavierville Ave., Loyola Heights, Quezon City	29883	16-Feb-15	HLURB- ENCRFO
39	The Peak 1		Brgy. San Juan, Taytay, Rizal	29916	24-Mar-15	HLURB- ENCRFO
40	Villa Montserrat 3 Expansion		Brgy. San Juan, Taytay, Rizal	29921	8-Apr-15	HLURB- ENCRFO
41	100 West		100 Sen. Gil Puyat Ave. cor Washington St. Makati City	29967	25-Jun-15	HLURB- ENCRFO
42	Amalfi, City Di Mare	Bldg. 3	Southroad Properties, Cebu City	30347	17-Sep-15	HLURB-Central Visayas
43	Amalfi, City Di Mare	Bldg. 1	Southroad Properties, Cebu City	30350	17-Sep-15	HLURB-Central Visayas
44	Amalfi, City Di Mare	Bldg. 2	Southroad Properties, Cebu City	30351	17-Sep-15	HLURB-Central Visayas
45	San Remo	Bldg. 2	South Road Properties, Cebu City	30348	17-Sep-15	HLURB-Central Visayas
46	Anila Park Town Homes		So. Colaique, Brgy. San Roque, Antipolo City	30710	30-Sep-15	HLURB- ENCRFO
47	San Remo	Bldg. 7	South Road Properties, Cebu City	30358	6-Oct-15	HLURB-Central Visayas
48	San Remo	Bldg. 6	South Road Properties, Cebu City	30359	6-Oct-15	HLURB-Central Visayas
49	San Remo	Bldg. 4	South Road Properties, Cebu City	30360	6-Oct-15	HLURB-Central Visayas

No.	Name of Project	Phase/Building	Location	LTS No.	Date Granted	Issuing Entity
50	San Remo	Bldg. 3	South Road Properties, Cebu City	30361	6-Oct-15	HLURB-Central Visayas
51	Studio City	Tower 3	Alabang, Muntinlupa City	30737	2-Nov-15	HLURB- ENCRFO
52	Amarilyo Crest		Brgy. San Juan, Taytay, Rizal	31519	6-May-16	HLURB- ENCRFO
53	Amarilyo Crest Residences		Brgy. San Juan, Taytay Rizal	31598	18-Aug-16	HLURB- ENCRFO
54	San Remo	Bldg. 5	South Road Properties, Cebu City	30349	17-Sep-16	HLURB-Central Visayas
55	Studio City	Tower 5	Alabang, Muntinlupa City	32428	21-Jul-17	HLURB- ENCRFO
56	Studio 7		#807 EDSA South Triangle, Quezon City	32459	11-Sep-17	HLURB- ENCRFO
57	New Field at Manna Estate		Brgy. Dalig & May-iba, Teresa, Rizal	33324	19-Jan-18	HLURB- ENCRFO
58	Studio City	Tower 4	Alabang, Muntinlupa City	33361	23-Mar-18	HLURB- ENCRFO
59	San Remo Oasis	Bldg. 1	South Road Properties, Cebu City	33616	6-Apr-18	HLURB-Central Visayas
60	Kembali Samal Island	Phase 2	San Isidro, Kaputian Island Garden City of Samal	34021	24-Jun-18	HLURB- SMR
61	Futura Homes Palm Estate	Phase 1	Talisay City, Negros Occidental	33512	2-Jul-18	HLURB-Western Visayas
62	The Levels Burbank Tower		Alabang, Muntinlupa City	33407	2-Jul-18	HLURB- ENCRFO
63	Activa	Flex	Edsa Cor. Aurora Blvd. Cubao, Quezon City	33454	23-Oct-18	HLURB- ENCRFO
64	Mira Valley		Brgy. San Roque, Antipolo City	35101	25-Jul-19	HLURB- ENCRFO
65	The Veranda Resort Condos Bldg. 10	Bldg. 10	Brgy. San Isidro, Kaputian District, Island Garden City of Samal	34075	8-Aug-19	HLURB-SMR
66	The Veranda Resort Condos Bldg. 9	Bldg. 9	Brgy. San Isidro, Kaputian District, Island Garden City of Samal	34074	15-Aug-19	HLURB-SMR
67	Studio N		Northgate Cyberzone, Fillinvest City Alabang, Muntinlupa City	111	28-Dec-20	DSHUD- NCR
68	Rosewood Place	Phases 1A, 1B, 1C and 1D (BP 220)	Brgy. Hugo Perez, Trece Martirez City, Cavite	447	7/30/2021	DSHUD- Region IV-A
69	Rosewood Place	Ph1A and 1B (PD957)	Brgy. Hugo Perez, Trece Martirez City, Cavite	448	7/30/2021	DSHUD- Region IV-A
70	Futura One For a-Dagupan	Bldg. A	Brgy. Lucao, Dagupan City	2021-029	9/21/2021	DSHUD- Region 1
71	Belize Oasis	Bldg. Azul	East Service Road, Brgy. Alabang, Muntinlupa City	212	12-Nov-21	DSHUD- NCR
72	Panglao Oasis	Bldg. Daloy	Mariano Levi Ave., Brgy. Ususan, Taguig City	217	23-Nov-21	DSHUD- NCR
73	Futura Centro	Bldg. A & B	Anonas St., Sta. Mesa, Manila	213/316	12-Nov-21 & 14-Mar-22	DSHUD- NCR
74	Pangalo Oasis	Bldg. Cabana	Mariano Levi Ave., Brgy. Ususan, Taguig City	225	14-Dec-21	DSHUD- NCR
75	Futura East	Bldg. A	Imelda Ave., Cainta, Rizal	579	02-May-22	DSHUD- Region IV-A

No.	Name of Project	Phase/Building	Location	LTS No.	Date Granted	Issuing Entity
76	Futura Monte - Naga	Bldg. A	Roxas Ave. Brgy. Triangulo, Naga City	56	18-May-22	DSHUD-Region 5
77	Centro Spatial	B	Brgy. 39-D, Bolton Extension, Davao City	2022-005	23-May-22	DSHUD-Region 11
78	New Fields	2	Brgy. Dalig, Teresa, Rizal	637	13-Jun-22	DSHUD- Region IV-A
79	Alta Spatial	Acacia	Brgy. Karuhatan, Valenzuela City	452	13-Jul-22	DSHUD- NCR
80	Alta Spatial	Banyan	Brgy. Karuhatan, Valenzuela City	453	13-Jul-22	DSHUD- NCR
81	Alta Spatial	Cedar	Brgy. Karuhatan, Valenzuela City	454	13-Jul-22	DSHUD- NCR
82	Alta Spatial	Elm	Brgy. Karuhatan, Valenzuela City	455	15-Jul-22	DSHUD- NCR
83	One Oasis Cebu	8	Brgy. Kasambagan, Cebu City	LS-R07-22-064	20-Sep-22	DSHUD-Region 7
84	Bali Oasis 2	Malang	Marcos Highway, Brgy. Santolan, Pasig City	475	29-Sep-22	DSHUD- NCR
85	Asenso Village 1 (LTS amended MSME Business Park)	1	Brgy. Bubuyan Calamba City	853	17-Oct-22	DSHUD- Region IV-A
86	Asenso Village 2 (LTS amended MSME Business Park)	2	Brgy. Bubuyan Calamba City	854	17-Oct-22	DSHUD- Region IV-A
87	Futura East	C	Cainta, Rizal	636	17-Oct-22	DSHUD- Region IV-A
88	Futura East	B	Cainta, Rizal	635	24-Oct-22	DSHUD- Region IV-A
89	Maldives Oasis	D	Brgy. 76-A, Bucana, Davao City	RXI-2022-042	20-Dec-22	DSHUD-Region 11
90	Sanremo Oasis	8	Brgy. Kasmbagan, Cebu City	LS-R07-22-090	27-Dec-22	DSHUD- Region 7
91	Montebello	3	Calamba, Laguna	442	30-Jan-23	DSHUD- Region IV-A
92	The Grove	2	Angono, Rizal	452	13-Feb-23	DSHUD- Region IV-A
93	Alta Spatial	Dita	Brgy. Karuhatan, Valenzuela City	67	22-Jun-23	DSHUD- NCR
94	Futura One Fora Dagupan	Bldg. B	Brgy. Lucao, Dagupan City, Pangasinan	0000173	01-Sep-23	DSHUD
95	Kembali Coast	Phase 3B	Brgy. San Isidro, Kaputian District, Island Garden City of Samal, Davao del Norte	0002397	28-Sep-23	DSHUD
96	The Veranda Resort Condos	Bldg. 3	Brgy. San Isidro, Kaputian District, Island Garden City of Samal, Davao del Norte	RXI-2023-007	28-Sep-23	DSHUD
97	The Veranda Resort Condos	Bldg. 4	Brgy. San Isidro, Kaputian District, Island Garden City of Samal, Davao del Norte	RXI-2023-008	28-Sep-23	DSHUD
98	Futura Shores	Bldg. A	Brgy. Mangnao, Dumaguete City, Negros Oriental	030	10-Oct-23	DSHUD
99	Futura Bay Gensan	Bldg. A	Honorio Arriola Street, Brgy. Lagao, General Santos City	0004385	12-Jan-24	DSHUD
100	Amarilyo Crest Residences	Phase 1A	Havila, Brgy. San Juan, Taytay, Rizal	0001851	15-Mar-24	DSHUD
101	Futura Monte - Naga	Bldg. B	Brgy. Triangulo, Naga City	0001978	07-May-24	DSHUD
102	Forest Farms 2		Brgy. Mahabang Parang, Angono, Rizal	0001918	08-May-24	DSHUD

No.	Name of Project	Phase/Building	Location	LTS No.	Date Granted	Issuing Entity
103	Futura Monte - Naga	Bldg. A	Roxas Ave., Brgy. Triangulo, Naga City	0001979	18-May-24	DSHUD
104	Futura Rise		Brgy. Cagamutan Sur, Leganes, Iloilo	R6-013	24-Jun-24	DSHUD
105	Sydney Oasis Bacoor	Bldg. A	Emilio Aguinaldo Highway, Brgy. Talaba VI, Bacoor, Cavite	0000621	26-Jul-24	DSHUD
106	Alto @ Fileast		Brgy. San Isidro, Cainta, Rizal	0003274	30-Apr-25	DSHUD
107	Asenso Village Phase 1		Brgy. Bubuyan, Calamba City, Laguna	0003275	30-Apr-25	DSHUD
108	Asenso Village Phase 2		Brgy. Bubuyan, Calamba City, Laguna	0003276	30-Apr-25	DSHUD
109	Futura East (Building A)		F.P. Felix Ave., Brgy. Sto. Domingo, Cainta, Rizal	0003277	30-Apr-25	DSHUD
110	Futura East (Building B)		Imelda Avenue, Brgy. Sto. Domingo, Cainta, Rizal	0003361	30-Apr-25	DSHUD
111	New Fields Phase 2		Brgy. Dalig, Teresa, Rizal	0003279	30-Apr-25	DSHUD
112	Rosewood Place (Phases 1A & 1B) PD957		Brgy. Hugo Perez, Trece Martires City, Cavite	0003360	30-Apr-25	DSHUD
113	Rosewood Place (Phases 1A, 1B, 1C & 1D) BP220 - Socialized		Brgy. Hugo Perez, Trece Martires City, Cavite	0003290	30-Apr-25	DSHUD
114	Southwind (formerly Southpeak III-B)		Brgy. San Antonio, San Pedro, Laguna	0003282	30-Apr-25	DSHUD
115	Valle Alegre @ Pueblo Solana		Brgy. Bubuyan, Calamba City, Laguna	0003283	30-Apr-25	DSHUD
116	Pineview (Phases 2, 3 & 4)		Brgy. Sahud Ulan/Calibuyo, Tanza, Cavite	0003402	28-May-25	DSHUD
117	Activa (Flats)		EDSA corner Aurora Blvd., Cubao, Quezon City	0001164	9-Jun-25	DSHUD
118	Bali Oasis Phase 2 - Building Malang		Marcos Highway, Brgy. Santolan, Pasig City	0001180	8-Aug-25	DSHUD
119	Filinvest Innovation Park Ciudad de Calamba		Brgy. Punta & Bubuyan, Calamba City, Laguna	0003544	29-Aug-25	DSHUD
120	Asiana Oasis (Bldg. Chi)		Ephesus Street, Multinational Village, Parañaque City	0001184	3-Sep-25	DSHUD
121	Futura Centro		Anonas Street, Brgy. 630, Sta. Mesa, Manila	0001185	3-Sep-25	DSHUD
122	Panglao Oasis (Bldg. Cabana)		Levi Mariano Avenue, Brgy. Ususan, Taguig City	0001202	30-Sep-25	DSHUD

A License to Sell remains valid and subsisting, unless suspended or revoked by the DHSUD.

INTELLECTUAL PROPERTY

Real Estate Operations

The "Filinvest" trademark was registered with the IPO on September 15, 2011. "Filinvest" is the brand FLI uses for the names of certain real estate products and for trademarks relating to the "FLI" brand. FLI also has several service marks registered with the IPO such as "One Oasis", "The Linear Makati", "Citi di Mare", "Havila", "Filinvest REIT Corp., among others. FLI also continues to apply

for registration of its trademarks and has several pending applications with the IPO.

FLI

	Mark	Application No./ Registration No.	Date Filed	Date Registered	Expiration Of Registration /Renewal
1	THE LINEAR MAKATI & DESIGN	04-2009-008519	26-Aug-09	12-Aug-10	12-Aug-30
2	ONE OASIS ORTIGAS & DESIGN	04-2009-004756	14-May-09	10-Dec-09	10-Dec-29
3	WE BUILD THE FILIPINO DREAM	04-2009-004753	14-May-09	10-Dec-09	10-Dec-29
4	ONE OASIS	04-2009-004755	9-Feb-11	10-Dec-09	10-Dec-29
5	FILINVEST (NEW LOGO)	04-2011-001424	9-Feb-11	15-Sep-11	15-Sep-31
6	STUDIO A	04-2012-010088	17-Aug-12	20-Dec-12	20-Dec-32
7	THE SIGNATURE	04-2013-011241	18-Sep-13	17-Apr-14	17 Apr 34
8	FORA ROTUNDA TAGAYTAY	04-2014-000333	26-Jan-14	14-Aug-14	14 Apr 34
9	VINIA	04-2014-008117	26-Jun-14	20-Nov-14	20 Nov 34
10	BALI OASIS	04-2014-008509	8-Jul-14	26-Feb-15	26-Feb- 35
11	CAPRI OASIS	04-2014-008510	8-Jul-14	5-Mar-15	5-Mar- 35
12	BALI OASIS 2	04-2014-008511	8-Jul-14	26-Feb-15	26-Feb- 35
13	ONE SPATIAL	04-2014-008513	8-Jul-14	26-Feb-15	26-Feb- 35
14	ACTIVA	04-2015-004207	20-Apr-15	13-Aug-15	13-Aug- 35
15	FILINVEST (REVERSED)	04-2015-010976	22-Sep-15	24-Mar-16	24-Mar-26
16	FUTURA	04-2015-010994	22-Sep-15	24-Mar-16	24-Mar-26
17	FILINVEST PREMIERE	04-2015-010995	22-Sep-15	24-Mar-16	24-Mar-26
18	PANGLAO OASIS	04-2015-00013755	2-Dec-15	14-Jul-16	14-Jul-26
19	THE RANCH	04-2015-013989	9-Dec-15	12-May-16	12-May-26
20	THE PROMINENCE	04-2016-000931	28-Jan-16	26-May-16	26-May-26
21	VISTA HILLS	04-2016-00001971	24-Feb-16	7-Jul-16	7-Jul-26
22	WOODVILLE	04-2016-00001980	24-Feb-16	7-Jul-16	7-Jul-26
23	SPRINGFIELD VIEW	04-2016-00001975	24-Feb-16	7-Jul-16	7-Jul-26
24	PUNTA ALTEZZA	04-2016-00001973	24-Feb-16	7-Jul-16	7-Jul-26
25	ALDEA REAL	04-2016-00001974	24-Feb-16	7-Jul-16	7-Jul-26
26	ASHTON FIELDS	04-2016-00001984	24-Feb-16	3-Nov-16	3-Nov-26
27	FILINVEST TECHNOLOGY PARK	04-2016-00001982	24-Feb-16	7-Jul-16	7-Jul-26
28	ASENSO VILLAGE	04-2016-00001969	24-Feb-16	29-Dec-16	29-Dec-26
29	THE GLENS	04-2016-00001981	24-Feb-16	7-Jul-16	7-Jul-26
30	LA BRISA TOWNHOMES	04-2016-00001977	24-Feb-16	7-Jul-16	7-Jul-26
31	MONTEBELLO	04-2016-00001979	24-Feb-16	7-Jul-16	7-Jul-26
32	PALMRIDGE	04-2016-00002908	17-Mar-16	19-Jan-17	19-Jan-27
33	VALLE DULCE	04-2016-00002909	17-Mar-16	24-Nov-16	24-Nov-26
34	MAUI OASIS	04-2016-00006707	14-Jun-16	20-Oct-16	20-Oct-26
35	BLUE ISLE	04-2016-00002910	17-Mar-16	19-Jan-17	19-Jan-27
36	SANDIA HOMES	04-2016-00002907	17-Mar-16	24-Nov-16	24-Nov-26
37	VALLE ALEGRE	04-2016-00002906	17-Mar-16	24-Nov-16	24-Nov-26
38	NUSA DUA	04-2016-00003093	22-Mar-16	4-Aug-16	4-Aug-26
39	8 SPATIAL	04-2017-00002733	28-Feb-17	22-Jun-17	22-Jun-27
40	ALTA SPATIAL	04-2016-00005326	16-May-16	30-Sep-16	30-Sep-26
41	SANTOSO VILLAS	04-2016-00003097	22-Mar-16	4-Aug-16	4-Aug-26
42	PUEBLO SOLANA	04-2016-00003257	29-Mar-16	11-Aug-16	11-Aug-26
43	BLUEGRASS COUNTY	04-2016-00003256	29-Mar-16	11-Aug-16	11-Aug-26
44	SUMMERBREEZE	04-2016-00003253	29-Mar-16	11-Aug-16	11-Aug-26
45	BLUE PALM ESTATE	04-2016-00003255	29-Mar-16	11-Aug-16	11-Aug-26
46	AMARE HOMES	04-2016-00003254	29-Mar-16	4-Aug-16	11-Aug-26
47	PINEVIEW	04-2016-00003096	22-Mar-16	4-Aug-16	4-Aug-26
48	SAVANNAH FIELDS	04-2016-005325	16-May-16	1-Sep-16	1-Sep-26
49	PARK SPRING	04-2017-00007246	12-May-17	2-Nov-17	2-Nov-27
50	MERIDIAN PLACE	04-2016-00004080	19-Apr-16	8-Sep-16	8-Sep-26
51	PRINCETON HEIGHTS	04-2016-00004079	19-Apr-16	8-Dec-16	8-Dec-26
52	MARINA SPATIAL	04-2017-00004278	22-Mar-17	10-Aug-17	10-Aug-27
53	SANREMO OASIS	04-2017-00004277	22-Mar-17	17-Aug-17	17-Aug-27
54	CYBERZONE PROPERTIES, INC.	04-2016-00008917	27-Jul-16	16-Feb-17	16-Feb-27
55	THE TROPICS	04-2016-006705	14-Jun-16	30-Sep-16	30-Sep-26
56	KEMBALI	04-2016-007203	23-Jun-16	30-Sep-16	30-Sep-26
57	GRAND CENIA RESIDENCES	04-2017-00004276	22-Mar-17	17-Aug-17	17-Aug-27

	Mark	Application No./ Registration No.	Date Filed	Date Registered	Expiration Of Registration /Renewal
58	HAVILA	04-2016-010352	26-Aug-16	8-Dec-16	8-Dec-26
59	MARINA TOWN	04-2017-00004279	22-Mar-17	30-Jul-17	30-Jul-27
60	TIERRA VISTA	04-2016-012594	14-Oct-16	29-Dec-16	29-Dec-26
61	HAMPTON ORCHARDS	04-2016-012593	14-Oct-16	29-Dec-16	29-Dec-26
62	AUSTINE HOMES	04-2016-012592	14-Oct-16	14-Sep-17	14-Sep-27
63	EASTBAY PALAWAN	04-2017-00004634	28-Mar-17	7-Mar-20	7-Mar-30
64	THE ENCLAVE AT FILINVEST HEIGHTS	04-2016-015037	12-Dec-16	27-Apr-17	27-Apr-27
65	SPRING HEIGHTS	04-2016-015036	12-Dec-16	27-Apr-17	27-Apr-27
66	FILINVEST INTERNATIONAL	04-2016-015257	15-Dec-16	4-May-17	4-May-27
67	PALM ESTATES	04-2017-00007417	16-May-17	14-Sep-17	14-Sep-27
68	CIUDAD DE CALAMBA	04-2017-00003425	9-Mar-17	6-Jul-17	6-Jul-27
69	The Filinvest IT Zone (TN)	04-2017-001667	8-Feb-17	11-May-17	11-May-27
70	PHUKET OASIS (TN)	04-2017-00006146	21-Apr-17	24-Aug-17	24-Aug-27
71	ONE FILINVEST	04-2017-00004282	22-Mar-17	14-Jul-17	14-Jul-27
72	EAST SPATIAL (TN)	04-2017-00006144	21-Apr-17	24-Aug-17	24-Aug-27
73	STUDIO ZEN (New Application)	04-2017-00006284	25-Apr-17	24-Aug-17	24-Aug-27
74	VERDE SPATIAL	04-2017-00003423	9-Mar-17	6-Jul-17	6-Jul-27
75	THE LEVELS	04-2017-00004870	31-Mar-17	30-Jul-17	30-Jul-27
76	STUDIO CITY	04-2017-00004870	31-Mar-17	29-Dec-19	29-Dec-29
77	ASIANA OASIS	04-2017-00007247	12-May-17	15-Feb-18	15-Feb-28
78	CENTRO SPATIAL	04-2018-004647	13-Mar-18	2-Sep-18	2-Sep-28
79	AMALFI CITY DI MARE	04-2017-00010593	6-Jul-17	14-Feb-19	14-Feb-29
80	LAEUNA DE TAAL	04-2017-00010594	6-Jul-17	14-Feb-19	14-Feb-29
81	SORRENTO OASIS	04-2017-00006145	21-Apr-17	24-Aug-17	24-Aug-27
82	BRENTVILLE INTERNATIONAL COMMUNITY	04-2017-00012270	2-Aug-17	17-Dec-17	17-Dec-27
83	THE WOOD ESTATES	04-2017-00013102	16-Aug-17	18-Jan-18	18-Jan-28
84	NEW LEAF	04-2017-00012692	8-Aug-17	4-Jan-18	4-Jan-28
85	VENTURA REAL	04-2017-00014074	31-Aug-17	29-Mar-18	29-Mar-28
86	FILINVEST ASPIRE (TN)	04-2017-00013108	16-Aug-17	7-Dec-17	7-Dec-27
87	ASPIRE BY FILINVEST (TN)	04-2017-00013106	16-Aug-17	7-Dec-17	7-Dec-27
88	FILINVEST PRESTIGE (TN)	04-2017-00013109	16-Aug-17	7-Dec-17	7-Dec-27
89	PRESTIGE BY FILINVEST (TN)	04-2017-00013107	16-Aug-17	7-Dec-17	7-Dec-27
90	FILINVEST FUTURA (TN)	04-2017-00013110	16-Aug-17	7-Dec-17	7-Dec-27
91	FUTURA BY FILINVEST (TN)	04-2017-00013103	16-Aug-17	7-Dec-17	7-Dec-27
92	NATURE GROVE	04-2017-00019957	12-Dec-17	19-Apr-18	19-Apr-28
93	BELIZE ASPIRE	04-2017-00019956	12-Dec-17	19-Apr-18	19-Apr-28
94	SOUTHWIND	04-2018-00003090	19-Feb-18	12-Jul-18	12-Jul-28
95	FUTURA EAST	04-2018-00002770	13-Feb-18	2-Sep-18	2-Sep-28
96	FUTURA TIERRA	04-2018-00002772	13-Feb-18	2-Sep-18	2-Sep-28
97	MANNA EAST BY FILINVEST	04-2018-00006834	23-Apr-18	4-Oct-18	4-Oct-28
98	FUTURA VINTA	04-2018-00018616	16-Oct-18	2-Jun-19	2-Jun-29
99	BELIZE OASIS	04-2018-00018617	16-Oct-18	2-Jun-19	2-Jun-29
100	FUTURA CENTRO	04-2019-00000729	15-Jan-19	16-May-19	16-May-29
101	Venti-lite	04-2019-00006073	11-Sep-19	8-Feb-20	
102	Filinvest Gaia New Clark City	04-2019-00008389	22-May-19	13-Oct-19	13-Oct-29
103	Columna Offices by Filinvest	04-2019-00015685	5-Sep-19	20-Nov-20	20-Nov-30
104	STUDIO N ™	04-2019-00018389	21-Oct-19	11-Sep-20	11-Sep-20
105	STUDIO N (word mark)	04-2019-00020861	29-Nov-21	11-Sep-20	11-Sep-20
106	PERTH OASIS	04-2020-00003904	12-Mar-20	10-Jan-21	10-Jan-31
107	FUTURA ONE	04-2020-00005188	9-Jul-20	10-Jan-21	10-Jan-31
108	BRENTVILLE INTERNATIONAL COMMUNITY (New Logo)	04-2020-00005932	25-Aug-20	18-May-21	18-May-31
109	SUNRISE PLACE	04-2021-00513424	8-Jun-21	27-Aug-21	27-Aug-31
110	FUTURA MIRA	04-2021-00513437	8-Jun-21	18-Nov-21	18-Nov-31
111	TIMBERLAND HEIGHTS (New Logo)	04-2021-00520106	24-Aug-21	26-May-22	26-May-32
112	FUTURA PRIMO BATAAN	04-2021-00523836	6-Oct-21	7-Mar-22	7-Mar-32
113	FILINVEST INNOVATION PARK CIUDAD DE CALAMBA	04-2021-00527408	18-Nov-21	10-Feb-22	10-Feb-32
114	FUTURA MONTE NAGA	04-2022-512549	25-May-22	1-Sep-22	1-Sep-32

	Mark	Application No./ Registration No.	Date Filed	Date Registered	Expiration Of Registration /Renewal
115	FUTURA BAY GENERAL SANTOS	04-2022-513302	2-Jun-22	17-Oct-22	17-Oct-32
116	SYDNEY OASIS	04-2022-520348	15-Aug-22	6-May-23	6-May-33
117	STELLO CENTRALE	04-2023-511189	15-May-2023	30-Sep-2023	30-Sep-2031
118	FUTURA SHORES DUMAGUETE	04-2023-527162	18-Oct-2023	25-Mar-2024	25-Mar-2034
119	STRIDES	04-2023-525746	3-Oct-2023	15-Feb-2024	15-Feb-2034
120	FILINVEST LAND, INC.	04-2024-505170	26-Feb-2024	15-Jun-2024	15-Jun-2034
121	FILINVEST INSTAHOMES	04-2024-509384	6-Apr-2024	19-Aug-2024	19-Aug-2034
122	ILOILO CENTRALE	04-2024-515592	5-June-2024	5-Oct-2024	5-Oct-2034
123	CELESTIA AT TIMBERLAND HEIGHTS	04-2024-525072	11-Sept-24	10-Mar-225	10-Mar-35
124	SYDNEY OASIS BACOOR	04-2024-525157	12-Sept-24	28-Nov-24	28-Nov-34
125	NEW LEAF 2	04-2024-525170	12-Sept-24	09-Dec-24	09-Dec-34
126	FUTURA RISE	04-2024-527432	03-Oct-24	28-Nov-24	28-Nov-34
127	FUTURA SOUTH SAN PEDRO	04-2024-529649	25-Oct-24	19-Dec-24	19-Dec-34
128	SANDIA HOMES (New Logo)	04-2024-531363	14-Nov-24	08-May-25	08-May-35
129	CDM CITY DI MARE	04-2025-506374	11-Mar-25	26-Apr-25	26-Apr-35
130	THE GLENS AT PARKSPRING	04-2025-509183	08-Apr-25	07-Jun-25	07-Jun-35
131	FUTURA RISE MACTAN	04-2025-509200	08-Apr-25	11-Sept-25	11-Sept-35
132	PALM ESTATES BY FILINVEST LAND	04-2025-511011	28-Apr-25	14-Jun-25	14-Jun-35
133	STUDIO CITY FILINVEST CITY, ALABANG	04-2025-513701	26-May-25	12-Jun-25	12-Jun-35
134	FORTUNE HILL_	04-2025-526073	18-Sept-25	13-Dec-25	13-Dec-35
135	FORA DAGUPAN BY FILINVEST LAND	04-2025-529766	22-Oct-25	26-Dec-25	26-Dec-35

Filinvest Mimosa, Inc.

	Mark	Application No./ Registration No.	Date Filed	Date Registered	Expiration Of Registration /Renewal
1	FILINVEST MIMOSA+ LEISURE CITY (word mark)	04-2017-00007244	12-May-17	10-Oct-19	10-Oct-29
2	MIMOSA+	04-2017-00007243	12-May-17	14-Sep-17	14-Sep-27
3	FILINVEST MIMOSA+ LEISURE CITY (trademark)	04-2019-00014901	23-Aug-19	29-Dec-19	29-Dec-29

Filinvest Clark Mimosa, Inc. (formerly, Filinvest Cyberzone Mimosa, Inc.)

	Mark	Application No./ Registration No.	Date Filed	Date Registered	Expiration Of Registration /Renewal
1	GOLF RIDGE (tradename)	04-2019-017968	15-Oct-19	5-Mar-20	5-Mar-30
2	GOLF RIDGE PRIVATE ESTATE	04-2019-020214	21-Nov-19	11-Apr-20	11-Apr-30
3	GOLF RIDGE PRIVATE ESTATE (word mark)	04-2025-530301	28-Oct-25		

Filinvest REIT Corp.

	Mark	Application No./ Registration No.	Date Filed	Date Registered	Expiration Of Registration /Renewal
1	FILREIT	04-2021-512915	2-Jun-21	1-Aug-21	1-Aug-31
2	FILRT	04-2021-512917	2-Jun-21	1-Aug-21	1-Aug-31
3	FILINVEST REIT CORP.	04-2021-512912	2-Jun-21	8-Oct-21	8-Oct-31
4	FILINVEST REIT CORPORATION	04-2021-512913	2-Jun-21	8-Oct-21	8-Oct-31
5	FILINVEST REIT	04-2021-512916	2-Jun-21	12-Nov-21	12-Nov-31

LEGAL PROCEEDINGS

FLI and its subsidiaries and affiliates are subject to various civil and criminal lawsuits and legal actions arising in the ordinary course of business. Typical cases in the real estate development segment include adverse claims against FLI's title over parcels of land and claims brought by buyers seeking the return of deposits or cancellations of sales. From time to time, FLI also disputes taxes that have been assessed against it by the BIR. In the opinion of FLI's management, none of the lawsuits or legal actions to which it or any of its subsidiaries is currently subject will materially affect the daily operations of its business nor will they have a material adverse effect on FLI's consolidated financial position and results of operations. Noteworthy are the following cases involving the Company, among others.

a) FLI vs. Abdul Backy Ngilay, et al.,
G.R. No. 174715
Supreme Court

This is a civil action for the declaration of nullity of deeds of conditional and absolute sale of certain real properties located in Tambler, General Santos City, covered by free patents and executed between FLI and the plaintiff's patriarch, Hadiji Gulam Ngilay, instituted in 1998. The Regional Trial Court ("RTC") of Las Piñas City (Br. 253) decided the case in favor of FLI and upheld the sale of the properties. On appeal, the Court of Appeals ("CA") rendered a decision partly favorable to FLI but nullified the sale of some properties involved. FLI filed a petition for review on *certiorari* to question that portion of the decision declaring as void the deeds of sale of properties covered by patents issued in 1991. The Supreme Court ("SC") affirmed the decision of the CA but declared with finality that FLI's purchase of sales patents issued in 1991 was void and ordered the Ngilays to return ₱14,000,000.00 to FLI. The RTC issued a Writ of Execution dated 16 February 2015. To satisfy the monetary judgment in favor of FLI, four (4) parcels of land owned by the Ngilays and covered by Transfer Certificates of Title ("TCT") Nos. P-6886, 147-201005034, 147-2014000465, and 147-2014000468, were levied on execution and sold at public auction to FLI as the highest bidder. The Sheriff's Certificate of Sale over the properties was registered with the Registry of Deeds of General Santos City. FLI filed a motion for the surrender of the certificates of titles of the Ngilays so that FLI's affidavit of consolidation of ownership can be annotated on the titles and new certificates of title will be issued in FLI's name. This motion was partially granted; 3 titles, namely TCT Nos. 147-2014005034, 147-2014000465, and 147- 2014000468, are surrendered to the Register of Deeds of General Santos City. But the sale by the Sheriff of the property covered by TCT No. P-6886 was declared invalid, because the sale of the property covered by said title was not one of the sales previously declared by the SC as invalid. The Sheriff was ordered to look for another property of Ngilay for execution and to issue an amended certificate of sale for the 3 Ngilay properties in favor of FLI. We are awaiting the Court's issuance of an order approving the amended certificate of sale along with resolution of the Court on Moner Ngilay's Motion to Exclude his property from execution, with FLI's opposition already filed. The court granted FLI's motions and ordered the Deputy Sheriff of the Regional Trial Court, Branch 253 of Las Piñas City, to amend the Certificate of Sale in accordance with the Order dated June 1, 2018 while Money Ngilay's Motion to Exclude his property from execution was denied.

b) Republic of the Philippines vs. Rolando Pascual, et al.
Civil Case No. 7059
RTC General Santos Branch 36 (On appeal by the Republic to the Court of Appeals)

The Republic through the Office of the Solicitor General (OSG) filed suit against Rolando Pascual, Rogelio Pascual, and FLI for cancellation of title and reversion in favor of the Government of properties subject of a joint venture agreement between the said individuals and FLI. The Government claims that the subject properties covering about 73.33 hectares are not alienable and disposable for being forest land. The case was dismissed by the RTC Branch 36 of General Santos City on November 16, 2007 for lack of merit. On appeal by the Republic, the Court of Appeals reversed the Decision of the RTC and ordered the case to be remanded for a full-blown trial on the merits. FLI filed its Petition for Review with the SC, but the latter also affirmed the Decision of the CA remanding the case to the RTC for further proceedings.

When the case was remanded in the trial court, the RTC set the case for Judicial Dispute Resolution which was eventually terminated after the parties failed to arrive at an amicable settlement. After several re-settings that spanned over a decade in addition to the pandemic, the pre-trial originally set on April 14, 2020 was held on May 17, 2022 at 8:30am. Representatives and counsel of the Republic, particularly from the Department of Environment and Natural Resources (DENR) and the Office of the Solicitor General, still failed to attend. Hence, the RTC of General Santos City dismissed the case with prejudice upon motion of the defendants during the proceedings. The Republic filed its Motion for Reconsideration but the same was denied by the RTC which affirmed the dismissal of the case as stated in its Order dated 17 May 2022.

On January 23, 2023, the Republic filed a Notice of Appeal. On July 30, 2024, the Court of Appeals issued a Resolution acknowledging receipt of the transmittal of records of the RTC, with directive to cure the defects therein within ten (10) days from notice. On August 30, 2024, the RTC replied to the directive of the Court of Appeals and explained the deficiencies in the transmittal of records. On October 8, 2024, the Court of Appeals issued its Resolution noting the explanation of the RTC, directing the parties to comment and manifest to the court fi they are willing to dispense with the deficiencies in the records, and decide the case only on the available records, and forward the rollo of the case to the records division of the Court of Appeals to determine its completeness, and if so, issue the notice to file brief to the parties.

On October 28, 2025, the Court of Appeals issued a resolution noting the letter dated June 4, 2025 filed by Minerva V. Casanova, Postal Service Officer I, Chief, Admin/Records Unit of Philippine Postal Corporation-Quezon City, which was filed pursuant to the May 5, 2025 Minute Resolution, and directing the Office of the Solicitor General why it should not be cited in contempt of court within ten (10) days from receipt thereof for failure to comply with the directive of the Court of Appeals to file a comment/compliance, among others.

Regulatory and Environmental Matters

REAL ESTATE

Regulation of Real Estate Development in the Philippines

PD 957, Batas Pambansa Bilang 220 ("**BP 220**"), RA 4726 and RA 7279 are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957, BP 220, RA 4726 and RA 7279 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes.

On 14 February 2019, Republic Act No. 11201, otherwise known as "Department of Human Settlements and Urban Development Act" was signed into law by the President. Consequently, the Implementing Rules and Regulations of the Act was approved on 19 July 2019. The Housing and Urban Development Coordinating Council ("**HUDCC**") and the Housing and Land Use Regulatory Board ("**HLURB**") were consolidated to create the Department of Human Settlements and Urban Development ("**DHSUD**"). Simultaneously, the HLURB was reconstituted into the Human Settlement Adjudication Commission ("**HSAC**"). The functions of the HUDCC and the planning and regulatory functions of HLURB were transferred to and consolidated in the DHSUD, while the HSAC shall assume and continue to perform the adjudication functions of HLURB. Now, DHSUD is the administrative agency of the Government which, together with local government units ("**LGUs**"), enforces these decrees and has jurisdiction to regulate the real estate trade and business.

The development of subdivision and condominium projects can commence only after the relevant government body has issued the required development permit. The issuance of a development permit is dependent on, among other things: (i) compliance with required project standards and technical requirements which may differ depending on the nature of the project and (ii) issuance of the barangay clearance, the locational clearance, DENR permits and DAR conversion or exemption orders, as discussed below.

All subdivision plans and condominium project plans are required to be filed with and approved by the DHSUD. Approval of such plans is conditional on, among other things, the developer's financial, technical and administrative capabilities. Alterations of approved plans which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the DHSUD and the written conformity or consent of the duly organized homeowners' association, or in the absence of the latter, by the majority of the lot buyers in the subdivision. Owners of, or dealers in, real estate projects are required to obtain licenses to sell before making sales or other dispositions of lots or real estate projects. Dealers, brokers and salesmen are also required to register with the DHSUD.

Project permits and licenses to sell may be suspended, cancelled or revoked by the HSAC, by itself or upon a verified complaint from an interested party, for reasons such as involvement in fraudulent transactions, misrepresentation about the subdivision project or condominium project in any literature which has been distributed to prospective buyer. A license or permit to sell may only be suspended, cancelled or revoked after a notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HSAC's rules of procedure and other applicable laws.

Subdivision or condominium units may be sold or offered for sale only after a license to sell has been issued by the DHSUD. The license to sell may be issued only against a performance bond posted to guarantee the completion of the construction and maintenance of the roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision or condominium project and compliance by the owner or dealer with the applicable laws and regulations.

Real estate dealers, brokers and salesmen are also required to register and secure a certificate of registration with the DHSUD before they can sell lots or units in a registered subdivision or condominium project. The certificate of registration will expire on the first day of December of each year.

There are essentially two (2) different types of residential subdivision developments, which are distinguished by different development standards issued by the DHSUD. The first type of subdivision, aimed at low-cost housing, must comply with BP 220, a Philippine statute regulating the development and sale of real property as part of a condominium project or subdivision, which allows for a higher density of building and relaxes some construction standards. Other subdivisions must comply with PD 957, which sets out standards for lower density developments. Both types of development must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, the sewage disposal system, electrical supply, lot sizes, the length of the housing blocks and house construction.

Under current regulations, a developer of a residential subdivision, with an area of one hectare or more and covered by P.D. 957, is required to reserve at least 30.0% of the gross land area of such subdivision, which shall be non-saleable, for open space for common uses, which include roads, parks, playgrounds and recreational facilities.

Further, RA 7279, as amended by Republic Act No. 10884, or the Urban Development and Housing Act of 1992, requires

developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15.0% of the total subdivision area or total subdivision project cost, or total subdivision project cost and at least 5.0% of condominium area or project cost, at the option of the developer, within the same city or municipality, whenever feasible, and in accordance with the standards set by the DHSUD and other existing laws. To comply with this requirement, the developers may choose to develop for socialized housing an area equal to 15.0% of the total area of the main subdivision project or allocate and invest an amount equal to 15.0% of the main subdivision total project cost, which shall include the cost of the land and its development as well as the cost of housing structures therein, in development of a new settlement through purchase of socialized housing bonds, participation in a community mortgage program, the undertaking of joint-venture projects and the building of a large socialized housing project to build a credit balance. In this regard, the DHSUD, together with the Department of Economy, Planning and Development (DEPDev), issued the Implementing Rules and Regulations (IRR) of Joint Memorandum Circular No. 2025-001, which adjusted the price ceilings for socialized housing. Under the IRR, the price ceiling for socialized housing is Php950,000.00 for horizontal or subdivision-type developments and Php1,800,000.00 for vertical or condominium units.

Under the current Investment Priorities Plan issued by the Board of Investments, mass housing projects are eligible for government incentives subject to certain policies and guidelines.

The Company has benefited from providing low-income housing or projects of such types which are financially assisted by the Government. These policies and programs may be modified or discontinued in the future. The Government may also adopt regulations which may have the effect of increasing the cost of doing business for real estate developers. Under current law, income derived by domestic corporations from the development and sale of socialized housing which currently, among other things, must have a basic selling price of no more than ₱400,000.00, is exempt from project related income taxes. Sale of residential lots with a gross selling price of ₱1,919,500.00 or less, or residential houses, lots and other residential dwellings with a gross selling price of ₱3,199,200.00 or less, where the instrument of sale, transfer, disposition was executed and notarized on or after January 1, 2012 are exempt from VAT. However, for instruments of sales executed and notarized on or after November 1, 2005 but prior to January 1, 2012, the threshold amounts are ₱l.5 million and ₱2.5 million, respectively, and excess thereof is subject to 12% output VAT starting February 1, 2006. Sale, transfer or disposal of two (2) or more adjacent residential lots or dwellings by the same seller to the same buyer within a 12-month period, even if covered by separate titles or tax declarations, will be considered as one residential area for purposes of computing the threshold levels for VAT purposes.

Under the 2022 Strategic Investment Priority Plan issued by the BOI and approved by the President via Memorandum Order No. 61 on May 27, 2022, mass housing projects including development and fabrication of housing components, are still eligible for government incentives subject to certain policies and guidelines. In the future, since the sale of socialized housing units comprise a portion of homes sold by the Company, any changes in the tax treatment of income derived from the sale of socialized housing units may affect the effective rate of taxation of the Company.

EO 45, series of 2001, prescribes specific period for a government agency and the LGUs to act on application for certifications, clearances and permits for housing projects. It also provides an option for the applicant-developer where the government agency or LGU refuses or fails to dispose an application for said housing permit, in which case an affidavit may be submitted with supporting technical studies and documents, in lieu of the certification, clearance or permit. Administrative Order No. 219, issued in 2008, introduced the concept of One-Stop-Shops (**"OSS"**) for Housing Permits, with the primary objective of streamlining the application process and providing comprehensive support to housing developers in obtaining the essential licenses required for their development projects. The OSS brings together various government agencies responsible for issuing housing-related permits, clearances, certifications, and licenses. Notable among these agencies are the Housing and Land Use Regulatory Board, the Department of Agrarian Reform, the Department of Agriculture, the Department of Environment and Natural Resources, and the Department of the Interior and Local Government. However, it is noteworthy that, as of the present date, the government has yet to establish these OSS processing centers in each region. The implementation of such centers is critical for expediting the permitting process for housing projects and fulfilling the initial vision of Administrative Order No. 219.

Real Estate Sales on Installments

The provisions of Republic Act No. 6552, or the Maceda Law, apply to all transactions or contracts involving the sale or financing of real estate on instalment payments (including residential condominium units but excluding industrial lots and commercial buildings and sales to tenants under RA 3844). Under the provisions of the Maceda Law, where a buyer of real estate has paid at least two (2) years of instalments, the buyer is entitled to the following rights in case of a default in the payment of succeeding instalments:

- To pay, without additional interest, the unpaid instalments due within the total grace period earned by him, which is fixed at the rate of one month for every one year of instalment payments made. However, this right may be exercised by the buyer only once every five (5) years during the term of the contract and its extensions, if any.

- If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to 50.0% of the total payments made, and in cases where five (5) years of instalments have been paid, an additional 5.0% every year (but with a total not to exceed 90.0% of the total payments). However, the actual cancellation of the contract

shall take place after thirty (30) days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

The computation of the total number of installment payments made includes down payments, deposits, or options on the contract.

In the event that the buyer has paid less than two (2) years of installments, the seller shall give the buyer a grace period of not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

Notably, the buyer has the right to sell or assign his or her rights to another person or to reinstate the contract by updating the account during the grace period and before actual cancellation of the contract. The deed of sale or assignment shall be done by notarial act.

Shopping Malls

Shopping mall centers are regulated by the LGU of the city or municipality where the establishment is located. In line with this, mall operators must secure the required mayor's permit or municipal license before operating. In addition, no mall shall be made operational without complying first with the provisions of RA 9514, otherwise known as the "Fire Code" and other applicable local ordinances. Furthermore, shopping malls with food establishments must obtain

a sanitary permit from the Department of Health. It is also compulsory for shopping malls discharging commercial wastewater to apply for a wastewater discharge permit from the DENR and to pay the fee incidental to the permit.

As a tourism-related establishment, shopping malls may obtain accreditation from the Philippine Department of Tourism ("**DOT**"). A shopping mall can only be accredited upon conformity with the minimum physical, staff and service requirements promulgated by the DOT. Commercial establishments located within the geographical jurisdiction of the Laguna Lake Development Authority, such as but not limited to Muntinlupa City, are likewise required to secure clearances prior to commencement of operations.

Zoning and Land Use

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the DAR, land classified for agricultural purposes as of or after June 15, 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

Land use may be also limited by zoning ordinances enacted by LGUs. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant LGU. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Special Economic Zone

The PEZA is a government corporation that operates, administers and manages Ecozones around the country. Ecozones, which are generally created by proclamation of the President of the Philippines, are areas earmarked by the Government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers. PEZA-registered enterprises located in an Ecozone are entitled to fiscal and non-fiscal incentives such as income tax holidays and duty free importation of equipment, machinery and raw materials.

Tenants of properties located in Ecozones may register with PEZA to avail themselves of certain benefits under Republic Act No. 7916 and its Implementing Rules and Regulations, such as income tax holidays or a preferential rate of 5% with respect to gross income taxation, thereby making tenancy in such properties potentially more attractive.

Enterprises offering IT services (such as call centers and other BPO firms using electronic commerce) are entitled to fiscal and non-fiscal incentives if they are PEZA-registered locators in a PEZA-registered IT Park, IT Building, or Ecozone. An IT Park is an area which has been developed into a complex capable of providing infrastructures and other support facilities required by IT enterprises, as well as amenities required by professionals and workers involved in IT enterprises, or easy access to such amenities. An IT Building is an edifice, a portion or the whole of which provides such infrastructure, facilities and amenities.

PEZA requirements for the registration of an IT Park or IT Building differ depending on whether it is located in or outside Metro Manila. These PEZA requirements include clearances or certifications issued by the city or municipal legislative council, the DAR, the National Water Resources Board, and the DENR.

Certain of the Company's investment properties are registered with PEZA, and this provides significant benefits to the Company's tenants. PEZA registration provides significant tax incentives to those of the Company's customers that are PEZA-registered (they can, for example, avail themselves of income tax incentives such as income tax holidays or a 5.0% gross income taxation), thereby making tenancy in the Company's PEZA-registered buildings potentially more attractive to them. As of August 31, 2023, PBCom Tower is a PEZA-registered IT building while the Filinvest Technology Park-Calamba, Northgate Cyberzone and New Clark City are PEZA-accredited Ecozones. Meanwhile, FCMI and FMI who develop the Mimosa Plus estate are registered with the CDC as Clark Freeport Enterprises in the Clark Freeport Zone.

Contractor's License Law

In 1965, Republic Act No. 4566 ("**R.A. No. 4566**" or the Contractor's License Law) was enacted to regulate the business of construction in the Philippines through the Philippine Licensing Board for Contractors. R.A. No. 4566 was thereafter amended by Presidential Decree No. 1746 on November 28, 1980, transferring the powers of the Philippine Licensing Board for Contractors to PCAB, which is currently the government agency responsible for regulating and licensing contractors in the Philippines.

A contractor is defined as any person who undertakes or offers to undertake or purports to have the capacity to undertake or submits a bid to, or does himself or by or through others, construct, alter, repair, add to, subtract from, improve, move, wreck or demolish any building, highway, road, railroad, excavation or other structure, project, development or improvement, or to do any part thereof, including the erection of scaffolding or other structures of works in connection therewith.

All contractors are required to secure either a regular or special license from PCAB.

a) A regular license is issued to a domestic construction firm (a Filipino sole proprietorship or a partnership/corporation with at least 60% Filipino equity) and is renewed annually, on or before June 30 of each year. PCAB has issued Resolution No. 333, Series of 2013 allowing foreign construction firms with more than 40% foreign equity to qualify for a regular AAAA license provided that such firms comply with the following requirements:

   - ₱1.0 billion minimum capitalization;
   - Compliance with SEC Registration and Equity Requirements;
   - Engagement is limited to private domestic construction projects with contract cost of at least ₱1.0 billion;
   - Procurement of civil liability insurance;
   - Compliance with Philippine laws; and
   - Provided there is compliance with the PCAB qualification standards for a Filipino Authorized Managing Officer, such firms may hire a Foreign Authorized Managing Officer.

   A foreign contractor who is not able to meet the ₱1.0 billion capitalization may be granted a special license to engage in the construction of a specific project or undertaking with a project cost of at least ₱1.0 billion if there is limited local capability in technology as determined by the Philippine Domestic Construction Board.

   Furthermore, on March 27, 2017, PCAB issued Resolution No. 079, Series of 2017 which categorizes a regular AAAA license into two (2) types:

   - AAAA Platinum – This may be granted to locally-owned contractors with at least ₱1.0 billion minimum capitalization; and
   - AAAA Gold – This may be granted to foreign-owned domestic corporations with at least ₱1.0 billion minimum capitalization.

   AAAA Gold contractors may undertake private projects under the following contract costs: (1) minimum contract cost of ₱5.0 billion for vertical projects; and (2) minimum contract cost of ₱3.0 billion for horizontal projects.

   AAAA Platinum contractors may undertake government and private projects of any contract cost.

b) A special license is issued to a joint venture, a consortium, or a project owner who authorizes the licensee to engage only in the construction of a single, specific project or undertaking, and is cancelled by PCAB upon completion of the single

specific undertaking or project authorized by the license.

A contractor may be classified as engaged in general engineering contracting, general building contracting or specialty contracting. The contractor's license shall indicate the limit and scope of the contractor's operations. The licensed contractor may operate under more than one classification, provided that it meets the qualifications prescribed by PCAB for the additional classification.

For the purpose of a more accurate evaluation of a contractor's capability, regular licensees are further classified as those engaged in (a) general engineering construction, (b) general building construction and (c) specialty construction and the classification of a contractor shall be determined by the training and experience of the contractor or of his sustaining technical employee. A contractor may apply for, and be issued, more than one classification, provided that one classification shall be designated by the applicant as its principal classification. The rest shall be considered as other classification(s). A licensed contractor shall operate within the classification(s) that it is authorized under its license to engage in. A regular license contractor shall, however, be allowed to undertake extra classification work, if the work is incidental and/or supplementary to a project under its contract and to be undertaken in conjunction with the implementation of such project.

In addition to classification, every contractor shall be graded and assigned a category as an adjunct to its licensing. Evaluation of category for a contractor shall be based on the following criteria quantified by equivalent credit points in scales as determined by PCAB:

- its financial capacity measured in terms of net worth;
- its equipment capacity in terms of book value;
- its experience in terms of aggregate number of years in which it has actively engaged in construction contracting and operations, and the average annual value of work completed during the past three (3) years; and
- experience of its technical personnel

General Engineering and General Building contractors shall be categorized based on a scale of seven (7) grades, namely: AAAA (Platinum)/AAAA (Gold), AAA, AA, A, B, C, and D.

To qualify for a license, the applicant is required to show at least two (2) years of experience in the construction industry and needs to have knowledge of national building, safety, health and lien laws and all other principles applicable to the contracting business that PCAB deems necessary.

PCAB is authorized to institute proper action in court and secure a writ of injunction without bond, restraining any person or firm not licensed, or whose license is under suspension or has expired or been revoked, from engaging or attempting to engage in the business of construction contracting. All duly constituted law enforcement officers of the national, provincial, city and municipal government or any political subdivision thereof must enforce provisions of relevant laws and report to PCAB any violation of the same.

Referral to Arbitration

Executive Order No. 1008 vests the Construction Industry Arbitration Commission ("**CIAC**") with original and exclusive jurisdiction over disputes arising from, or connected with, contracts entered into by parties involved in construction in the Philippines, whether the dispute arises before or after the completion of the contract, or after the abandonment or breach thereof. These disputes may involve government or private contracts. The jurisdiction of the CIAC may include, but is not limited, to violation of specifications for materials and workmanship, violation of the terms of agreement interpretation and/or application of contractual time and delays, maintenance and defects, payment, default of employer or contractor and changes in contract cost.

CIAC may acquire jurisdiction in two (2) ways, either by providing an arbitration clause in the contract between the parties, or by agreement of the parties to submit the dispute to CIAC. Thus, the fact that the parties incorporated an arbitration clause in their contract is sufficient to vest the CIAC with jurisdiction over any construction controversy, notwithstanding any reference made to another arbitral body. CIAC's jurisdiction over construction disputes is conferred by law, and thus, cannot be waived by mere agreement of the parties.

Liability of Engineers, Architects and Contractors

Under the Philippine Civil Code, the engineer or architect who drew up the plans and specifications for a building is liable for damages if, within 15 years from the completion of the structure, the same should collapse by reason of a defect in those plans and specifications, or due to defects in the ground. The contractor is likewise responsible for the damages if the edifice falls, within the

same period, on account of construction defects or the use of materials of inferior quality, or due to any violation of the terms of the construction contract. If the engineer or architect supervises the construction, he shall be solidarily liable with the contractor. The acceptance of the building after completion does not imply waiver of any of the causes of action by reason of any of the aforementioned defects. The action arising therefrom must be brought within 10 years following the collapse of the building.

Nationality Restrictions

As provided in the Twelfth Regular Foreign Investment Negative List promulgated on June 27, 2022 procurement of infrastructure projects pursuant to Section 23.4.2.1(b), (c) and (e) of the Implementing Rules and Regulations of RA No. 9184 otherwise known as the Government Procurement Reform Act is limited up to forty percent (40%) foreign equity. The IRR provides that only the following Philippine corporations shall be allowed to bid for infrastructure projects, subject to the relevant exceptions:

1. Partnerships duly organized under the laws of the Philippines and of which at least 60% of the interest belongs to citizens of the Philippines;
2. Corporations duly organized under the laws of the Philippines, and of which at least 60% of the outstanding capital stock belongs to citizens of the Philippines;
3. Persons/entities forming themselves into a joint venture, i.e., a group of two (2) or more persons/entities that intend to be jointly and severally responsible or liable for a particular contract; Provided, however, that in accordance with Executive Order No. 65, s. 2018, Filipino ownership or interest of the joint venture concerned shall be at least 60%; provided, further, that joint ventures in which Filipino ownership or interest is less than 60% may be eligible where the structures to be built require the application of techniques and/or technologies which are not adequately possessed by a person/entity meeting the 60% Filipino ownership requirement; Provided, finally, that in the latter case, Filipino ownership or interest shall not be less than 25%. For this purpose, Filipino ownership or interest shall be based on the contributions of each of the members of the joint venture as specified in their joint venture agreement.

Property Registration and Nationality Restrictions

The Philippines has adopted the Torrens System of land registration which conclusively confirms land ownership which is binding on all persons, including the Government. Once registered, title to registered land becomes indefeasible after one year from the date of entry of the decree of registration except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription. Presidential Decree No. 1529, as amended, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper surveying, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment to the Court of Appeals within 15 days from receiving notice of judgment. After the lapse of the period of appeal, the Register of Deeds may issue an Original Certificate of Title. The decree of registration may be annulled on the ground of actual fraud within one year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR by issuance of a patent and the patent becomes the basis for issuance of the Original Certificate of Title by the Register of Deeds. All land patents (i.e. homestead, sales and free patent) must be registered with the appropriate registry of deeds since the conveyance of the title to the land covered thereby takes effect only upon such registration.

Any subsequent transfer of encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of the transferee will be granted upon presentation of certain documents and payment of fees and taxes.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the Register of Deeds. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment of the purchase price. Any mortgage existing thereon must be released within six months from the delivery of title. To evidence ownership of condominium units, a Condominium Certificate of Title is issued by the Register of Deeds.

While the Philippine Constitution prescribes nationality restrictions on land ownership, there is generally no prohibition against foreigners owning buildings and other permanent structures. However, with respect to condominium developments, the foreign ownership of units in such developments is limited to 40%.

The ownership of private lands in the Philippines is reserved for Philippine citizens and Philippine corporations at least 60% of whose capital stock is owned by Philippine citizens. The prohibition is rooted in Sections 2, 3 and 7 of Article XII of the 1987 Philippine Constitution, which states that, save in cases of hereditary succession, no private lands shall be transferred or conveyed except to individuals, corporations or associations qualified to acquire or hold lands of the public domain. In turn, the nationality restriction on the ownership of private lands is further underscored by Commonwealth Act No. 141 which provides that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens.

While aliens or foreign nationals are prohibited from owning private lands and lands of public domain, they are allowed to lease private lands (but not lands of public domain). A foreigner may acquire private land in the Philippines through hereditary succession if he or she is a legal or natural heir.

Any natural born Filipino citizen who has lost his or her Philippine citizenship and who has the legal capacity to enter into a contract under Philippine Laws may be a transferee of a private land up to a maximum area of 5,000 sq.m. in case of urban land or three (3) hectares in case of rural land to be used by him for business or other purposes. In case the transferee already owns urban or rural land for business or other purposes, he or she is entitled to be a transferee of additional urban or rural land for business or other purposes which when added to those already owned by him or her must not exceed the maximum area fixed by law.

A transferee may acquire not more than two (2) lots which should be situated in different municipalities or cities anywhere in the Philippines, but the total land area thereof must not exceed 5,000 sq.m. in case of urban land or three (3) hectares in case of rural land for use by him or her for business or other purposes. A transferee who has already acquired urban land will be disqualified from acquiring rural land and vice versa.

Any corporation that is owned 100% by a foreign firm may establish a condominium corporation under Republic Act No. 4726, or the Condominium Act, provided that land on which the building is erected is held only under lease arrangement. The Condominium Act defines a condominium as an interest in real property consisting of separate interest in a unit in a residential, industrial or commercial building and an undivided interest in common, directly or indirectly, in the land on which it is located and in other common areas of the building. A condominium may include, in addition, a separate interest in other portions of such real property. Title to the common areas, including the land, or the appurtenant interests in such areas, may be held by a corporation specially formed for the purpose (condominium corporation) in which the holders of separate interest shall automatically be members or shareholders, to the exclusion of others, in proportion to the appurtenant interest of their respective units in the common areas.

Any transfer or conveyance of a unit or an apartment, office or store or other space therein, shall include the transfer or conveyance of the undivided interests in the common areas or, in a proper case, the membership or shareholdings in the condominium corporation. Where the common areas in the condominium project are owned by the owners of separate units as co-owners thereof, no condominium unit may be transferred to foreigners or corporations with foreign ownership of more than 40% of the capital stock. The transfer to aliens of units in a condominium project may be made only up to the point where the concomitant transfer of membership or stockholding in the condominium corporation would not cause the alien interest in such corporation to exceed 40% of its entire capital stock.

A foreign national or corporation may enter into a lease agreement with Filipino landowners for an initial period of up to 50 years, and renewable for another 25 years. Ownership of houses or buildings is allowed, provided that the foreigner does not own the land on which the house is built. Republic Act No. 12252, enacted into law on September 3, 2025, amended RA 7652 and now allows foreign investors to lease private lands for an aggregate period of up to 99 years.

Property Taxation

Real property taxes are payable annually or quarterly based on the property's assessed value. Assessed values are determined by applying the assessment levels (fixed by ordinances of the concerned Sanggunian) against the fair market values of real property. Under Republic Act No. 12001, otherwise known as the "Real Property Valuation and Assessment Reform Act", the Schedule of Market Values ("SMV"), as approved by the Secretary of Finance upon review by the Bureau of Local Government Finance ("BLGF"), shall be used as the basis for general revisions of assessments and the determination of real property taxes.

The assessed value of property and improvements vary depending on the location, use and nature of the property. Land is ordinarily assessed at 20.0% to 50.0% of its fair market value; buildings may be assessed at up to 80.0% of their fair market value; and machinery may be assessed at 40.0% to 80.0% of its fair market value. Real property taxes may not exceed 2.0% of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1.0% in all other areas. A province or city, or a municipality within Metro Manila may also levy and collect an annual tax of 1.0% on the assessed value of real property which shall be in addition to the basic real property tax to accrue exclusively to the Special Education Fund of the LGU where the property is located.

In the event there are unpaid real property taxes relating to real property, such taxes constitute a lien on the property which shall be superior to any other lien, mortgage, or encumbrance of any kind whatsoever and shall be extinguished only upon payment of the delinquent taxes and penalties. Failure to pay the real property tax will result in the payment of interest at the rate of 2% per month on the unpaid amount or a fraction thereof, until the delinquent tax shall have been fully paid; provided, however, that in no case shall the total interest on the unpaid tax or portion thereof exceed 36 months.

Anti-Money Laundering

Republic Act No. 9160 or The Anti-Money Laundering Act of 2001 (AMLA) was recently amended by Republic Act No. 11521 ("**RA No. 11521**") to include real estate brokers and developers as covered persons ("**CP**s") who are now required to report covered and suspicious transactions to the Anti-Money Laundering Council ("**AMLC**"). RA No. 11521 likewise provides for the definition of 'covered transaction' for real estate developers which is any single cash transaction involving an amount exceeding PhP7.5 million, or its equivalent in any other currency.

In compliance with the AMLA, as amended, the Company has applied for its registration with the AMLC. The latest Certificate of Registration of FLI was issued by AMLC on May 22, 2024.

ENVIRONMENTAL LAWS

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an ECC prior to commencement. The DENR through its regional offices or through the Environmental Management Bureau ("**EMB**"), determines whether a project is environmentally critical or located in an environmentally critical area. As a requisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement ("**EIS**") to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("**IEE**") to the proper DENR regional office. In the case of an environmentally critical project within an environmentally critical area, an EIS is required. The construction of major roads and bridges are considered environmentally critical projects for which EISs and ECCs are mandatory.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the direct and indirect consequences to human welfare and ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the EIS or an IEE may vary from project to project, as a minimum, it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System and that the proponent is committed to implement its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("**EGF**") when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property and the environment or where the project requires rehabilitation or restoration. The EGF is intended to meet any damages caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund ("**EMF**") when an ECC is eventually issued. In any case, the establishment of an EMF must not be later than the initial construction phase of the project. The EMF shall be used to support the activities of a multi-partite monitoring team which will be organized to monitor compliance with the ECC and applicable laws, rules and regulations.

All development projects, installations and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay Region are also required to obtain a discharge permit from the Laguna Lake Development Authority.

FLI believes that it has complied with all applicable Philippine environmental laws and regulations. FLI's compliance with environmental laws is dictated by and in accordance with the environmental laws and regulations applicable to specific and individual projects. Compliance with such laws, in FLI's opinion, is not expected to have a material effect on FLI's capital expenditures, earning or competitive position. The cost of such compliance is not significant and FLI does not keep a separate account thereof.

Legal Framework of Hazardous Waste Management

Presidential Decree No. 1152, also known as "the Philippine Environmental Code," ("**PD 1152**") took effect in 1977, and provides a basis for an integrated waste management regulation starting from waste source to methods of disposal. PD 1152 has further mandated specific guidelines to manage municipal wastes (solid and liquid), sanitary landfill and incineration, and disposal sites in the Philippines.

In 1990, the Philippine Congress enacted the Toxic Substances, Hazardous and Nuclear Wastes Control Act, commonly known as RA 6969, a law designed to respond to increasing problems associated with toxic chemicals and hazardous and nuclear wastes. RA

6969 mandates control and management of import, manufacture, process, distribution, use, transport, treatment, and disposal of toxic substances and hazardous and nuclear wastes in the Philippines. RA 6969 seeks to protect public health and the environment from unreasonable risks posed by these substances in the Philippines.

Apart from the basic policy rules and regulations of RA 6969, hazardous waste management must also comply with the requirements of other specific environmental laws, such as Presidential Decree No. 984 (National Pollution Control Decree of 1976), Presidential Decree No. 1586 (Environmental Impact Statement System Law), RA 8749 (Philippine Clean Air Act of 1999) and RA 9003 (Ecological Solid Waste Management Act of 2000) and their implementing rules and regulations.

Hazardous waste generators are required to register with and pay a registration fee to the EMB Regional Office having jurisdiction over the location of the waste generator.

Waste generators are required to perform the following activities: (1) notify the DENR of the type and quantity of wastes generated in accordance with the form and in a manner approved by the DENR and pay the prescribed fee; (2) provide the DENR, on a quarterly basis, with information to include the type and quantity of the hazardous waste generated, produced or transported outside in a form approved by the DENR; (3) continue to own and be responsible for the hazardous waste generated or produced in the premises until the hazardous waste has been certified by the waste treater as adequately treated, recycled, reprocessed or disposed of; (4) prepare and submit to the DENR comprehensive emergency contingency plans to mitigate spills and accidents involving hazardous wastes. These plans must conform to the guidelines issued by the DENR; (5) train/inform personnel and staff on: (a) the implementation of the plan, and (b) the hazards posed by the improper handling, storage, transport, and use of hazardous wastes and their containers.

Philippine Clean Water Act of 2004

RA 9275 applies to water quality management in all water bodies in the Philippines particularly to the abatement and control of pollution from land-based sources. It provides for water quality standards and regulations and civil and criminal penalties for violations thereof. The DENR, in coordination with the National Water Resources Board ("**NWRB**") must designate certain areas as water quality management areas ("**Management Areas**") which have similar hydrological, hydrogeological, meteorological or geographic conditions which affect the physicochemical, biological and bacteriological reactions and diffusions of pollutants in the water bodies, or otherwise share common interest or face similar development programs, prospects, or problems.

The DENR implements a wastewater charge system in all Management Areas through the collection of wastewater charges/fees. The system is established on the basis of payment to the government for discharging wastewater into the water bodies. Wastewater charges is established taking into consideration the following: (a) to provide strong economic inducement for polluters to modify the production or management processes or to invest in pollution control technology in order to reduce the amount of water pollutants generated; (b) to cover the cost of administering water quality management or improvement programs; (c) reflect damages caused by water pollution on the surrounding environment, including the cost of rehabilitation; (d) type of pollutant; (e) classification of the receiving water body, and (f) other special attributes of the water body.

The DENR requires owners or operators of facilities that discharge regulated effluents pursuant to the law to secure a permit to discharge. The discharge permit is the legal authorization granted by the DENR to discharge wastewater, provided, that the discharge permit must specify, among others, the quantity and quality of effluent that said facilities are allowed to discharge into a particular water body, compliance schedule and monitoring requirement.

As part of the permitting procedure, the DENR must encourage the adoption of waste minimization and waste treatment technologies when such technologies are deemed cost effective. The DENR must also develop procedures to relate the current water quality guideline or the projected water quality guideline of the receiving water body with total pollution loadings from various sources, so that effluent quotas can be properly allocated in the discharge permits. Effluent trading may be allowed per management area.

Fiscal and non-fiscal incentives are provided for compliance with RA 9275 such as: (1) inclusion in the Investment Priorities Plan; and (2) tax and duty exemption of donations, legacies and gifts for the support of the waste management program.

Philippine Clean Air Act of 1999

RA 8749 was enacted to provide for a comprehensive management program for air pollution and enforce a system of accountability for short and long-term adverse environmental impact of a project, program or activity. This includes the setting up of a funding or guarantee mechanism for clean-up and environmental rehabilitation and compensation for personal damages. The DENR, in case of industrial dischargers, and the Department of Transportation and Communications, in case of motor vehicle dischargers, designs, imposes and collects, based on environmental techniques, regular emission fees from said dischargers as part of the emission permitting system or vehicle registration renewal system, as the case may be. The system encourages the industries, and motor vehicles to abate, reduce, or prevent pollution. The basis of the fees includes, but is not limited to, the volume and toxicity of any

emitted pollutant. Industries, which must install pollution control devices or retrofit their existing facilities with mechanisms that reduce pollution are entitled to tax incentives such as but not limited to tax credits and/or accelerated depreciation deductions. The DENR has the authority to issue permits as it may determine necessary for the prevention and abatement of air pollution. Said permits cover emission limitations for the regulated air pollutants to help attain and maintain the ambient air quality standards. These permits serve as management tools for the LGUs in the development of their action plan. The DENR or its duly accredited entity must, after proper consultation and notice, require any person who owns or operates any emission source or who is subject to any requirement of RA 8749 to: (a) establish and maintain relevant records; (b) make relevant reports; (c) install, use and maintain monitoring equipment or methods; (d) sample emission, in accordance with the methods, locations, intervals, and manner prescribed by the DENR; (e) keep records on control equipment parameters, production variables or other indirect data when direct monitoring of emissions is impractical; and (f) provide such other information as the DENR may reasonably require. The DENR, through its authorized representatives, has the right to (a) enter or access any premises including documents and relevant materials; (b) inspect any pollution or waste source, control device, monitoring equipment or method required; and (c) test any emission. Any record, report or information obtained under RA 8749 must be made available to the public, except upon a satisfactory showing to the DENR by the entity concerned that the record, report, or information, or parts thereof, if made public, would divulge secret methods or processes entitled to protection as intellectual property. Such record, report or information must likewise be incorporated in the DENR's industrial rating system. RA 8749 provides for civil and criminal penalties for violations thereof.

ANTI-TRUST LAWS

The Philippine Competition Act

RA No. 10667, or the Philippine Competition Act ("**PCA**") was signed into law on July 21, 2015 and took effect on August 8, 2015. This is the first anti-trust statute in the Philippines and it provides the competition framework in the Philippines. The PCA was enacted to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities. To implement its objectives, the PCA provides for the creation of a Philippine Competition Commission (the "**PCC**"), an independent quasi-judicial agency with five (5) commissioners. Among its powers are to: conduct investigations, issue subpoenas, conduct administrative proceedings, and impose administrative fines and penalties. To conduct a search and seizure, however, the PCC must still apply for a warrant with the relevant court.

The PCA prohibits and imposes sanctions on: (a) anti-competitive agreements between or among competitions, mergers and acquisitions which have the object or effect of substantially preventing, restricting or lessening competition, and (c) practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition, such as selling goods or services below cost to drive out competition, imposing barriers to entry or prevent competitors from growing, and setting prices or terms that discriminate unreasonably between customers or sellers or the same goods, subject to certain exceptions.

On June 3, 2016, the PCC issued the implementing rules and regulations of the PCA ("**IRR**"). Under the IRR, as a general rule, parties to a merger or acquisition are required to notify the PCC when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of the acquiring or the acquired entities exceed ₱1 billion; and (b) the value of the transaction exceeds ₱1 billion, as determined in the IRR; while parties to a joint venture transaction shall be subject to the notification requirement if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱1 billion, or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱1 billion.

The most recent adjustment to the compulsory merger notification thresholds took effect on March 1, 2025. Currently, parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of at least one of the acquiring or acquired entities, including that of all entities that the ultimate parent entity controls, directly or indirectly, exceed ₱8.5 billion; and (b) the value of the transaction exceeds ₱3.5 billion, as determined in the IRR; while parties to a joint venture transaction shall be subject to the notification requirement if either (a) the aggregate value of the assets will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱3.5 billion; or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱3.5 billion.

Violations of the PCA and the IRR have severe consequences. Under the PCA and the IRR, a transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of one percent (1%) to five percent (5%) of the value of the transaction. Criminal penalties for entities that enter into anti-competitive agreements, as defined, include: (a) a fine of not less than ₱50 million but not more than ₱250 million; and (b) imprisonment for two (2) to seven (7) years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100 million to ₱250 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime

commodities.

On September 15, 2017, the PCC published the 2017 Rules of Procedure ("**Rules**") which apply to investigations, hearings, and proceedings of the PCC, except to matters involving mergers and acquisitions unless otherwise provided. It prescribes procedures for fact-finding or preliminary inquiry and full administrative investigations by the PCC. The Rules also include non-adversarial remedies such as the issuance of binding rulings, show cause orders, and consent orders.

On November 23, 2017, the PCC published the 2017 Rules on Merger Procedures which provides the procedure for the review or investigation of mergers and acquisition pursuant to the IRR. The 2017 Rules on Merger Procedures provides, among others, that parties to a merger that meets the thresholds in Section 3 of Rule 4 of the IRR are required to notify the PCC within thirty (30) days from the signing of definitive agreements relating to the notifiable merger.

DATA PRIVACY LAWS

Data Privacy Act

RA No. 10173, otherwise known as the Data Privacy Act of 2012 ("**Data Privacy Act**"), was signed into law on August 15, 2012, to govern the processing of all types of personal information (i.e., personal, sensitive, and privileged information) in the hands of the government or private natural or juridical person through the use of Information and Communications System ("**ICT**"), which refers to a system for generating, sending, receiving, storing or otherwise processing electronic data messages or electronic documents and includes the computer system or other similar device by or which data is recorded, transmitted or stored and any procedure related to the recording, transmission or storage of electronic data, electronic message, or electronic document. While the law expressly provides that it does not apply to certain types of information, including those necessary for banks and other financial institutions under the jurisdiction of BSP to comply with the AMLA and other applicable laws, the said law applies to all other personal information obtained by banks for other purposes. It mandated the creation of a National Privacy Commission, which shall administer and implement the provisions of the Data Privacy Act and ensure compliance of the Philippines with international standards set for data protection. The Philippines recognizes the need to protect the fundamental human right of privacy and of communication, while ensuring free flow of information to promote innovation and growth. It also identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in ICT in the government and in the private sector are secured and protected.

The Data Privacy Act seeks to protect the confidentiality of "personal information", which is defined as "any information, whether recorded in material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual." The law provides for certain rights of a data subject or an individual whose personal information is being processed. The law imposes certain obligations on "personal information controllers" and "personal information processors". It also provides for penal and monetary sanctions for violations of its provision.

GENERAL BUSINESS REGULATORY FRAMEWORK

Republic Act No. 11232, also known as the Revised Corporation Code, was signed into law on February 20, 2019 and took effect on February 23, 2019. Among the notable amendments in the Revised Corporation Code are as follows: (i) corporations are now generally granted perpetual existence; (ii) a new section on one-person corporation was added; (iii) the requirement that at least 25% of the authorized capital stock must be subscribed, and at least 25% of the subscribed shares must be paid-up upon incorporation was removed; (iv) stockholders can now vote *in absentia*; (v) incorporators now include any person, partnership, association or corporation; and (vi) the powers of the SEC to prosecute and investigate offenses under the Revised Corporation Code has been expanded.

The Revised Corporation Code refers to the Philippine Competition Act in cases of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the Philippine Competition Act thresholds.

Board of Directors and Senior Management

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The overall management and supervision of the Company is undertaken by its Board. The Company's executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Currently, the Board consists of nine (9) members, of which three (3) are independent directors.

The table below sets forth the members of the Company's Board and its senior management officers as of the date of this Offer Supplement.

Jonathan T. Gotianun *Chairman of the Board*	Mr. Gotianun, 72, Filipino, was first elected as a Director of FLI on 17 June 1994. He also serves as the Chairman of the Board of Directors of Filinvest Development Corporation ("FDC") and East West Banking Corporation ("EWBC"), both publicly-listed companies. He is also the Chairman of the Board of Davao Sugar Central Co., Inc. ("DSCC"), Cotabato Sugar Central Co. Inc. ("CSCC") and FDC Utilities, Inc. ("FDCUI") and their subsidiary power companies. He served as a Director and Senior Vice President of Family Bank & Trust Co. until 1984. He obtained his Master's Degree in Business Administration from Northwestern University in 1976.
Lourdes Josephine Gotianun Yap *Vice-Chairperson of the Board*	Mrs. Yap, 70, Filipino, was first elected as a Director of FLI on 24 November 1989. Mrs. Yap was elected as the Vice-Chairperson of the Board of FLI on 24 April 2023. She served as the CEO of FLI from October 2012 to April 2023 and as its President from October 2012 to April 2022. She is also the Vice-Chairperson of the Board of FDC, and EWBC, all publicly-listed companies. She is the Chairperson of Filinvest Alabang, Inc. ("FAI"), a Director of FDCUI and in other companies within the Filinvest Group. She obtained her Master's Degree in Business Administration from the University of Chicago in 1977.
Tristaneil D. Las Marias *Director, President and Chief Executive Officer*	Mr. Las Marias, 50, Filipino, is the President and Chief Executive Officer of FLI. He also serves as a Director of FILRT, a publicly-listed company. He started in 1997 as the Head of Regional Projects and went on to hold a higher position as a Senior Vice-President and Cluster Head for Visayas and Mindanao projects, as well as Southwest and Central Luzon. He was appointed as President and Chief Strategy Officer of FLI in April 2022 before his concurrent appointment as CEO in April 2023. He obtained his Bachelor of Arts, Major in Management Economics degree from Ateneo de Manila University. He also obtained his Certificate from the Advanced Management Program of the Harvard Business School in 2022.
Michael Edward T. Gotianun *Director*	Mr. Gotianun, 68, Filipino, was first elected as a Director of FLI on 08 May 2015. He is also a Director of FDC, a publicly-listed company. He served as the general manager of Filinvest Technical Industries from 1987 to 1990 and as loans officer at Family Bank from 1979 to 1984. He obtained his Bachelor's Degree in Business Management from the University of San Francisco in 1979.
Francis Nathaniel C. Gotianun *Director*	Mr. Gotianun, 42, Filipino, was first elected as a Director of FLI on 22 April 2016. He is the First Senior Vice-President of Filinvest Hospitality Corporation, a subsidiary of FDC, the primary role of which is to evaluate, plan, develop and optimize potential and current hospitality investments of the Filinvest Group. He serves as Chairman of ProOffice Work Services, Inc. (PWSI), a Director of Filinvest Mimosa, Inc. and as the President and CEO of The Palms County Club, Inc. ("TPCCI"). He obtained his Bachelor's Degree in Commerce from the University of Virginia in 2005 and his Master's in Business Administration degree in IESE Business School – University of Navarra in 2010.
Rhoda A. Huang *Director*	Ms. Huang, 63, Filipino, is currently a Director and the President and CEO of FDC. Prior to joining FDC, she was the President of BPI Capital Corporation. She was also the former Branch Head of Investment Banking for Credit Suisse Philippines and spent nineteen (19) years at JP Morgan Chase and its predecessor institutions. Ms. Huang bring more than thirty (30) years of experience in Philippine corporate,

	financial and government institutions. She has led various aspects of investment banking, including handling mergers and acquisitions, facilitating equity-linked transactions, managing equity and debt capital markets, overseeing structured products and lending, as well as handling risk management. She completed her Bachelor's degree in Business Administration and Accountancy at the University of the Philippines and is a Certified Public Accountant.
Ernesto S. De Castro *Independent Director*	Mr. De Castro, 79, Filipino, was first elected as an Independent Director of FLI on 22 April 2019. He is the President of ESCA Incorporated since July 1993. He is not a Director of any other publicly-listed company. He graduated from the University of the Philippines Diliman in 1967 with a Bachelor's Degree in Civil Engineering and obtained his Masters of Engineering in the same university in 1968. He obtained the degree of Doctor of Philosophy in Civil Engineering (Major in Structures) in Lehigh University, Bethlehem, Pennsylvania, USA in 1975.
Gemilo J. San Pedro *Independent Director*	Mr. San Pedro, 71, Filipino, was first elected as an Independent Director of FLI on 17 July 2019. He also serves as an Independent Director of FILRT. He has 38 years of experience in public accounting and business advisory services. Prior to his retirement on 30 June 2015, he served various leadership roles at SyCip Gorres Velayo & Co. (SGV & Co.). He was a partner in SGV & Co. from 1991 to 2015 and a Professional Practice Director and a Quality and Risk Management Leader from 2004 to 2015. He is an Independent Director of Globe Fintech Innovations, Inc., Electronic Commerce Payments (EC Pay), Inc., and Insular Life Assurance Company, Ltd. He finished his Bachelor of Science in Commerce, Major in Accounting degree at Rizal Memorial Colleges, Davao City. He obtained his Master of Business Administration, Concentration in Finance and International Business, at the Graduate School of Business, New York University, (now Stern Graduate School) USA in 1983.
Ephyro Luis B. Amatong *Lead Independent Director*	Atty. Amatong, 52, Filipino, was the former Supervising Commissioner of the Markets and Securities Regulation Department and the Economic Research and Training Department of the Philippine Securities and Exchange Commission (SEC) from May 2014 to March 2022. Before joining SEC, he was an Assistant Secretary of the Department of Finance ("DOF") where he had an active role in a number of privatization projects among others. He also served in various capacities in the government. Before joining the government, he was an Associate with the Villaraza & Angangco Law Offices where he dealt with high profile litigation. Currently, he is a partner of MOSVELDTT Law Offices and a Consultant for the World Bank Group and the Asian Development Bank. He is a Professional Lecturer of the University of the Philippines – College of Law, a Trustee of the Andres Bonifacio College, an Independent Director of Asia Link Finance Corp.; Global Dominion Financing, Inc., South Asialink Finance Corp., and Citicore Renewable Energy Corp., and an Advisor to the Board of Alternergy Holdings Corp. Atty. Amatong was admitted to the Philippine Bar in 2002 and the New York Bar in 2007. He holds a Master of Laws degree with an International Finance Concentration from Harvard Law School. He also holds a Bachelor of Laws degree from the University of the Philippines and a Bachelor of Science in Business Economics from the same university.
Ana Venus A. Mejia *Executive Vice President, Chief Operating Officer and Treasurer and Chief Finance Officer*	Ms. Mejia, 60, Filipino, has been with the Filinvest Group for 27 years. She started in January 1996 as the Assistant Controller of FDC and has served the group in various capacities. She was appointed as the Treasurer of FLI in 2012. She also serves as the Treasurer and Chief Finance Officer of FILRT. Prior to joining Filinvest, she worked with Shoemart and SGV & Co. She is a Certified Public Accountant and a *magna cum laude* graduate of Pamantasan ng Lungsod ng Maynila. She obtained her Master's Degree from the Kellogg School of Management of Northwestern University and the School of Business and Management at the Hong Kong University of Science and Technology.
Winnifred H. Lim	Engr. Lim, 61, Filipino, is the Senior Vice-President and Chief Technical Planning Officer of FLI. He started as the Company's Engineering Head last 2000 and

First Senior Vice President and Chief Technical Planning Officer	currently leads Engineering, Architecture, Planning and Design, Survey, and Special Projects. He obtained his Master's Degree in Structural Engineering at the University of the Philippines Diliman.
Francis V. Ceballos *Senior Vice President and Head of the Industrial, Warehousing and Logistics Business*	Mr. Ceballos, 59, Filipino, joined FLI in 2010 and is currently the Senior Vice-President and Head of the Industrial, Warehousing and Logistics Business of FLI. He graduated from Ateneo de Manila University with a degree in Management Engineering and obtained his Masters in Business Administration from the Asian Institute of Management.
D'Artagnan M. Aguilar *Senior Vice President – Chief Marketing Officer*	Mr. Aguilar, 56, Filipino, is the Chief Marketing Officer of FLI. He is a senior marketing and business leader with over 30 years of experience driving enterprise brand transformation, digital growth, and marketing modernization across real estate, banking, telecommunications, retail, and multinational agency environments. As Chief Marketing Officer at Filinvest Land Inc., Bunny will lead enterprise brand strategy, corporate communications, digital marketing, and consumer insights. His mandate is to modernize marketing capabilities, strengthen the master brand, and align marketing strategy with Group-wide business objectives. Prior to joining FLI, Bunny was Chief Marketing Officer of CIMB Bank Philippines. Before CIMB, Mr. Aguilar spent several years at Bank of the Philippine Islands (BPI) as Vice President for Institutional Branding, Media, and Digital. Earlier in his career, he held senior leadership roles at Globe Telecom, Mindshare Philippines, Ogilvy & Mather, and Leo Burnett. He graduated from the Ateneo de Manila University with a Bachelor of Science degree in Biology. He obtained his Executive Business Management Certificate from the Harvard Business School.
Reynaldo Juanito S. Nieva II *Senior Vice President and Operations Head*	Mr. Nieva, 51, Filipino, is the head of the Operations Department of FLI. He has been with FLI for fifteen (15) years and significantly contributed to various systems and processes of the company. His customer-centric leadership introduced the Omni channel to FLI's customer service, efficient booking process, stability in risk management and digitalizing an array of FLI Operating systems. He graduated from the University of the Philippines Diliman with a degree in Hotel and Restaurant Administration
Ms. Mary Averose D. Valderrama *Senior Vice President – Residential Business Unit Head*	Ms. Valderrama, 44, Filipino, is the Brand/Product and Regional Projects Head for MRBs and Metro Manila and Luzon – MRB of FLI. Ms. Valderrama graduated as *cum laude* in 2002 with a degree in Business Economics at the University of the Philippines - Diliman. She took an MBA in Business Administration at the University of East Anglia in United Kingdom and graduated with distinction. When Ms. Valderrama joined FLI in 2013, she carried with her solid real estate experience gained from the various roles she held in business development, sales and marketing.
Wilbert B. Serrano *First Vice President – Sales and Marketing Head*	Mr. Serrano, 50, Filipino, is the Sales and Marketing Head of FLI. Prior to joining FLI, he is the Head of Commercial Excellence and Business Strategy at Sandoz-Novartis Philippines. He has been leading sales and marketing teams across different industries for over twenty (20) years. He has worked for Globe Telecom, Johnson & Johnson Philippines, and Samsung Electronics Philippines Corp. He has a Bachelor of Arts Degree in English and has completed the Executive MBA Program at the Asian Institute of Management ("AIM"). He is also a graduate of the Corporate Strategy and Execution Program and Management Development Program of AIM.
Luis L. Fernandez *First Vice President and HOA & Water Systems Head*	Mr. Fernandez, 79, Filipino, is the HOA & Water Systems Head of FLI. He has been with Filinvest for more than fifty (50) years. He served as Executive Vice-President of Family Savings Bank and held the same position in Family Bank & Trust Co. He also served as Vice-President of FDC. He obtained his Bachelor of Arts Degree Major in Business Management from the Ateneo De Manila University.
Sean Philip R. Imperial *First Vice President - Land Acquisition and Disposition*	Mr. Imperial, 47, Filipino, is the First Vice-President for Land Acquisition and Disposition of FLI. He has been with Filinvest for twenty-three (23) years. He is a homegrown talent, starting as a Project Analyst to an Executive role in Rawland

	Acquisition. He obtained his degree in Economics from the University of Santo Tomas.
Gerard C. Marcelo *First Vice President, Regional General Manager – North, Central and South Luzon, and Estate Business Head*	Mr. Marcelo, 53, Filipino, is the First Vice President and Regional General Manager – North, Central and South Luzon, and Estate Business Head. Mr. Marcelo has over 25 years of experience in planning, implementation and general management of general subdivision projects, as well as land acquisition and business development for condotels and hotel projects. He started his career with Landco Pacific Corporation earning his way to becoming its Vice President for Business Development and Market Research. Prior to joining FLI, he was a Business and Project Development Consultant of Ayala Land Estates, Inc. Mr. Marcelo graduated from Ateneo de Manila University with a Bachelor of Science in Management Engineering and attended the Strategic Business Economics Program at the University of Asia and the Pacific.
Maria Arabelle B. Solidum *First Vice President – Region General Manager*	Ms. Solidum, 47, Filipino, previously served as FLI's Area General Manager for Northern Mindanao in 2013–2017 and as the Rawland Group Head for Visayas and Mindanao Cluster in 2018. Prior to joining Filinvest, her leadership roles include Senior Vice President and Chief Operations Officer at Raemulan Lands, Inc., Vice President and General Manager at Pacifica Homes Development Corporation (a Century Pacific Group, Inc. subsidiary), and key management positions at Pueblo de Oro Development Corporation (ICCP Group), Globe Telecom, Inc., Innove Communications, Inc., and the Villar Group. She holds a Bachelor of Science degree in Agribusiness Management (cum laude), from the University of the Philippines Los Banos and is completing her Master of Arts in Urban and Regional Planning at UP SURP in UP Diliman. Atty. Elamparo, 55, Filipino, is concurrently the Compliance Officer and Head of Legal of Filinvest Development Corporation Atty. Elamparo, 55, Filipino, is concurrently the Compliance Officer and Head of Legal of Filinvest Development Corporation
Estrella C. Elamparo *Compliance Officer*	Atty. Elamparo, 55, Filipino, is concurrently the Compliance Officer and Head of Legal of Filinvest Development Corporation. She is a lawyer specializing in litigation and disputes, public relations, crisis management and communications, and policy advocacy. She has been recognized as one of the Philippines' Top 100 Lawyers in 2021, 2022 and 2023, and was named Woman Lawyer of the Year by Asian Legal Business South East Asia Law Awards in 2017. She is a professor at the San Beda Graduate School of Law and a columnist for The Daily Tribune. Atty. Elamparo has held several senior positions in both the private and public sectors, including Senior Partner and Head of Commercial and Criminal Litigation at Divina Law, and Senior Vice President and Chief Legal Counsel at the Government Service Insurance System. She is also a certified Securities Specialist and Certified Treasury Specialist. Atty. Elamparo holds a Bachelor of Laws degree from the University of the Philippines and a Master of Arts degree in Health Care Ethics and Law from the University of Manchester as a Chevening Scholar.
Melissa C. Ortiz *Investor Relations Officer*	Ms. Ortiz, 55, Filipino, is the Investor Relations Officer of FLI. She was previously the Head of Investor Relations for ABS-CBN Corporation, Head of Corporate and Financial Planning for Nutriasia Philippines and Head of Financial Planning and Investor Relations for MERALCO. She is a Certified Public Accountant and a Certified Management Accountant. She obtained her Bachelor's Degree in Business Administration from the University of the Philippines and obtained her Master's Degree in Business Administration and Master of Science degree in Computational Finance from De La Salle University. She completed the Chief Financial Officer, Strategic Finance Leadership, Strategy Management for Leaders, Smart Cities Development and Management, Business and Management Consulting and Enterprise Risk Management programs at the Asian Institute of Management. She also completed the Sustainable Real Estate: Creating a Better Built Environment program from the University of Cambridge

	Institute for Sustainability Leadership, the Sustainable Finance in Action program of the Singapore Management University, The Cities Programme of the National University of Singapore, and the Real Estate Economics and Finance program from the London School of Economics and Political Science. She is currently taking her Doctorate of Business Administration at the Asian Institute of Management.
Katrina O. Clemente-Lua *Corporate Secretary and Corporate Information Officer*	Ms. Clemente-Lua, 42, Filipino, was appointed as FLI's Corporate Secretary on March 24, 2023 and Corporate Information Officer on 16 March 2022. Ms. Lua was previously appointed as FLI's Assistant Corporate Secretary on 16 March 2022. She joined the Corporate and Tax Advisory Division of the Legal Department of FLI in October 2018. Prior to joining FLI, she served as the Legal Counsel of Philippine Stratbase Consultancy, Inc. and the Executive Director of Stratbase ADR Institute. She was previously an Associate of Carag Jamora Somera & Villareal Law Offices, as well as the Senior Corporate Affairs Officer of Anchor Land Holdings. She is a member of the Integrated Bar of the Philippines (Makati Chapter). She obtained her Bachelor of Arts degree in Legal Management from De La Salle University and her Juris Doctor degree from Ateneo de Manila University.
Jennifer C. Lee *Assistant Corporate Secretary*	Ms. Lee, 41, Filipino, was first appointed as FLI's Assistant Corporate Secretary on 24 March 2023. She joined the Corporate, Tax, and Compliance Division of the Legal Department of FLI in July 2021. Prior to joining FLI, she was an associate in Quasha Law and in Migallos & Luna Offices. She is a member of the Integrated Bar of the Philippines (Makati Chapter). She obtained her Juris Doctor degree in University of the Philippines – Diliman and her Bachelor of Science in Commerce, Major in Legal Management in De La Salle University – Manila.
Heherson M. Ibardaloza *Data Protection Officer*	Mr. Ibardaloza, 38, Filipino, was appointed as the Data Protection Officer of FLI on February 16, 2026. On November 11, 2025, the Board of Directors of FLI confirmed his appointment as Interim Data Protection Officer. He has extensive professional experience in Global Shared Services industry with 15 Years of Experience in Global Master Data Management. Prior to joining Filinvest Business Services Corporation ("FBSC"), he held the position of Finance Master Data Management Manager at Dover Business Services. He graduated with a Bachelor of Science in Hospitality Management from Taguig City University.

Family Relationships

The Chairman of the Board, Mr. Jonathan T. Gotianun is the (i) brother of Mr. Michael Edward T. Gotianun, and Mrs. Lourdes Josephine Gotianun Yap, and the (ii) father of Mr. Francis Nathaniel C. Gotianun, all of whom are directors of FLI.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

Except for the following cases, none of the members of FLI's Board nor its executive officers are involved in any major criminal, bankruptcy or insolvency investigations or proceedings for the past five (5) years and up to December 31, 2025, nor have they been found by judgment or decree to have violated securities or commodities laws and enjoined from engaging in any business, securities, commodities or banking activities: (a) the complaint for syndicated estafa and usurpation of real property filed by Manuel Tee and Michael Mendoza against certain directors and officers of FLI on 2018, docketed as NPS No. XV-08-INV-18K-01075, which was dismissed by the Office of the City Prosecutor ("**OCP**") for Muntinlupa City and for which complainants' Motion for Reconsideration was already denied on February 24, 2020; (b) the complaint for estafa filed by Manila Paper Mills International, Inc. ("**MPMII**") with the OCP of Dasmariñas, Cavite against certain directors and an officer of FLI, which was dismissed, although MPMII filed a Petition for Review before the Secretary of Justice; and (c) the complaint for Violations of Presidential Decree No. 957 ("**PD 957**") filed by Spouses Jonathan and Imelda Ordoña, docketed as I.S. No. XV-07-INV-24J-04402 before the OCP of City of Manila, which was dismissed in a Resolution dated 31 October 2024.

CORPORATE GOVERNANCE

Compliance with Best Practices on Corporate Governance

FLI is in compliance with its Revised Manual for Corporate Governance as demonstrated by the following: (a) the election of three (3) independent directors to the Board; (b) the appointment of members of the Executive Committee, the Audit and Risk Management Oversight Committee, the Compensation Committee, the Corporate Governance Committee, and the Related-Party

Transaction Committee; (c) the conduct of regular quarterly board meetings and special meetings with the faithful attendance of the directors at these meetings and their proper discharge of duties and responsibilities as such directors; (d) the adoption of the Related Party Transaction Policy; (e) the creation of sustainability report; (f) the timely submission to the SEC of reports and disclosures required under the Securities Regulation Code; (g) FLI's adherence to national and local laws pertaining to its operations; and (h) the observance of applicable accounting standards by FLI.

There is no deviation from the Company's Revised Manual on Corporate Governance.

In order to keep abreast of best practices in Corporate Governance, the members of the Board and top management have attended seminars on corporate governance initiated by duly accredited institutions. FLI constantly reviews its Corporate Governance practices and welcomes proposals, especially from institutions and entities such as the SEC, PSE and the Institute of Corporate Directors.

Board of Directors

Leading the practice of good Corporate Governance is the Board of Directors. The Board of Directors is firmly committed to the adoption of and compliance with the best practices in Corporate Governance as well as the observance of all relevant laws, regulations and ethical business practices.

Nominations and Voting for the Board of Directors

The members of the Board are elected during the annual stockholders' meeting. The stockholders of FLI may nominate individuals to be members of the Board of Directors.

The Corporate Governance Committee, acting as the Nominations Committee, receives nominations for directors as may be submitted by the stockholders. After the deadline for the submission thereof, the Nominations Committee meets to consider the qualifications as well as grounds for disqualification, if any, of the nominees based on the criteria set forth in FLI's Revised Manual on Corporate Governance and the Securities Regulation Code. All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. The Nomination Committee shall then prepare a Final List of Candidates enumerating the nominees who passed the screening. The name of the person or group of persons who recommends nominees as independent directors shall be disclosed along with his or their relationship with such nominees. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the annual meeting.

The conduct of the election of independent directors shall be in accordance with FLI's Revised Manual on Corporate Governance. In 2008, FLI filed with the SEC its application for the amendment of the By-Laws to include the procedure that will govern the nomination and election of independent directors. This procedure is consistent with FLI's Revised Manual on Corporate Governance and Rule 38 of the Securities Regulation Code. The approval by the Commission on said application was issued on April 8, 2009. The power of the Board to amend the By-Laws has been delegated by the stockholders representing two-thirds (2/3) of FLI's outstanding capital stock in an annual meeting of said stockholders on May 27, 1994.

It shall be the responsibility of the Chairman of the annual meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the annual meeting. Specific slots for independent directors shall not be filled up by unqualified nominees. In case of failure of election for independent directors, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy. A stockholder may vote such number of shares for as many persons as there are directors to be elected. He may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit; Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of FLI multiplied by the whole number of directors to be elected. The directors of FLI are elected at the annual stockholders' meeting, to hold office until their respective successors have been duly appointed or elected and qualified. Vacancies in the Board occurring mid-term are filled as provided in the Revised Corporation Code and FLI's Revised Manual on Corporate Governance. Officers and committee members are appointed or elected by the Board of Directors typically at its first meeting following the annual stockholders' meeting, each to hold office until his successor shall have been duly elected or appointed and qualified.

Independent Directors

Before the annual meeting, a stockholder of FLI may nominate individuals to be independent directors, taking into account the following guidelines:

A. "Independent director" means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise

of independent judgement in carrying out his responsibilities as director in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:

i. Is not a director or officer or substantial stockholder of FLI or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);

ii. Is not a relative of any director, officer or substantial stockholder of FLI, any of its related companies or any of its substantial shareholders. For this purpose, "relative" includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

iii. Is not acting as a nominee or representative of a substantial shareholder of FLI, any of its related companies or any of its substantial shareholders;

iv. Has not been employed in an executive capacity by FLI, any of its related companies or any of its substantial shareholders within the last two (2) years;

v. Is not related as a professional adviser of FLI, any of its related companies or any of its substantial shareholders within the last two (2) years, either personally or through his firm;

vi. Has not engaged and does not engage in any transaction with FLI or any of its related companies or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms-length and are immaterial or insignificant.

B. When used in relation to FLI, subject to the requirements above:

i. "Related company" means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and

ii. "Substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

C. An independent director of FLI shall have the following qualifications:

i. He shall have at least one (1) share of stock of FLI;

ii. He shall be at least a college graduate or he shall have been engaged in or exposed to the business of FLI for at least five (5) years;

iii. He shall possess integrity/probity; and

iv. He shall be assiduous.

D. No person enumerated under Part II, Item A, Par. 8 of the Revised Manual of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:

i. He becomes an officer or employee of FLI, or becomes any of the persons enumerated under items (A) hereof:

ii. His beneficial security ownership exceeds 2% of the outstanding capital stock of FLI;

iii. He fails, without any justifiable cause, to attend at least 50% of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family member;

iv. If he becomes disqualified under any of the grounds stated in FLI's Revised Manual on Corporate Governance.

E. Pursuant to SEC Memorandum Circular No. 09, Series of 2011, as amended by SEC Memorandum Circular No. 04, Series of 2017, and SEC Memorandum Circular No. 7, Series of 2026, the following guidelines shall be observed in the qualification and term limits of individuals who serve as independent directors:

i. There shall be no limit in the number of covered companies that a person may be elected as independent director, except in business conglomerates where an ID can be elected to only five (5) companies of the conglomerate, i.e., parent company, subsidiary or affiliate;

ii. An independent director shall be elected for a term of one (1) year, and shall serve for a maximum cumulative term of nine (9) years; in the same company. An independent director elected before the effectivity of SEC Memorandum Circular No. 7, Series of 2026 shall be subject to the same 9-year maximum term reckoned from calendar year 2012;

iii. Computation of Nine-Year Term Limit

a. In case of continuous or consecutive service of an ID as such, the nine-year maximum term limit shall fall on (i) the date of the Annual Stockholders' Meeting (ASM) per the by-laws of the company, or (ii) on any other ASM date priorly approved by the Commission.

b. In case of intermittent service of an ID as such, the cumulative tenure shall not exceed nine (9) years. For this purpose, on the ID's ninth year term as such, the maximum term limit shall fall on (i) the date of the ASM, per the by-laws of the company, or (ii) any other ASM date priorly approved by the Commission.

c. In case an ID is elected as non-independent director or officer of the company within the nine-year term limit, he can be elected again as an ID of the same company only after observing a cooling off period of two (2) years from the date he ceases being a non-independent director or officer, provided that the cumulative service as ID has not yet reached the nine (9) year maximum limit.

iv. An independent director who has served the maximum cumulative term shall be barred perpetually from re-election as an independent director of the same company, without prejudice to serving as a non-independent director or officer of the same company without any cooling-off period.;

Members of the Board of Directors, Attendance and Committee Memberships

The following table lists the members of the Board of Directors who were elected during the Annual Stockholders' Meeting held on April 24, 2025.

Board	Name	Date of Election
Chairman	Jonathan T. Gotianun	April 24, 2025
Vice-Chairperson	Lourdes Josephine GotianunYap	April 24, 2025
Member	Michael Edward T. Gotianun	April 24, 2025
Member	Rhoda A. Huang	April 24, 2025
Member	Francis Nathaniel C. Gotianun	April 24, 2025
Member	Tristaneil D. Las Marias	April 24, 2025
Independent	Ephyro Luis B. Amatong	April 24, 2025
Independent	Ernesto S. De Castro	April 24, 2025
Independent	Gemilo J. San Pedro	April 24, 2025

Committee Membership

COMMITTEE	CHAIRPERSONS AND MEMBERS
Executive Committee	**Chair:** Lourdes Josephine Gotianun Yap
	Members:
	Jonathan T. Gotianun
	Michael Edward T. Gotianun
	Francis Nathaniel C. Gotianun
	Tristaneil D. Las Marias
	Rhoda A. Huang
Audit & Risk Management Oversight Committee	**Chair:** Gemilo J. San Pedro (Independent Director)
	Members:
	Ephyro Luis B. Amatong (Independent Director)

COMMITTEE	CHAIRPERSONS AND MEMBERS
	Ernesto S. De Castro
	Lourdes Josephine Gotianun Yap
	Jonathan T. Gotianun
Compensation Committee	**Chair:** Lourdes Josephine Gotianun Yap
	Members:
	Ephyro Luis B. Amatong (Independent Director)
	Ernesto S. De Castro (Independent Director)
	Gemilo J. San Pedro (Independent Director)
Corporate Governance Committee	**Chair:** Ephyro Luis B. Amatong (Independent Director)
	Members:
	Jonathan T. Gotianun
	Gemilo J. San Pedro (Independent Director)
	Ernesto S. De Castro (Independent Director)
Related-Party Transaction Committee	**Chair:** Ephyro Luis B. Amatong (Independent Director)
	Members:
	Gemilo J. San Pedro (Independent Director)
	Ernesto S. De Castro (Independent Director)

Duties and Responsibilities of the Different Board Committees

Executive Committee

Office	Name	Date of Appointment
Chairman	Lourdes Josephine Gotianun Yap	April 24, 2025
Member (NED)	Jonathan T. Gotianun	April 24, 2025
Member (NED)	Michael Edward T. Gotianun	April 24, 2025
Member (NED)	Francis Nathaniel C. Gotianun	April 24, 2025
Member (ED)	Tristaneil D. Las Marias	April 24, 2025
Member (NED)	Rhoda A. Huang	April 24, 2025

The functions, duties and responsibilities of the Board of Directors may be delegated, to the fullest extent permitted by law, to an Executive Committee to be established by the Board of Directors. The Executive Committee shall consist of five (5) members, at least three (3) of whom shall be members of the Board of Directors. All members of the Executive Committee shall be appointed by and under the control of the Board of Directors.

The Executive Committee may act on such specific matters within the competence of the Board of Directors as may be delegated to it by a majority vote of the Board of Directors, except with respect to: (i) approval of any action for which shareholders' approval is also required; (ii) the filing of vacancies in the Board of Directors; (iii) the amendment or repeal of these By-Laws or the adoption of new by-laws; (iv) the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable; and (v) the distribution of cash dividends to shareholders. The act of the Executive Committee on any matter within its competence shall be valid if (i) it is approved by the majority vote of all its members in attendance at a meeting duly called where a quorum is present and acting throughout, or (ii) it bears the written approval or conformity of all its incumbent members without necessity for a formal meeting.

The Executive Committee shall hold its regular meeting at least once a month or as often as it may determine, in the principal office of the Corporation or at such other place as may be designated in the notice. Any member of the Executive Committee may, likewise, call a meeting of the Executive Committee at any time. Notice of any meeting of the Executive Committee shall be given at least seven (7) business days prior to the meeting or such shorter notice period as may be mutually agreed. The notice shall be accompanied by (i) a proposed agenda or statement of purpose and (ii) where possible, copies of all documents, agreements and information to be considered at such meeting.

Audit & Risk Management Oversight Committee

Office	Name	Date of Appointment
Chairman (ID)	Gemilo J. San Pedro	April 24, 2025
Member (ID)	Ephyro Luis B. Amatong	April 24, 2025
Member (ID)	Ernesto S. De Castro	April 24, 2025
Member (NED)	Lourdes Josephine Gotianun Yap	April 24, 2025
Member (NED)	Jonathan T. Gotianun	April 24, 2025

The Audit & Risk Management Oversight Committee is composed of at least three (3) qualified non-executive directors preferably with accounting and financial background, majority of which shall be independent and should have related audit experience.

The Chairman of this Committee should be an independent director. He is responsible for inculcating in the minds of the Board members the importance of management responsibilities in maintaining a sound system of internal control and the Board's oversight responsibility.

The Audit and Risk Management Committee shall have the following duties and responsibilities:

a) Internal Audit

- Recommend the approval of the Internal Audit Charter ("**IA Charter**"), which formally defines the role of Internal Audit and the audit plan as well as oversee the implementation of the IA Charter;
- Provide oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management;
- Provide oversight of the Corporation's internal and external auditors;
- Review and approve audit scope and frequency, and the annual internal audit plan;
- Discuss with the external auditor before the audit commences the nature and scope of the audit, and ensure coordination where more than one (1) audit firm is involved;
- Set up an internal audit department and consider the appointment of an internal auditor as well as an independent external auditor, the audit fee and any question of resignation or dismissal;
- Monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system;
- Receive and review reports of internal and external auditors and regulatory agencies, where applicable, and ensure that management is taking appropriate corrective actions, in a timely manner, in addressing control and compliance functions with regulatory agencies;
- Review the quarterly, half-year and annual financial statements before submission to the Board with particular focus on the following matters:
  - Any change/s in accounting policies and practices
  - Major judgmental areas
  - Significant adjustments resulting from the audit
  - Going concern assumptions
  - Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements

- Coordinate, monitor, and facilitate compliance with existing laws, rules and regulations;
- Evaluate and determine non-audit work by external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to the Corporation's total expenditure on consultancy. The non-audit work should be disclosed in the Annual Report; and
- Establish and identify the reporting line of the CAE so that the reporting level allows the internal audit activity to fulfill its responsibilities. The CAE shall report directly to the audit Committee functionally. The Audit committee shall ensure that the internal auditors shall have free and full access to the Corporation's records, properties and personnel relevant to the internal audit activity, and that the internal audit activity should be free from interference in determining the scope of internal auditing examinations, performing work, and communicating results, and shall provide a venue for the Audit Committee to review and approve the annual internal audit plan.

b) Risk Management

- Develop and oversee the Corporation's risk management program;
- Oversee the system of limits to discretionary authority that the Board delegates to the Management, ensure that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached;
- Advise the Board on its risk appetite levels and risk tolerance limits;

- Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence;
- Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary;
- Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board; and

Other duties and responsibilities are provided in the Audit and Risk Management Committee Charter.

Compensation Committee

Office	Name	Date of Appointment
Chairman	Lourdes Josephine Gotianun Yap	April 24, 2025
Member (ID)	Ernesto S. De Castro	April 24, 2025
Member (ID)	Gemilo J. San Pedro	April 24, 2025
Member (ID)	Ephyro Luis B. Amatong	April 24, 2025

The Compensation Committee is composed of at least three (3) Director-members, two (2) of whom must be independent directors.

Duties and Responsibilities:

- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.

- Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the Corporation successfully.

- Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers.

- Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which, among others, compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.

- Disallow any director to decide his or her own remuneration.

- Provide in the Corporation's annual reports and information and proxy statements a clear, concise and understandable disclosure of the compensation of its executive officers for the previous fiscal year and ensuing year.

- Review the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts.

Corporate Governance Committee

Office	Name	Date of Appointment
Chairman (ID)	Ephyro Luis B. Amatong	April 24, 2025
Member (NED)	Jonathan T. Gotianun	April 24, 2025
Member (ID)	Gemilo J. San Pedro	April 24, 2025
Member (ID)	Ernesto S. De Castro	April 24, 2025

The Corporate Governance Committee shall assist the Board in fulfilling its corporate governance and compliance responsibilities. The Committee shall be composed of the Chairman of the Board and at least three (3) members of the Board, all of whom shall be independent directors. The Chairman of the Committee shall be an independent director.

The Corporate Governance Committee shall have the following duties and responsibilities:

a. Ensure the effectiveness and due observance of corporate governance principles and guidelines of the Board, its committees' and executive management;

b. Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

c. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;

d. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;

e. Make recommendations to the Board regarding the continuing education of directors, assignment to Board Committees and succession plan for the Board members and senior officers;

f. Determine the nomination and election process for the Corporation's directors and other positions requiring appointment by the Board, define the general profile of board members that the Corporation may need and ensure that appropriate knowledge, competencies and expertise will complement the existing skills of the Board;

g. Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Corporation's culture and strategy as well as the business environment in which it operates;

h. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance;

i. Review with the Compliance Officer, at least on annual basis, any legal or regulatory matter that could have a significant impact on the Corporation's financial statements, compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies; and

j. Obtain an annual report from the Compliance Officer regarding the adequacy of the Corporation's compliance program.

The Corporate Governance Committee shall also serve as the Nomination Committee. It shall review and evaluate the qualifications of all persons nominated to the board as well as those nominated to other positions requiring appointment by the Board and assess the effectiveness of the Board's process and procedures in the election or replacement of directors available to an unrelated party under similar circumstances.

Related-Party Transaction Committee

Office	Name	Date of Appointment
Chairman (ID)	Ephyro Luis B. Amatong	April 24, 2025
Member (ID)	Ernesto S. De Castro	April 24, 2025
Member (ID)	Gemilo J. San Pedro	April 24, 2025

The Related Party Transaction Committee is composed of at least three (3) non-executive directors, two (2) of whom must be independent, including the Chairman of the Committee.

The Related Party Transaction Committee has the following duties and responsibilities:

- Conduct continuous evaluation and monitoring of existing relations among counterparties to ensure that all related parties are identified, related party transactions ("**RPTs**") are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and the SEC;

- Evaluate all material RPTs to ensure that these are transacted on an arm's length basis and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.

In evaluating RPTs, the Committee may take into account the following:

- The related party's relationship to the Corporation and interest in the transaction;
- The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
- The benefits to the Corporation of the proposed RPT;
- The availability of other sources of comparable products or services; and
- An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.

- Ensure that appropriate disclosure is made to the regulating and supervising authorities relating to the Corporation's RPT exposures and policies on conflicts of interest or potential conflicts of interest;

- Report to the Board, on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- Ensure that transactions with related parties, including write-off of exposures, are subject to a periodic independent review or audit process; and

- Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.

Shareholders' Rights

The Corporation recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as a governance covenant between the Corporation and all its investors:

The Board shall be committed to respect the following rights of the stockholders:

A. Voting Right

1. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.

2. Cumulative voting is mandatory in the election of directors.

3. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

B. Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code, during business hours and upon prior written notice to the Corporation and for good reason.

All Shareholders shall be furnished with annual reports, including financial statements, without cost or restrictions.

C. Right to Information

1. The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the Corporation's shares, dealings with the Corporation, relationships among directors and key officers, and the aggregate compensation of directors and officers.

2. The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.

3. The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

D. Right to Dividends

1. Shareholders shall have the right to receive dividends, subject to the discretion of the Board.

2. The Commission may direct the Corporation to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: i) when justified by definite corporate expansion projects or programs approved by the Board; or ii) when the Corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or iii) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

E. Appraisal Right

The Shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under the Corporation Code of the Philippines, under any of the following circumstances:

- In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

- In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code;

- In case of investment of corporate funds for any purpose other than the primary purpose of the corporation; and

- In case of merger or consolidation.

E. Right to Attend and Participate in Shareholders' Meetings

The Board should be transparent and fair in the conduct of the annual and special shareholders' meetings of the corporation.

- The shareholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the shareholder's favor.

- The result of the votes taken during the most recent annual or special stockholders' meetings shall be made publicly available within the next working day. The minutes of such meetings shall likewise be posted on the Corporation's website within five (5) business days from the date of the meeting.

It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person or *in absentia*, as allowed under the Revised Corporation Code. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.

In order to keep itself abreast with the leading practices on corporate governance, FLI encourages the members of top-level management and the Board to attend and participate at seminars on corporate governance initiated by accredited institutions.

FLI welcomes proposals, especially from institutions and entities such as the SEC, PSE and the Institute of Corporate Directors, to improve corporate governance.

There is no known material deviation from FLI's Revised Manual on Corporate Governance.

EXECUTIVE COMPENSATION

The aggregate compensation paid or incurred during the last two (2) fiscal years and the estimate for this year are as follows:
(1) President and four (4) most highly compensated executive officers

in million pesos	Year	Annual Compensation	Other Annual Compensation
President and four (4) most highly compensated executive officers	2026 (estimate)	43.13 million	none
	2025	43.78 million	none
	2024	47.62 million	none

Year	Name	Position/Title
2025	Tristaneil D. Las Marias	President and Chief Executive Officer
	Ana Venus A. Mejia	Executive Vice-President, Chief Operating, Chief Finance Officer and Treasurer
	Winnifred H. Lim	First Senior Vice-President, Chief Technical Planning Officer
	Francis V. Ceballos	Senior Vice President
	Reynaldo Juanito S. Nieva II	Senior Vice President, General Operations Head

The above compensation includes the usual bonus paid to the corporation's officers. Except for salaries, allowances, retirement benefits provided under FLI's retirement plan, there is no separate stock option, stock warrant or other security compensation arrangement between FLI and its individual officers.

(2) Compensation of directors and officers as a group

in million pesos	Year	Salary Bonuses	Other Annual Compensation
Aggregate Officers (from senior vice presidents) & Directors	2026 (estimate)	93.00 million	none
	2025	79.33 million	6.58 million
	2024	68.73 million	6.58 million

The above table contains the details of the compensation of directors and officers of FLI. In view of possible security risks, FLI opted to disclose these on an aggregate basis as a group. Non-executive directors and/or independent directors receive a per diem of PhP 50,000.00 for every Board meeting attended and PhP50,000.00 for every Board committee meeting attended. Other than these fees, the non-executive directors do not receive any share options, profit sharing, bonus or other forms of emoluments. While being non-executive directors, Jonathan T. Gotianun, Lourdes Josephine Gotianun Yap, Michael Edward T. Gotianun, Francis Nathaniel C. Gotianun and Rhoda A. Huang do not receive per diem in their capacity as directors of the Company and members of the board committees.

Total compensation received by the non-executive directors and/or independent directors for the year 2025 is ₱2,200,000.00. for their attendance in meetings of the Board and Board Committees.

Standard arrangements

Other than as discussed, there are no other existing arrangements for the payment of compensation or remuneration to the directors in their capacity as such, but the Company may, without any obligation, grant additional compensation if certain performance driven goals are met, subject to such approvals as may be required by law.

Other arrangements

There are no other arrangements pursuant to which any director of FLI was compensated, or is to be compensated, directly or indirectly, for any service provided as a director.

EMPLOYMENT CONTRACTS BETWEEN THE COMPANY AND NAMED EXECUTIVE OFFICERS

There are no special employment contracts between the Company and the executive officers.

SIGNIFICANT EMPLOYEES

The Company considers the contribution of every employee important to the fulfillment of its goals. The Company is not dependent on the services of certain key personnel.

Security Ownership of Management and Certain Record and Beneficial Owners

Security Ownership of Certain Record and Beneficial Owners of more than 5% as of March 31, 2026:

Title of Class of Securities	Name/ Address of Record Owner and Relationship with FLI	Name of Beneficial Owner/Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership
Preferred	Filinvest Development Corporation[4] The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City, Metro Manila	Same as the Record Owner	Filipino	8,000,000,000	100%
Common	Filinvest Development Corporation The Beaufort, 5th Avenue corner 23rd Street, Bonifacio Global City, Taguig City, Metro Manila	Same as the Record Owner	Filipino	15,926,610,981	71.15%
Common	PCD Nominee Corporation (Filipino) G/F, Philippine Stock Exchange Tower, Ayala Avenue, Makati City	(No single shareholder owns at least 5% of total shares)	Filipino	3,298,873,788	14.74%
Common	PCD Nominee Corporation (Non-Filipino)[5] G/F, Philippine Stock Exchange Tower, Ayala Avenue, Makati City	Hong Kong and Shanghai Banking Corporation (more than 5%)	Non-Filipino	1,878,047,819	8.39%

Security Ownership of Management as of December 31, 2025

Title of Class of Securities	Name	Amount	Nature of Ownership D=Direct; I=Indirect	Citizenship	Percentage of Ownership
Common	Lourdes Josephine Gotianun Yap	91	D	Filipino	0.0000%
		38,716,303[6]	I		0.1730%
Common	Jonathan T. Gotianun	61	D	Filipino	0.0000%
		3,281,966	I		0.0147%
Common	Michael Edward T. Gotianun	11,235,928	D	Filipino	0.0502%
		0	I		0.0000%

[4]Total number of shares of all record and beneficial owners as a group is 8,000,000,000 preferred shares representing 100% of the total outstanding preferred shares, and 22,383,759,506 common shares representing 100% of the total outstanding common shares.

Ms. Lourdes Josephine Gotianun Yap is usually appointed by FDC as its representative with authority to vote FDC's shares in stockholders' meetings of FLI.

[5] Based on the Amended SEC Form 18-A submitted by Dunross & Co S.A. SICAV – SIF ("Dunross") to the SEC dated 27 January 2025, which was then provided to the Company and disclosed with the PSE, Dunross holds 1,617,900,000 common shares, (which is equivalent to 7.228% of the resulting total number of outstanding shares of the Company [post voluntary tender offer in 2024]). Moreover, based on the List of Participants as of December 31, 2025, one participant holds 7.29%, namely, The Hongkong and Shanghai Banking Corp. Ltd.-Clients' Acct.

[6] Includes shares of stock in Filinvest Land, Inc. under the name Joseph &/or Josephine Yap

Title of Class of Securities	Name	Amount	Nature of Ownership D=Direct; I=Indirect	Citizenship	Percentage of Ownership
Common	Rhoda A. Huang	95,712	D	Filipino	0.0004%
		0	I		0.0000%
Common	Francis Nathaniel C. Gotianun	32,518	D	Filipino	0.0000%
		0	I		0.0000%
Common	Ephyro Luis B. Amatong	1	D	Filipino	0.0000%
		0	I		
Common	Ernesto S. De Castro	1	D	Filipino	0.0000%
		0	I		
Common	Gemilo J. San Pedro	1	D	Filipino	0.0000%
		0	I		
Common	Tristaneil D. Las Marias	1	D	Filipino	0.0000%
		0	I		
Common	Ana Venus A. Mejia	0	D	Filipino	N.A.
		233,000	I		0.0000%
N.A.	Estrella C. Elamparo	0	D	Filipino	N.A.
		0	I		
N.A.	Katrina O. Clemente-Lua	0	D	Filipino	N.A.
			I		
N.A.	Jennifer C. Lee	0	D	Filipino	N.A.
			I		
N.A.	D'Artagnan M. Aguilar	0	D	Filipino	N.A.
			I		
N.A.	Melissa C. Ortiz	0	D	Filipino	N.A.
			I		
			I		
N.A.	Heherson M. Ibardaloza	0	D	Filipino	N.A.
			I		
Common	Winnifred H. Lim	0	D	Filipino	N.A.
		1,026,563	I		0.0046%
N.A.	Francis V. Ceballos	0	D	Filipino	N.A.
			I		
N.A.	Reynaldo Juanito S. Nieva II	0	D	Filipino	N.A.
			I		
Common	Luis L. Fernandez	4,064,940	D	Filipino	0.0182%
		0	I		N.A.
N.A.	Alexis Avalone Ojeda	0	D	Filipino	N.A.
			I		
N.A.	Sean Philip R. Imperial	0	D	Filipino	N.A.
			I		
N.A.	Maria Arabelle B. Solidum	0	D	Filipino	N.A.
			I		
N.A.	Mary Averose D. Valderrama	0	D	Filipino	N.A.
			I		
N.A.	Wilbert B. Serrano	0	D	Filipino	N.A.
			I		
			I		
N.A.	Sean Philip R. Imperial	0	D	Filipino	N.A.
			I		
N.A.	Gerard C. Marcelo		D	Filipino	N.A.
			I		

** Includes shares of stock in Filinvest Land, Inc. under the name Joseph &/or Josephine Yap*
*** Alexis Avalone Ojeda tendered his resignation as First Vice President and Sales Channel Development Head , effective March 4, 2026, as disclosed with the SEC, PSE and PDEX.*

Total ownership of all directors and officers as a group as of December 31, 2025 is 0.262% of the total issued and outstanding common shares of stock.

There are no arrangements which may result in a change in control of FLI. There has been no change in control of FLI since the beginning of last year. There were no matters submitted to a vote of the security holders during the fourth quarter of the calendar year covered by this report.

Voting Trust Holders of 5% or More

There are no persons holding 5% or more of a class of shares under any voting trust or similar agreement.

Changes in Control

There are no arrangements that may result in change in control of the Parent Company.

Certain Relationships and Related Transactions

The Parent Company and its subsidiaries, in their normal course of business, have certain related party transactions with affiliates principally consisting of advances and intercompany charges.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the Group's ultimate parent company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches ten percent (10%) of the Group's total consolidated assets shall be subject to the review by the RPT Committee.

Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions ("Policy"). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall subject it to the provisions of the Policy.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.

Outstanding balances at year-end are unsecured, interest free and require settlement in cash, unless otherwise stated. The transactions are made at terms and prices agreed upon by the parties. As of the years ended December 31, 2025 and 2024, the Group has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

For a more detailed discussion of the subject, please refer to Note 21 of the Group's audited consolidated financial statements.

	2025				
	Amount/ Volume	**Due from / (Due to)**	**Terms**	**Conditions**	**Note**
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	**3,923,819**	**3,923,819**	0.50% to 4.50%	No impairment	(a)
Interest income	**98,756**	-			
	4,022,575	**3,923,819**			
Ultimate Parent	**309**	**1,175**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Associate – Pro-Excel					
Rent income	**1,872**	**–**	Noninterest-bearing, payable on demand	Unsecured	(g)
Share in other expenses	**(389)**	**14,707**	Due within 30 days	Unsecured, no impairment	(d)
Associate – FBSC					
Rent Income	**44,080**	**44,080**	Noninterest-bearing, payable on demand	Unsecured	(g)
Associate – DPI					
Rent Income	**9,720**	**–**	Noninterest-bearing, payable on demand	Unsecured	(g)
Other income	**18,314**	**332,266**	Due within 30 days	Unsecured, no impairment	(d)
Associate – FMI					
Other income	**1,419**	**1,882**	Due within 30 days	Unsecured, no impairment	(d)
Associate – FAI					
Rent income	**-**	**99**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(g)
Share in other expenses	**141**	**30,553**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Affiliates					
Rental income	**95,938**	**–**	Noninterest bearing	Unsecured, no impairment	(g)
Share in common expenses	**(28,767)**	**102,795**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties (Note 9)		**527,557**			
Parent					
Share in Group expenses	**(17,131)**	**(20,963)**	Noninterest-bearing, payable on demand	Unsecured	(c)
Rent Income	**1,319**		Non-interest bearing	Unsecured	(c)
Associate – FBSC					
Share in other expenses	**(39,788)**	**–**	Due within 30 days	Unsecured, no impairment	(d)
Associate – FAI					
Share in other expenses	**9**	**(9)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – SPI					
Share in other expenses	**(90,861)**	**(48,726)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – ProActive					
Share in other expenses	**–**	**(10,000)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Affiliates	**(41,574)**	**(16,205)**	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties		**(95,903)**			

	2024				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	3,533,791	3,533,791	0.50% to 4.50%	No impairment	(a)
Interest income	40,964	–			
	3,574,755	3,533,791			
Ultimate Parent	268	866	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Parent	(3,123)	–	Noninterest-bearing, payable on demand	Unsecured, no impairment	(c)
Associate – CTI					
Share in other expenses	5,200	19,388	Due within 30 days	Unsecured, no impairment	(d)
Associate - Pro-Excel					
Share in other expenses	(1,347)	15,096	Due within 30 days	Unsecured, no impairment	(d)
Associate – DPI					
Other Income	(235,770)	236,542	Due within 30 days	Unsecured, no impairment	(d)
Associate – FMI					
Other income	(645)	463	Due within 30 days	Unsecured, no impairment	(d)
Associate – FAI					
Rent Income	–	99	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(g)
Share in other expenses	22,838	30,412	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Affiliates					
Rental income	7,191	–	Noninterest bearing	Unsecured, no impairment	(g)
Share in common expenses	(48,337)	131,562	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties (Note 9)		434,428			
Parent					
Share in Group expenses	(20,067)	(36,775)	Noninterest-bearing, payable on demand	Unsecured	(c)
Asset acquisition	346,414	–	Noninterest-bearing, collectible quarterly up to December 2024	Unsecured	(c)
Associate – SPI					
Share in other expenses	120,716	(139,587)	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – ProActive					
Share in other expenses	–	(10,000)	Noninterest-bearing, payable on demand	Unsecured	(d)
Affiliates	(5,033)	(57,779)	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties		(244,141)			

	2023				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	**3,562,314**	**3,562,314**	0.50% to 4.50%	No impairment	(a)
Interest income	**19,594**	**–**			
		3,562,314			
Ultimate Parent	**₱132**	**₱598**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Parent	**–**	**3,123**	Noninterest-bearing, Payable on demand	Unsecured	
Associate – CTI					
Service Fee	**1,142**	**14,188**	Due within 30 days	Unsecured	(d)
Associate – Pro-excel					
Management and service fees	**512**	**16,443**	Due within 30 days	Unsecured	(d)
Associate – DPI					
Other Income	**243**	**473,312**	Due within 30 days	Unsecured	(d)
Associate – FMI					
Other Income	**34**	**1,108**	Due within 30 days	Unsecured	(d)
Associate – FAI					
Rent Income	–	**99**	Noninterest-bearing, collectible on demand	Unsecured	(h)
Share in other expenses	**6,260**	**7,574**	Noninterest-bearing, collectible on demand	Unsecured	(d)
Affiliates					
Rental income	**7,191**	**–**	Noninterest-bearing	Unsecured	(g)
Share in common expenses	**6,614**	**179,899**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties (Note 9)		**695,344**			
Parent					
Share in Group expenses	**(1,634)**	**(36,777)**	Noninterest-bearing, payable on demand	Unsecured	(c)
Asset acquisition	**274,862**	**(346,414)**	Noninterest-bearing, collectible quarterly up to December 2024	Unsecured	(c)
Associate – SharePro					
Share in other expenses	**120,716**	**(42,549)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – FMI					
Share in other expenses	**–**	**(848)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – FAI					
Service fee	**–**	**(11,511)**	Due within 30 days	Unsecured	(d)
Associate – DPI					
Share in other expenses	**–**	**(2,648)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Affiliates	**(1,122)**	**(47,739)**	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties		**(488,486)**			

Notes:

a. Transactions with bank under common control of the ultimate parent (EW)
b. Transactions with Ultimate Parent (ALG)
c. Transactions with Parent Company (FDC)
d. Transactions with Associates
e. Transactions with Affiliates
g. Leases with related parties - Group as lessor
h. Leases with related parties - Group as lessee

Philippine Taxation

The following is a discussion of the material Philippine tax consequences of the acquisition, ownership, and disposition of the Bonds. The statements made regarding taxation in the Philippines are based on the laws in force at the date of this Offer Supplement and are subject to any changes in law occurring after such date. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to invest in the Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rates or tax incentives under special laws. Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the tax consequences of their investment in the Bonds.

As used in this section, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof; a "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines; a non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a "non-resident alien engaged in trade or business in the Philippines;" otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a "non-resident alien not engaged in trade or business in the Philippines". A "resident foreign corporation" is a foreign corporation engaged in trade or business within the Philippines; and a "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business within the Philippines.

The term "non-resident holder" means a holder of the Bonds:

- *who is an individual who is neither a citizen nor a resident of the Philippines, or an entity which is a non-resident foreign corporation; and*

- *should an income tax treaty be applicable, whose ownership of the Bonds is not effectively connected with a fixed base or a permanent establishment in the Philippines.*

Taxation of Interest

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine-sourced income subject to Philippine income tax.

Interest income derived by Philippine citizens and resident alien individuals from the Bonds is subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Generally, interest on the Bonds received by non-resident alien individuals engaged in trade or business in the Philippines is subject to a 20% final withholding tax while that received by non-resident alien individuals not engaged in trade or business is subject to a 25% final withholding tax. Interest income received by domestic corporations and resident foreign corporations from the Bonds is subject to a 20% final withholding tax while that received by non-resident foreign corporations is subject to a 25% final withholding tax.

The foregoing rates may be subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident owner. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 10% in cases where the interest which arises in the Philippines is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

On March 31, 2021, the BIR issued Revenue Memorandum Order No. 14-2021 ("**RMO 14-2021**"). RMO 14-2021 was issued to streamline the procedures and documents for the availment of the tax treaty benefits. Said issuance will apply to the income derived by the nonresident Bondholder on the interest payments from the Bonds. To avail of the tax treaty relief benefits, the following guidelines and procedures will be observed:

- The nonresident income recipient should submit to the withholding agent or income payor the submitted BIR Form No. 0901-I (Interest Income) or Application Form for Treaty Purposes, Tax Residency Certificate duly issued by the foreign tax authority, and the relevant provision of the applicable tax treaty on whether to apply a reduced rate of, or exemption from, withholding at source on the income derived by the nonresident income recipient. The documents should be submitted to each withholding agent or income payor prior to the payment of income for the first time. The failure to provide the said documents when requested may lead to the withholding using the regular withholding rates without the tax treaty benefit rate. When the preferential tax rates have been applied by the withholding agent, it shall file with the International Tax Affairs Division ("**ITAD**") a request for confirmation on the propriety of the withholding tax rates applied by the withholding agent. On the other hand, if the regular withholding rates have been imposed on the income, the nonresident income recipient shall file a tax treaty relief application ("**TTRA**") with ITAD. In either case, each request for confirmation and TTRA shall be supported by the documentary requirements set out in the issuance.

- The request for confirmation shall be filed by the withholding agent at any time after the payment of withholding tax but shall in no case be later than the last day of the fourth month following the close of each taxable year. On the other hand, the filing of the TTRA may be filed by the nonresident income recipient at any time after the receipt of the income.

If the BIR determines that the withholding tax rate applied is lower than the rate that should have been applied on an item of income pursuant to the treaty, or that the nonresident income recipient is not entitled to treaty benefits, it will issue a BIR Ruling denying the request for confirmation or TTRA. Consequently, the withholding agent shall pay the deficiency tax plus penalties. On the contrary, if the withholding tax rate applied is proper or higher than the rate that should have been applied, the BIR will issue a certificate confirming the nonresident income recipient's entitlement to the treaty benefits. In this case, the nonresident income recipient may apply for a refund of the excess withholding tax. The original or certified true copy of the following documents, as may be applicable, shall be submitted to the ITAD when claiming the tax treaty relief:

A. General Requirements

1. Letter-request
2. Application Form duly signed by the nonresident Bondholder or its/his/her authorized representative
3. Tax Residency Certificate for the relevant period, duly issued by the tax authority of the foreign country in which the Bondholder is a resident
4. Bank documents/certificate of deposit/telegraphic transfer/telex/money transfer evidencing the payment/remittance of income
5. Withholding tax return with Alphalist of Payees
6. Proof of payment of withholding tax
7. Notarized Special Power of Attorney issued by the nonresident Bondholder to its/his/her authorized representative(s), which shall expressly state the authority to sign the Application Form as well as to file the tax treaty relief application or request for confirmation

Additional general requirements for legal persons and arrangements, and individuals:

1. Authenticated copy of the nonresident legal person or arrangement' Articles/Memorandum of Incorporation/Association, Trust Agreement, or equivalent document confirming its establishment or incorporation, with an English translation thereof if in foreign language
2. Original copy of the Certificate of Non-Registration of the Bondholder or certified true copy of License to Do Business in the Philippines duly issued by the SEC for legal persons and arrangements, or original copy of the Certificate of Business Registration/Presence duly issued by the Department of Trade and Industry for individuals.

Additional general requirements for fiscally transparent entities:

1. A copy of the law of the foreign country showing that tax is imposed on the owners or beneficiaries of the foreign fiscally transparent entity;
2. List of owners/beneficiaries of the foreign entity;
3. Proof of ownership of the foreign entity; and
4. Tax Residency Certificate issued by the concerned foreign tax authority to the owners or beneficiaries of the fiscally transparent entity.

B. Specific Requirements

1. Duly executed contract
2. Bank documents/certificate of deposit/telegraphic transfer/telex/money transfer evidencing the remittance of the loan by the nonresident creditor
3. Proof that the debt-claim in respect of which the interest is paid is not effectively connected with the permanent establishment of the foreign enterprise in the Philippines
4. Proof that the interest rate is arm's length, if the debtor and creditor are related parties

The BIR may require additional documents during the course of its evaluation as it may deem necessary. Upon the confirmation of the entitlement to the tax treaty benefit or confirmation of the correctness of the withholding tax rates applied, the BIR will issue a certification to that effect. Any adverse ruling may be appealed to the Department of Finance within thirty (30) days from receipt.

If the income of the nonresident Bondholder has been subjected to regular withholding rates, the Bondholder may subsequently file a claim for refund with the BIR independently of, or simultaneously with, the TTRA. All claims for refund shall be filed within the two-year prescriptive period provided under Section 229 of the Tax Code.

Revenue Memorandum Circular No. 20-2022 clarified that taxpayers who were already issued with Certificates of Entitlement, the tenor thereof allows the ruling to be applied to subsequent or future income payments, shall no longer file a request for ruling or tax treaty relief application every time an income of similar nature is paid to the same nonresident. In applying the confirmed treaty benefit to future income payments, the income payor or withholding agent shall always be guided by the requisites mentioned in the Certificate of Entitlement. Thus, if the Certificate of Entitlement mentions tax residency as a requisite for continuous enjoyment

of treaty benefit, the income payor must require the nonresident to submit first a Tax Residency Certificate for such relevant year before making any payment.

Early Redemption Option

Under the Terms and Conditions, if any payment of principal or interest due under the Bonds becomes subject to additional or increased taxes other than the taxes and rates of such taxes prevailing as of the Issue Date as a result of any change in, or amendment to, the laws, rules or regulations of the Republic of the Philippines or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, rules or regulations (including but not limited to any decision by a court of competent jurisdiction) which change or amendment becomes effective on or after the Issue Date, and such additional or increased rate of such tax cannot be avoided by the use of reasonable measures available to the Issuer, the Issuer shall have the right (but not the obligation) to pre-terminate and redeem all, but not in part, the Bonds on any Interest Payment Date before Maturity Date at the Early Redemption Price.

We suggest that the investor seek its own tax advisors to determine its tax liabilities or exposures given that the Issuer does not have gross-up obligations in case of changes in any applicable law, rule or regulation or in the terms and/or interpretation or administration thereof or a new applicable law should be enacted, issued or promulgated, which shall subject payments by the Issuer to additional or increased taxes, other than the taxes and rates of such taxes prevailing as of the Issue Date.

Tax-Exempt Status or Entitlement to Preferential Tax Rate

Interest income on the Offer Bonds is subject to a final withholding tax at rates between 20% and 25% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Company as being sufficient in form and substance: (i) a current and valid BIR-certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR and addressed to the relevant applicant or Bondholder, confirming its exemption or preferential rate, as required under BIR Revenue Memorandum Circular No. 8-2014, including any clarification, supplement or amendment thereto, and certified by an authorized officer of the relevant applicant or Bondholder that: (a) the original is in the possession of the authorized officer as the duly authorized custodian of the same; and (b) the authorized officer has personal knowledge based on his/her official functions of any amendment, revocation, expiration, change or any circumstance affecting the said certification's validity. Should the submitted tax exemption certificate, ruling or opinion expire during the Offer Period, the relevant applicant or Bondholder must submit an updated/revalidated tax exemption certificate; (ii) with respect to tax treaty relief, a copy of the duly filed request for confirmation or tax treaty relief application, as may be applicable, with the ITAD as required under RMO 14-2021, including any clarification, supplement or amendment thereto and, once available, a BIR-certified certification, ruling or opinion addressed to the relevant Applicant or Bondholder confirming its entitlement to the preferential tax rate under the applicable treaty; (iii) a duly notarized undertaking executed by (1) the corporate secretary or any authorized representative of such Applicant or Bondholder who has personal knowledge of the exemption based on his official functions, if the Applicant purchases, or the Bondholder holds, the Offer Bonds for its account, or (2) the trust officer, if the applicant is a universal bank authorized under Philippine law to perform trust and fiduciary functions and purchase the Offer Bonds pursuant to its management of tax-exempt entities (*i.e.,* Employee Retirement Fund, etc.), declaring and warranting such entities' tax-exempt status or preferential rate entitlement, undertaking to immediately notify the Issuer, the Registrar and the Paying Agent of any suspension, revocation, amendment or invalidation (in whole or in part) of the tax exemption certificate, ruling or opinion issued by the BIR, executed using the prescribed form under the Registry and Paying Agency Agreement, with a declaration and warranty of its tax exempt status or entitlement to a preferential tax rate, and agreeing to indemnify and hold the Issuer, the Registrar and the Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding or incorrect withholding of the required tax; and (iv) such other documentary requirements as may be required by the Issuer and the Registrar under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, shall include evidence of the applicability of a tax treaty and consularized proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Issuer that the Bondholder is not doing business in the Philippines; provided that the Issuer shall have the exclusive discretion to decide whether the documents submitted are sufficient for purposes of applying the exemption or the reduced rate being claimed by the Bondholder on the interest payments to such Bondholder; provided, further, that all sums payable by the Issuer to tax-exempt entities shall be paid in full without deductions for taxes, duties, assessments or government charges, subject to the submission by the Bondholder claiming the benefit of any exemption of the required documents and of additional reasonable evidence of such tax-exempt status to the Registrar. If the Issuer withheld taxes or withheld the regular rate of tax imposed pursuant to the Philippine Tax Code on interest, the concerned Bondholder may file a claim for a refund from the Philippine taxing authorities on the basis of a tax exemption or applicable tax treaty.

Value-Added Tax

Gross receipts arising from the sale of the Bonds in the Philippines by dealers in securities shall be subject to a 12% value-added tax. The term "gross receipt" means gross selling price less acquisition cost of the Bonds sold.

Gross Receipts Tax

Bank and non-bank financial intermediaries performing quasi-banking functions are subject to gross receipts tax on gross receipts derived from sources within the Philippines in accordance with the following schedule:

On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

Maturity period is five (5) years or less: 5% Maturity period is more than five (5) years: 1%

Non-bank financial intermediaries not performing quasi-banking functions doing business in the Philippines are likewise subject to gross receipts tax. Gross receipts of such entities derived from sources within the Philippines from interests, commissions and discounts from lending activities are taxed in accordance with the following schedule based on the remaining maturities of the instruments from which such receipts are derived:

Maturity period is five (5) years or less: 5% Maturity period is more than five (5) years: 1%

In case the maturity period of the instruments held by banks, non-bank financial intermediaries performing quasi- banking functions and non-bank financial intermediaries not performing quasi-banking functions is shortened through pre-termination, then the maturity period shall be reckoned to end as of the date of pretermination for purposes of classifying the transaction and the correct rate shall be applied accordingly.

Net trading gains realized within the taxable year on the sale or disposition of the Bonds by banks and nonbank financial intermediaries performing quasi-banking functions shall be taxed at 7%.

Documentary Stamp Tax

A documentary stamp tax is imposed upon the issuance of debt instruments issued by Philippine companies, such as the Bonds, at the rate of 0.75%, of the issue price of such debt instruments; provided that, for debt instruments with terms of less than one year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to 365 days; provided, further, that only one documentary stamp tax shall be imposed on the loan agreement and promissory notes, mortgage, security interest over personal property, and other contracts issued to secure such loan.

The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted, or transferred, when the obligation or right arises from Philippine sources, or the property is situated in the Philippines, or where the object of the contract is located or used in the Philippines. Any applicable documentary stamp taxes on the original issue shall be paid by the Issuer for its own account.

No documentary stamp tax is imposed on the subsequent sale or disposition of the Bonds, trading the Bonds in a secondary market or through an exchange, provided that such sale or disposition does not constitute a renewal or extension of maturity of the Bonds or carried with it a renewal or issuance of new instruments in the name of the transferee to replace the old ones. However, if the transfer constitutes a renewal or extension of the maturity of the Bonds, documentary stamp tax is payable anew.

Taxation on Sale or Other Disposition of the Bonds

Income Tax

Any gain realized from the sale, exchange or retirement of the Bonds will, as a rule, form part of the gross income of the sellers, for purposes of computing the relevant taxable income, which will then be subjected to the graduated regular or ordinary tax rates of 15%-35% effective January 1, 2023 for individuals who are Philippine citizens, whether residents or non-residents, or resident foreign individuals or non-resident aliens engaged in trade or business in the Philippines, 25% final withholding tax for non-resident alien not engaged in trade or business, 25% regular corporate income tax or 20% regular corporate income tax for domestic corporations with net taxable income not exceeding ₱5 million and with total assets (excluding land on which the corporation's office, plant, and equipment are situated) not exceeding ₱100 million, or 2% minimum corporate income tax (effective July 1, 2023), as the case may be, for domestic and resident foreign corporations, and 25% final withholding tax for non-resident foreign corporations, as the case may be. If the Bonds are sold by a seller, who is an individual and who is not a dealer in securities, who has held the Bonds for a period of more than 12 months prior to the sale, only 50% of any capital gain will be recognized and included in the seller's gross taxable income.

Further, under the Tax Code, any gain realized from the sale, exchange or retirement of the Bonds with an original maturity date of more than five (5) years (as measured from the date of issuance of such Bonds) shall not be subject to income tax. However, any

gains realized by a holder through redemption of the Bonds prior to the lapse of 5 years may be subject to income tax. This is in view of the BIR's ruling that one of the conditions for the exemption is that the maturity period must be more than 5 years.

Moreover, any gain arising from such sale, regardless of the original maturity date of the Bonds, may be exempt from income tax pursuant to various income tax treaties to which the Philippines is a party, and subject to procedures prescribed by the BIR for the availment of tax treaty benefits.

The CREATE MORE Act also extended the application of the lower 20% regular corporate income tax to registered business enterprises, whether domestic or resident foreign corporation, which enjoy enhanced business deductions.

Estate and Donor's Tax

The transfer from a deceased person, whether a Philippine resident or a non-Philippine resident, to his heirs of the Bonds shall be subject to an estate tax which is levied on the net estate of the deceased at 6%. A Bondholder shall be subject to donor's tax of 6% computed on the basis of the total gifts in excess of ₱250,000.00 exempt gifts made during the calendar year.

The estate or donor's taxes payable in the Philippines may be credited with the amount of any estate or donor's taxes imposed by the authority of a foreign country, subject to limitations on the amount to be credited, and the tax status of the donor.

The estate tax and the donor's tax, in respect of the Bonds, shall not be collected (a) if the deceased, at the time of death, or the donor, at the time of the donation, was a citizen and resident of a foreign country which, at the time of his death or donation, did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the deceased or donor was a citizen and resident, at the time of his death or donation, allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in the foreign country.

In case the Bonds are transferred for less than an adequate and full consideration in money or money's worth, the amount by which the fair market value of the Bonds exceeded the value of the consideration may be deemed a gift and may be subject to donor's taxes. However, the transfer of the Bonds made in the ordinary course of business (a transaction which is bona fide, at arm's length, and free from any donative intent), will be considered as made for an adequate and full consideration in money or money's worth.

Value-Added Tax

Gross receipts arising from the sale of the Bonds in the Philippines by dealers in securities shall be subject to a 12% value-added tax. The term "gross receipt" means gross selling price less acquisition cost of the Bonds sold.

Taxation outside the Philippines

The tax treatment of a non-resident holder in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of its domicile or business activities and such holder's particular situation. This Offer Supplement does not discuss the tax considerations of non-resident holders of shares of stock under laws other than those of the Philippines.

EACH PROSPECTIVE HOLDER SHOULD CONSULT WITH HIS OWN TAX ADVISER AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF PURCHASING, OWNING AND DISPOSING OF THE BONDS, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NATIONAL TAX LAWS.

Philippine Foreign Exchange and Foreign Ownership Controls

REGISTRATION OF FOREIGN INVESTMENTS AND EXCHANGE CONTROLS

Under current BSP regulations, an investment in Philippine securities (such as the Bonds) must be registered with the BSP if the foreign exchange needed to service the repayment of principal and payment of interest derived from such Bonds is to be sourced from the Philippine banking system. The registration with the BSP is evidenced by a Bangko Sentral Registration Document. Under BSP Circular No. 1030 dated February 5, 2019, debt securities, purchase of condominium units, capital expenses incurred by foreign firms pursuant to government approved-service contracts and similar contracts, and Philippine depositary receipts must likewise be registered with the BSP if foreign exchange will be sourced from the Philippine banking system.

If the foreign exchange required to service capital repatriation or dividend remittance is sourced outside the Philippine banking system, registration is not required. BSP Circular No. 471 (Series of 2005), as amended, however, subjects foreign exchange dealers, money changers and remittance agents to R.A. No. 9160 (the Anti-Money Laundering Act of 2001, as amended) and requires these non-bank sources of foreign exchange to require foreign exchange buyers to submit, among others, the original BSP registration documents in connection with their application to purchase foreign exchange exceeding US$5,000.00 for purposes of capital repatriation and remittance of dividends. BSP Circular No. 942 (Series of 2017) lists minimum documentary requirements that must be submitted by foreign exchange buyers for purposes of capital repatriation and remittance of dividends, regardless of amount.

The foregoing is subject to the power of the BSP, through the Monetary Board and with the approval of the President of the Philippines, to suspend temporarily or restrict the availability of foreign exchange, require licensing of foreign exchange transactions or require delivery of foreign exchange to the BSP or its designee when an exchange crisis is imminent, or in times of national emergency. Furthermore, there can be no assurance that BSP foreign exchange regulations will not be made more restrictive in the future.

The registration with the BSP of all foreign investments in the Bonds shall be the responsibility of the foreign investor.

FOREIGN OWNERSHIP CONTROLS

Under the General Banking Law, as clarified by BSP Circular No. 256, the aggregate voting stock in a domestic bank held by foreign individuals and non-bank corporations must not exceed 40% of the outstanding voting stock of such bank. Although the aggregate ceiling on the equity ownership in a domestic bank does not apply to Filipinos and domestic non-bank corporations, their individual ownership is limited to only up to 40% of the voting stock. The percentage of foreign-owned voting stocks in a bank shall be determined by the citizenship of the individual stockholders in that bank. The citizenship of the corporation which is a stockholder in a bank shall follow the citizenship of the controlling stockholders of the corporation, irrespective of the place of incorporation.

On July 15, 2014, Republic Act No. 10641 or An Act Allowing the Full Entry of Foreign Banks in the Philippines, Amending for the Purpose Republic Act No. 7721 ("**RA 10641**") became law. Under RA 10641, established, reputable and financially sound foreign banks may be authorized by the Monetary Board to operate in the Philippine banking system through any one of the following modes of entry: (a) by acquiring, purchasing or owning up to one hundred percent (100%) of the voting stock of an existing bank; (b) by investing in up to one hundred percent (100%) of the voting stock of a new banking subsidiary incorporated under the laws of the Philippines; or (c) by establishing branches with full banking authority. In relation thereto, on November 6, 2014, the Monetary Board issued Resolution No. 1794 providing for the implementing rules and regulations of RA 10641 and on November 21, 2014, the BSP issued BSP Circular No. 858, amending the relevant provisions of the BSP Manual of Regulations for Banks, accordingly. The entry into law of RA 10641 did not entirely eliminate the foreign ownership controls under the General Banking Law. While qualified foreign banks may own up to 100% of voting shares in a universal bank, other foreign individuals or non-bank corporations are still subject to the 40% foreign ownership limitation under the General Banking Law.

The Philippine Constitution and related statutes also set forth restrictions on foreign ownership of companies that own land in the Philippines.

In connection with the ownership of private land, Article XII, Section 7 of the Philippine Constitution, in relation to Article XII, Section 2 of the Philippine Constitution and Chapter 4 of Commonwealth Act No. 141, states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines, at least 60% of whose capital is owned by such citizens.

Republic Act No. 7042, as amended, or the Foreign Investments Act of 1991, reserves to Philippine Nationals all areas of investment in which foreign ownership is limited by mandate of the Constitution and specific laws. Section 3(a) of said law defines a "Philippine National" as:

- A citizen of the Philippines;
- A domestic partnership or association wholly owned by citizens of the Philippines;
- A trustee of funds for pension or other employee retirement or separation benefits where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals;
- A corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; and
- A corporation organized abroad and registered as doing business in the Philippines under the Philippine Corporation Code of the Philippines of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos.

However, the Foreign Investments Act of 1991 states that where a corporation (and its non-Filipino shareholders) own stock in a Philippine SEC-registered enterprise, at least 60% of the capital stock outstanding and entitled to vote of both the investing corporation and the investee corporation must be owned and held by citizens of the Philippines. Further, at least 60% of the members of the board of directors of both the investing corporation and the investee corporation must be Philippine citizens in order for the investee corporation to be considered a Philippine National.

On May 20, 2013, the Philippine SEC issued Memorandum Circular No. 8, Series of 2013 which provided guidelines (the "Guidelines") on compliance with the Filipino-Foreign ownership requirements under the Philippine Constitution and other existing laws by corporations engaged in nationalized or partly nationalized activities (the "Nationalized Corporations"). The Guidelines provide that for purposes of determining compliance with the foreign equity restrictions in Nationalized Corporations, the required percentage of Filipino ownership shall be applied to both (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

Considering the foregoing, for so long as the Company and its subsidiaries own land or are engaged in nationalized activities, foreign ownership in the Company is limited to a maximum of 40% of the Company's outstanding capital stock. Accordingly, the Company shall disallow the issuance or the transfer of Shares to persons other than Philippine Nationals and shall not record transfers in the Company's books if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the restrictions on foreign ownership discussed above.

Compliance with the required ownership by Philippine Nationals of a corporation is to be determined on the basis of outstanding capital stock whether fully paid or not.

Interests of Named Experts

Legal Matters

All legal opinion/matters in connection with the issuance of the Bonds, which are subject to this Offer, shall be passed upon by Picazo, Buyco, Fider, Tan, Santos & Dee for the Underwriters. Picazo, Buyco, Fider, Tan, Santos & Dee has no direct or indirect interest in FLI. Picazo, Buyco, Fider, Tan, Santos & Dee may, from time to time be engaged by FLI to advise in its transactions and perform legal services to the same basis that Picazo, Buyco, Fider, Tan Santos & Dee provides such services to other clients.

FLI's Legal Services Division

FLI's legal services division provided the legal opinion/matters with the issuance of the Bonds, which are subject to this Offer for the Company. The members of FLI's legal services division are employed by the Company and as such received salary and benefits from the Company.

Independent Auditors

SGV & Co., independent auditors, audited the Company's consolidated financial statements (without qualification) as of and for the years ended December 31, 2025, 2024, and 2023, included in this Offer Supplement. There has neither been a termination nor change in the said appointment.

The Partner in charge of the audit of the Group's 2025 consolidated financial statements is Wanessa G. Salvador. She has been the partner in charge for the audit of the Company's financial statements and has been the signing partner since 2019.

The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co. will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

Approval of Policies and Procedures of the Management and/or Audit and Risk Management Oversight Committee for Independent Accountant's Services

In giving its stamp of approval to the audit services rendered by the independent accountant and the rate of the professional fees to be paid, the Audit and Risk Management Oversight Committee, with inputs from the management of FLI, makes a prior independent assessment of the quality of audit services previously rendered by the accountant, the complexity of the transactions subject of the audit, and the consistency of the work output with generally accepted accounting standards. Thereafter, the Audit and Risk Management Oversight Committee makes the appropriate recommendation to the Board of Directors of the Company.

The following table sets out the aggregate fees for each of the last two (2) years for professional services rendered by SGV & Co., excluding fees directly related to the Offer.

	2025	2024
Review and Audit Related fees*	5.30	4.88
Tax Fees	–	–
All Other Fees**	3.50	2.36
Total	**8.80**	**7.24**

* Pertains to the professional services rendered by SGV & Co. as our independent auditors for audit of the Company's annual financial statements and services that are normally provided in connection with statutory and regulatory filings.
** Pertains to the professional services rendered by SGV & Co. in relation to agreed-upon procedure engagements.

The fees presented above include out-of-pocket expenses incidental to the independent auditor's services. There are no other fees

billed in each of the last two (2) years for products and services provided by SGV & Co., other than the services provided above.

SGV & Co. does not have any direct or indirect interest in the Company. The above-mentioned fees were approved by the Audit Committee.

Financial Information

The following pages set forth FLI's (1) audited consolidated financial statements as of December 31, 2025, 2024 and 2023.

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

The following document has been received:

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Company Information

SEC Registration No.: 0000170957
Company Name: FILINVEST LAND INC.
Industry Classification: K70120
Company Type: Stock Corporation

Document Information

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Remarks: WITH FS-C & FS-P

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FILINVEST LAND, INC. and SUBSIDIARIES** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2025, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditor, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JONATHAN T. GOTIANUN
Chairman of the Board

TRISTANEIL D. LAS MARIAS
President/CEO

ANA VENUS A. MEJIA
EVP - Treasurer & CFO and COO

SUBSCRIBED AND SWORN to before me this ___ day of FEB 16 2026 at Makati City, affiant exhibited to ID No. _____

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2026
IBP No. 05729-Lifetime Member
MCLE Compliance No. VIII-0040999
Valid until April 14, 2028
Appointment No. M-007 (2025-2026)
PTR No. 10765528 Jan. 3, 2026/ Makati
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Signed this ___ day of _____, 2026

Doc. No. 211
Page No. 44
Book No. V
Series of 2026

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	7	0	9	5	7					

COMPANY NAME

F	I	L	I	N	V	E	S	T		L	A	N	D	,		I	N	C	.		A	N	D		S	U	B	S	I
D	I	A	R	I	E	S																							

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

F	i	l	i	n	v	e	s	t		B	u	i	l	d	i	n	g	,		7	9		E	D	S	A	,		B
r	g	y	.		H	i	g	h	w	a	y		H	i	l	l	s	,		M	a	n	d	a	l	u	y	o	n
g		C	i	t	y																								

Form Type

A	A	C	F	S

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	7918-8188	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,550	Every 2nd to the last Friday of April Each Year	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	7918-8188	

CONTACT PERSON's ADDRESS

79 EDSA, Brgy. Highway Hills, Mandaluyong City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filinvest Land, Inc.
Filinvest Building, 79 EDSA,
Brgy. Highway Hills, Mandaluyong City

Opinion

We have audited the accompanying consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2025 and 2024, and its financial performance and its cash flows for the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) determination of the transaction price; and (3) application of the output method as the measure of progress in determining real estate revenue.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as history with the buyer, age of residential development receivables and 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.

In determining the transaction price, the Group considers whether the selling price of the real estate property includes significant financing component.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's project engineers and project managers.

The disclosures related to the real estate revenue are included in Note 6 to the consolidated financial statements.

Audit Response

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold.

For the determination of the transaction price, we obtained an understanding of the Group's process in the determination of the population of contracts with customers related to real estate sale and election of available practical expedient. We obtained the financing component calculation of the management which includes an analysis whether the financing component of the Group's contract with customers is significant. We selected sample contracts from the sales contract database and traced these selected contracts to the calculation prepared by management. For selected contracts, we traced the underlying data and assumptions used in the financing component calculation such as contract price, cash discount, payment scheme, payment amortization table and percentage of completion (POC) to the contract provision and projected POC schedule. We also recomputed the financing component for each sample selected.

For the application of the output method in determining real estate revenue, we obtained an understanding of the Group's processes for determining the POC and performed tests of the relevant controls. We inspected the certified POC reports prepared by the project engineers and project managers and assessed their competence, capabilities and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries and inspected the supporting details of POC reports showing the completion of the major activities of the project construction.

Other Information

Management is responsible for Other Information. Other Information comprises the information included in SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditor's report thereon. SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditor's report.

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

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

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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



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

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

The engagement partner on the audit resulting in this independent auditor's report is Wanessa G. Salvador.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 118546-SEC (Group A)
Valid to cover audit of 2019 to 2023 financial statements,
with extension up to audit of 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-137-2026, January 23, 2026, valid until January 22, 2029
PTR No. 10765124, January 2, 2026, Makati City

February 16, 2026



FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands of Pesos)

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7 and 21)	**₱5,181,402**	₱3,984,191
Contracts receivables (Notes 6 and 8)	**1,703,345**	2,178,282
Contract assets (Notes 6)	**6,422,237**	5,785,979
Other receivables (Notes 9)	**3,636,489**	3,563,392
Real estate inventories (Note 10)	**74,020,754**	69,967,114
Other current assets (Notes 6 and 11)	**6,678,791**	8,263,851
Total Current Assets	**97,643,018**	93,742,809
Noncurrent Assets		
Contract assets - net of current portion (Note 6)	**3,815,001**	2,653,114
Investments in associates (Note 12)	**5,460,881**	5,321,210
Investment properties (Note 13)	**88,160,761**	85,041,035
Property and equipment (Note 14)	**5,815,691**	5,812,719
Goodwill (Note 4)	**4,567,242**	4,567,242
Build-transfer-operate (BTO) rights (Note 16)	**6,238,388**	6,329,162
Deferred income tax assets (Note 29)	**147,476**	96,032
Other noncurrent assets (Note 17)	**2,331,834**	3,316,328
Total Noncurrent Assets	**116,537,274**	113,136,842
TOTAL ASSETS	**₱214,180,292**	₱206,879,651
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 18)	**₱11,436,317**	₱10,947,076
Contract liabilities (Note 6)	**477,242**	586,257
Current portion of lease liabilities (Note 15)	**188,770**	155,891
Due to related parties (Notes 21)	**95,903**	244,141
Income tax payable	**65,614**	71,732
Current portion of loans payable (Notes 19)	**15,605,867**	6,876,639
Current portion of bonds payable (Notes 20)	**1,752,262**	14,815,944
Total Current Liabilities	**29,621,975**	33,697,680

(Forward)

	December 31	
	2025	2024
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 19)	**₱34,231,614**	₱35,156,005
Bonds payable - net of current portion (Notes 20)	**31,165,067**	21,040,644
Contract liabilities - net of current portion (Note 6)	**64,665**	24,156
Lease liabilities - net of current portion (Note 15)	**6,927,280**	6,774,447
Net retirement liabilities (Note 26)	**497,867**	398,736
Deferred income tax liabilities - net (Note 29)	**4,039,227**	4,817,004
Accounts payable and accrued expenses - net of current portion (Note 18)	**11,284,012**	11,635,467
Total Noncurrent Liabilities	**88,209,732**	79,846,459
Total Liabilities	**117,831,707**	113,544,139
Equity		
Common stock (Note 27)	**24,470,708**	24,470,708
Preferred stock (Note 27)	**80,000**	80,000
Additional paid-in capital	**5,612,321**	5,612,321
Treasury stock (Note 27)	**(2,078,084)**	(2,078,084)
Retained earnings (Note 27)		
Unappropriated	**29,380,776**	37,302,240
Appropriated	**34,035,003**	24,813,773
Revaluation reserve on financial assets at fair value through other comprehensive income	**(2,619)**	(2,619)
Remeasurement gains on retirement plan - net of tax (Note 26)	**17,788**	47,521
Share in other components of equity of associates (Note 12)	**372,449**	372,449
Equity attributable to equity holders of the parent	**91,888,342**	90,618,309
Noncontrolling interests (Notes 1 and 32)	**4,460,243**	2,717,203
Total Equity	**96,348,585**	93,335,512
TOTAL LIABILITIES AND EQUITY	**₱214,180,292**	₱206,879,651

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands of Pesos, Except Earnings Per Share Figures)

	Years Ended December 31		
	2025	2024	2023
REVENUE			
Real estate sales (Note 6)	**₱16,274,015**	₱15,392,761	₱14,486,506
Rental and related services (Notes 6, 13, 15 and 16)	**8,247,020**	7,848,093	7,200,950
Total revenue	**24,521,035**	23,240,854	21,687,456
EQUITY IN NET EARNINGS OF ASSOCIATES (Note 12)	**529,071**	359,036	242,007
OTHER INCOME			
Interest income (Note 24)	**357,008**	319,088	283,978
Others - net (Notes 21 and 25)	**491,237**	526,920	340,893
	25,898,351	24,445,898	22,554,334
COSTS			
Real estate sales (Note 10)	**7,687,896**	7,354,898	8,101,485
Rental and related services (Notes 13 and 16)	**3,906,065**	3,583,370	3,122,342
OPERATING EXPENSES			
General and administrative expenses (Note 22)	**3,197,549**	2,623,353	2,584,596
Selling and marketing expenses (Note 23)	**1,342,327**	1,558,159	1,370,135
INTEREST AND OTHER FINANCE CHARGES (Note 24)	**4,077,585**	3,685,747	2,434,393
	20,211,422	18,805,527	17,612,951
INCOME BEFORE INCOME TAX	**5,686,929**	5,640,371	4,941,383
PROVISION FOR INCOME TAX (Note 29)	**879,096**	1,004,635	645,339
NET INCOME	**₱4,807,833**	₱4,635,736	₱4,296,044
Net income attributable to:			
Equity holders of the parent	**₱4,171,699**	₱4,168,468	₱3,765,388
Noncontrolling interest	**636,134**	467,268	530,656
	₱4,807,833	₱4,635,736	₱4,296,044
Basic/Diluted Earnings Per Share (Note 28)	**₱0.19**	₱0.17	₱0.16

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2025	2024	2023
NET INCOME	**₱4,807,833**	₱4,635,736	₱4,296,044
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss not to be reclassified to profit or loss			
Remeasurement loss on retirement plan, net of tax (Notes 26 and 29)	**(29,733)**	–	(20,664)
TOTAL COMPREHENSIVE INCOME	**₱4,778,100**	₱4,635,736	₱4,275,380
Total comprehensive income attributable to:			
Equity holders of the parent	**₱4,141,966**	₱4,168,468	₱3,744,724
Noncontrolling interest	**636,134**	467,268	530,656
	₱4,778,100	₱4,635,736	₱4,275,380

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands of Pesos)

	Attributable to Equity Holders of the Parent											
	Common Stock (Note 27)	**Preferred Stock** (Note 27)	**Additional Paid-in Capital**	**Treasury Stock** (Note 27)	**Unappropriated Retained Earnings** (Note 27)	**Appropriated Retained Earnings** (Note 27)	**Revaluation Reserve on Financial Assets at FVOCI** (Note 17)	**Remeasurement Gains (Losses) on Retirement Plan** (Note 26)	**Share in Other Components of Equity of an Associate** (Note 12)	**Total**	**Noncontrolling Interest** (Note 32)	**Total Equity**
	For the Year Ended December 31, 2025											
Balances as at January 1, 2025	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱2,078,084)**	**₱37,302,240**	**₱24,813,773**	**(₱2,619)**	**₱47,521**	**₱372,449**	**₱90,618,309**	**₱2,717,203**	**₱93,335,512**
Net income	**–**	**–**	**–**	**–**	**4,171,699**	**–**	**–**	**–**	**–**	**4,171,699**	**636,134**	**4,807,833**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(29,733)**	**–**	**(29,733)**	**–**	**(29,733)**
Total comprehensive income	**–**	**–**	**–**	**–**	**4,171,699**	**–**	**–**	**(29,733)**	**–**	**4,141,966**	**636,134**	**4,778,100**
Reversal of appropriation (Note 27)	**–**	**–**	**–**	**–**	**1,866,000**	**(1,866,000)**	**–**	**–**	**–**	**–**	**–**	**–**
Appropriation during the year (Note 27)	**–**	**–**	**–**	**–**	**(11,087,230)**	**11,087,230**	**–**	**–**	**–**	**–**	**–**	**–**
Dividends declared (Note 27)	**–**	**–**	**–**	**–**	**(1,123,188)**	**–**	**–**	**–**	**–**	**(1,123,188)**	**–**	**(1,123,188)**
Change in noncontrolling interest (Note 32)	**–**	**–**	**–**	**–**	**(1,748,745)**	**–**	**–**	**–**	**–**	**(1,748,745)**	**1,748,745**	**–**
Dividend distribution to noncontrolling interest (Note 32)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(641,839)**	**(641,839)**
Balances as at December 31, 2025	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱2,078,084)**	**₱29,380,776**	**₱34,035,003**	**(₱2,619)**	**₱17,788**	**₱372,449**	**₱91,888,342**	**₱4,460,243**	**₱96,348,585**

	Attributable to Equity Holders of the Parent											
	Common Stock (Note 27)	Preferred Stock (Note 27)	Additional Paid-in Capital	Treasury Stock (Note 27)	Unappropriated Retained Earnings (Note 27)	Appropriated Retained Earnings (Note 27)	Revaluation Reserve on Financial Assets at FVOCI (Note 17)	Remeasurement Gains (Losses) on Retirement Plan (Note 26)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest (Note 32)	Total Equity
	For the Year Ended December 31, 2024											
Balances as at January 1, 2024, as previously stated	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱57,061,525	₱5,000,000	(₱2,619)	₱47,521	₱372,449	₱92,420,864	₱1,851,005	₱94,271,869
Effect of adoption of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) (Note 2)	–	–	–	–	(3,720,934)	–	–	–	–	(3,720,934)	–	(3,720,934)
Balances as at January 1, 2024, as restated	24,470,708	80,000	5,612,321	(221,041)	53,340,591	5,000,000	(2,619)	₱47,521	372,449	88,699,930	1,851,005	90,550,935
Net income	–	–	–	–	4,168,468	–	–	–	–	4,168,468	467,268	4,635,736
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	4,168,468	–	–	–	–	4,168,468	467,268	4,635,736
Reversal of appropriation (Note 27)	–	–	–	–	5,000,000	(5,000,000)	–	–	–	–	–	–
Appropriation during the year (Note 27)	–	–	–	–	(24,813,773)	24,813,773	–	–	–	–	–	–
Dividends declared (Note 27)	–	–	–	–	(1,216,488)	–	–	–	–	(1,216,488)	–	(1,216,488)
Change in noncontrolling interest (Note 27)	–	–	–	(1,857,043)	823,442	–	–	–	–	(1,033,601)	1,033,601	–
Dividend distribution to noncontrolling interest (Note 32)	–	–	–	–	–	–	–	–	–	–	(634,671)	(634,671)
Balances as at December 31, 2024	₱24,470,708	₱80,000	₱5,612,321	(₱2,078,084)	₱37,302,240	₱24,813,773	(₱2,619)	₱47,521	₱372,449	₱90,618,309	₱2,717,203	₱93,335,512

	Attributable to Equity Holders of the Parent											
	Common Stock (Note 27)	Preferred Stock (Note 27)	Additional Paid-in Capital	Treasury Stock (Note 27)	Unappropriated Retained Earnings (Note 27)	Appropriated Retained Earnings (Note 27)	Revaluation Reserve on Financial Assets at FVOCI (Note 17)	Remeasurement Gains (Losses) on Retirement Plan (Note 26)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest (Note 32)	Total Equity
	For the Year Ended December 31, 2023											
Balances as at January 1, 2023	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱54,172,008	₱5,000,000	(₱2,619)	₱68,185	₱372,449	₱89,552,011	₱1,950,730	₱91,502,741
Net income	–	–	–	–	3,765,388	–	–	–	–	3,765,388	530,656	4,296,044
Other comprehensive loss	–	–	–	–	–	–	–	(20,664)	–	(20,664)	–	(20,664)
Total comprehensive income	–	–	–	–	3,765,388	–	–	(20,664)	–	3,744,724	530,656	4,275,380
Dividends declared (Note 27)	–	–	–	–	(875,871)	–	–	–	–	(875,871)	–	(875,871)
Change in noncontrolling interest	–	–	–	–	–	–	–	–	–	–	30,000	30,000
Dividend distribution to noncontrolling interest (Note 32)	–	–	–	–	–	–	–	–	–	–	(660,381)	(660,381)
Balances as at December 31, 2023	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱57,061,525	₱5,000,000	(₱2,619)	₱47,521	₱372,449	₱92,420,864	₱1,851,005	₱94,271,869

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱5,686,929**	₱5,640,371	₱4,941,383
Adjustments for:			
Interest expense and amortization of transaction costs (Note 24)	**4,039,265**	3,598,138	2,294,148
Depreciation and amortization (Notes 13, 14 and 16)	**2,081,421**	2,143,097	1,593,382
Equity in net earnings of associates (Note 12)	**(529,071)**	(359,036)	(242,007)
Interest income (Note 24)	**(357,008)**	(319,088)	(283,978)
Pension expense, net of contribution (Note 26)	**117,124**	(38,457)	(21,667)
Operating income before changes in operating assets and liabilities	**11,038,660**	10,665,025	8,281,261
Changes in operating assets and liabilities			
Decrease (increase) in:			
Contracts receivable	**474,937**	(340,453)	291,052
Contract assets	**(1,798,145)**	1,344,676	699,187
Other receivables	**(73,097)**	(98,336)	(563,050)
Real estate inventories	**(3,278,020)**	(3,645,527)	(178,552)
Other assets	**2,569,554**	(2,113,165)	(620,751)
Increase (decrease) in:			
Accounts payable and accrued expense	**528,973**	1,237,644	1,929,113
Contract liabilities	**(68,506)**	(331,938)	(353,011)
Due to related parties	**(148,238)**	–	–
Cash generated from operations	**9,246,118**	6,717,926	9,485,249
Income taxes paid, including creditable withholding taxes	**(1,721,487)**	(22,487)	(576,492)
Interest received	**357,008**	319,088	283,978
Net cash provided by operating activities	**7,881,639**	7,014,527	9,192,735
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment properties and property and equipment (Notes 13 and 14)	**(3,635,839)**	(5,026,191)	(3,645,532)
Build-transfer-operate (BTO) rights (Note 16)	**(4,714)**	(19,947)	(865,248)
Proceeds from disposal of property and equipment (Note 14)	**2,237**	–	–
Dividends received from associate (Note 12)	**389,400**	257,726	167,125
Net cash used in investing activities	**(3,248,916)**	(4,788,412)	(4,343,655)

(Forward)

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES (Note 36)			
Proceeds from availment of:			
Loans payable (Note 19)	**₱16,701,000**	₱38,095,000	₱24,660,100
Bonds payable (Note 20)	**12,000,000**	–	11,430,800
Increase in noncontrolling interest (Notes 1 and 32)	–	–	30,000
Payments of:			
Loans payable (Note 19)	**(8,871,622)**	(32,910,712)	(20,528,712)
Bonds payable (Note 20)	**(14,925,000)**	(1,699,995)	(15,035,400)
Cash dividend (Note 27)	**(1,123,188)**	(1,216,488)	(875,871)
Interest and transaction costs	**(6,111,517)**	(5,300,228)	(4,118,521)
Lease liabilities (Note 15)	**(463,346)**	(408,907)	(372,444)
Dividends paid to noncontrolling interest (Note 32)	**(641,839)**	(634,671)	(660,381)
Increase (decrease) in amounts due to related parties	–	102,069	(265,778)
Net cash used in financing activities	**(3,435,512)**	(3,973,932)	(5,736,207)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,197,211**	(1,747,817)	(887,127)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,984,191**	5,732,008	6,619,135
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱5,181,402**	₱3,984,191	₱5,732,008

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Filinvest Land, Inc. (the "Parent Company" or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and is domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989 and later changed to its present name on July 12, 1993. The Parent Company and its subsidiaries (collectively referred to as "the Group") offer a range of real estate products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, condotels, and condominium buildings. The Group also leases out commercial and office spaces in Muntinlupa City, Makati City, Pasay City, Cebu City, Tagaytay City, Cavite, and Clark Mimosa, its major locations for leasing.

The Group's parent company is Filinvest Development Corporation (FDC), a publicly listed entity. A.L. Gotianun, Inc. (ALG) is the Group's ultimate parent company. FDC and ALG were incorporated in the Philippines.

The Parent Company's registered business address is at Filinvest Building, 79 E. Delos Santos Ave. (EDSA), Brgy. Highway Hills, Mandaluyong City.

Approval of the Consolidated Financial Statements
The consolidated financial statements as of December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 were approved and authorized for issue by the Board of Directors (BOD) on February 16, 2026.

2. Material Accounting Policy Information

Basis of Preparation
The consolidated financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The Group's consolidated financial statements are presented in Philippine Peso (₱), which is also the functional currency of the Parent Company, its subsidiaries and associates. Amounts are in thousand ₱ except as otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025. The nature of business and the corresponding percentages of ownership over these entities are as follows. The voting rights held by the Group in these subsidiaries are in proportion to its ownership interest where:

Subsidiaries	Nature of Business	**2025**	2024	2023
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%	100%
FCGC Corporation (FCGCC)	Real estate developer	**100%**	100%	100%
Filinvest BCDA Clark, Inc. (FBCI)[1]	Real estate developer	**55%**	55%	55%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate developer	**100%**	100%	100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	**100%**	100%	100%
SJR Developers, Inc. (SDI)	Real estate developer	**100%**	100%	100%
Niyog Property Holdings, Inc, (NPHI) [2]	Real estate developer	**100%**	100%	100%
Cajel Realty Corporation (CRC) [2]	Real estate developer	**100%**	100%	100%
Crystal Ball Realty & Management, Inc. (CBRM) [3]	Real estate developer	**100%**	100%	100%
Cloverleaf Holdings Corporation (CHC) [3]	Real estate developer	**100%**	100%	100%
Filinvest REIT Corp. (FILRT) [4]	Leasing	**63%**	51%	63%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%	60%
Filinvest Cyberparks, Inc. (FCI)	Leasing	**100%**	100%	100%
Filinvest Clark Mimosa, Inc. (FCMI)	Leasing	**100%**	100%	100%
Festival Supermall, Inc. (FSI)	Property management	**100%**	100%	100%
Filinvest Lifemalls Corporation (FLC)	Property management	**100%**	100%	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	**100%**	100%	100%
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	**100%**	100%	100%
ProOffice Works Services, Inc. (ProOffice)	Property management	**100%**	100%	100%
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%	100%
Co-Living Pro Managers Corp. (CPMC)	Property management	**100%**	100%	100%
FSM Cinemas, Inc. (FSM Cinemas) [5]	Theater operator	**60%**	60%	60%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	**60%**	60%	60%
Timberland Sports and Nature Club, Inc. (TSNC)	Recreational Sports and Natures Club	**98%**	98%	98%
Nature Specialists, Inc. (NSI)	Recreational Sports and Natures Club	**75%**	75%	75%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%	100%
Proleads Philippines, Inc. (PPI)	Marketing	**100%**	100%	100%
Property Leaders International Limited (PLIL)	Marketing	**100%**	100%	100%
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%	100%
Realpros Philippines, Inc. (RPI)	Marketing	**100%**	100%	100%
FREIT Fund Managers, Inc. (FFMI)	Fund Manager	**100%**	100%	100%
OurSpace Solutions, Inc. (OSI) [6]	Coworking spaces	**70%**	70%	70%

Notes:
1. *FBCI is owned indirectly through FCGCC.*
2. *NPHI and CRC were acquired in 2023 through a share purchase agreement with Rizal Commercial Banking Corporation.*
3. *CBRM and CHC were acquired in previous years and were accounted for as asset acquisitions and not as business combination. Acquisition cost amounted to ₱80.06 million and ₱39.59 million for CBRM and CHC, respectively.*
4. *FLI's ownership interest in FILRT was reduced to 51% in 2024 mainly as a result of FLI's voluntary tender offer (see Note 27). In 2025, FLI's ownership interest in FILRT increased to 63%, through a tax-free property-for-share swap (see Note 32).*
5. *FSM Cinemas is owned indirectly through FSI.*
6. *On August 2, 2023, a Subscription Agreement was executed to issue the 30 million common shared of OSI to KCI resulting to FLI's 70% ownership in OSI.*

Except PLIL which was incorporated in British Virgin Islands, all of the Parent Company's subsidiaries were incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

None of the foregoing subsidiaries has been a party to any bankruptcy, receivership or similar proceedings and has not undergone or entered into any material classification, merger, consolidation (except as disclosed elsewhere in this report), purchase or sale of a significant amount of assets outside the ordinary course of business.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Noncontrolling Interest

Noncontrolling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity under "Retained Earnings" of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

New Standards, Interpretations and Amendments

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 adoption of new standards effective in 2025. The Group has not early adopted any standard, interpretation or amendment that



has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

Amendments to PAS 21*, Lack of exchangeability*

- The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.
- The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Standards Issues but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
-
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

  The amendments are not expected to have a material impact on the Group's accounting for financial instruments.

- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards—Volume 11
- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
- Amendments to PFRS 7, *Gain or Loss on Derecognition*
- Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
- Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:
  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

  The Group is currently assessing the impact of adopting PFRS 18 in its financial reporting, including its data collection process.

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*

Material Accounting Policies

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.

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.

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.

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 reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments *(Date of recognition)*
Financial assets and liabilities are recognized in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Recognition and Measurement of Financial Instruments
Financial Assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at fair value through profit or loss (FVPL).

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 or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

As of December 31, 2025 and 2024, the Group's financial assets comprise of financial assets at amortized cost and financial assets at FVOCI.

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost
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 classified cash and cash equivalents, contracts receivables, other receivables, short-term deposits (included in other assets), and investment in bonds as financial assets at amortized cost.

Financial assets at FVOCI (equity instruments)
At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in "Revaluation reserve on financial assets at FVOCI" in the consolidated statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in "Revaluation reserve on financial assets at FVOCI" is not reclassified to profit or loss, but is reclassified to Retained earnings.

Included under this category are the Group's investments in quoted and unquoted shares of stocks (included in other noncurrent assets; see Note 17).

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, 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.

Subsequent measurement
Loans and borrowings (financial liabilities at amortized cost) is the category most relevant to the Group. Issued financial instruments or their components, which are not designated at FVPL, are classified as financial liabilities at amortized cost where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

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

As of December 31, 2025 and 2024, loans and borrowings consist primarily of accounts payable and accrued expenses, lease liabilities, loans payable, bonds payable and due to related parties (see Notes 15, 18, 19, 20 and 21).

Impairment of Financial Assets and Contract Assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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 effective interest rate. 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.

The Group applies a simplified approach in calculating ECLs for financial assets at amortized costs. 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 has established a provision matrix for other receivables and a vintage analysis for contracts receivable and contract assets that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments 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.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset is derecognized when:

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. 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.

Financial liabilities

A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.

Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Real Estate Inventories

Lots, Condominium and Residential Units for Sale

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition costs and expenses directly related to acquisition



- Amounts paid to contractors for development and construction
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

In case of sales cancellation, the Group can repossess the properties and hold it for sale in the ordinary course of business at the prevailing market price. The repossessed properties are accounted for as inventories and recognized at its fair value less cost to repossess at the time of cancellation. NRV is the estimated selling price in the ordinary course of the business, based on market prices at

the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventory recognized in consolidated statement of income on disposal is determined with reference to the specific costs incurred on the property sold, including an allocation of any non-specific costs based on the relative size of the property sold.

Land and Land Development
Land and land development consists of properties with ongoing development that are intended for real estate projects for sale and are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Group such as transfer taxes and registration fees, (c) costs incurred on initial development of the raw land in preparation for future projects, and (d) borrowing costs. They are transferred to lots, condominium and residential units for sale under "Real estate inventories" when the project plans, development and construction estimates are completed and the necessary permits are secured.

Investments in Associates
The Group's investment in associates is accounted for under the equity method of accounting. Under the equity method, the investment in associates is carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the associates. The consolidated statement of income reflects the share of the results of operations of the associates. The Group recognizes its share of the losses of the associate until its share of losses equals or exceeds its interest in the associate, at which point the Group discontinues recognizing its share of further losses.

Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on investment in an associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in an associate is impaired.

If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognize the amount in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Investment Properties

Investment properties consist of commercial mall, land and other properties that are held for long term rental yields and capital appreciation and land held with undetermined future use. Investment properties also include right-of-use assets involving real properties that are subleased to other entities. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses,

if any. Initial cost of investment properties consists of cash paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction and directly attributable costs of bringing the investment properties to its intended location and working condition, including borrowing costs.

Constructions-in-progress are carried at cost (including borrowing costs) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete.

For those right-of-use assets that qualify as investment properties, i.e., those land that are subleased 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.

Investment properties built on rented properties are depreciated over their estimated useful lives or lease term, whichever is shorter.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives (EUL) of these assets as follows:

	Years
Buildings and improvement	20-50
Machinery and equipment	5-15

The EUL and the depreciation method is reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment properties also include prepaid commission representing incremental costs that are directly attributable to negotiating and arranging a lease. These are initially recognized at cost and are amortized over the related lease term.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost.

Construction-in-progress, is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the EUL of the assets, as follows:

	Years
Buildings	20-50
Machinery and equipment	5-20
Transportation equipment	5
Furniture and fixtures	3-5

Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease term, whichever is shorter.

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

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, is removed from the account. Any gain or loss arising from derecognition of the asset is included in the consolidated statement of income in the year the asset is derecognized.

Intangible Assets

Intangible assets include goodwill and BTO rights (including the related right-of-use asset). Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination or contracted arrangements is their fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill, are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful



lives of intangible assets are assessed to be either finite or indefinite. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives (i.e., BTO rights) are amortized over the economic useful life (i.e., 25 years) and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income.

Intangible assets with indefinite useful lives (i.e., goodwill) are not amortized, but are tested for impairment annually or more frequently, either individually or at the cash generating unit level.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Other Assets

Other current and noncurrent assets are carried at cost. These pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

Value-added Tax (VAT)

Revenues, expenses, and assets 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 statement 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 statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable and payable from the taxation authority is included as part of "Other assets" and "Accounts payable and accrued expenses", respectively, in the consolidated statement of financial position.

Impairment of Nonfinancial Assets

The carrying values of investments in associates, property and equipment, investment properties, and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost of disposal and value-in-use. 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 assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of income.



For nonfinancial assets, excluding goodwill, 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 Group estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually or more frequent if events or changes of circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating unit) is less than their carrying amount of cash-generating unit (or group of cash-generating unit) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Revenue Recognition

Revenue from Contracts with Customers

The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. 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 has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity in its mall retail spaces and office leasing activities, wherein it is acting as agent.

The Group recognize the difference between the consideration received from the customer and the transferred goods to the customer as contract assets in the consolidated statement of financial position.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales

The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of real estate projects under pre-completion stage 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.

Starting January 1, 2024, in determining the transaction price, the Group considers whether the selling price of the real estate property includes significant financing component.

In measuring the progress of its performance obligation over time, the Group uses 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 project accomplishment reports prepared by the third party project managers for high-rise real estate developments and internal project engineers for mid-rise real estate development. The project technical head integrates, reviews and approves the surveys of performance to date of the construction activities of subcontractors.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contracts receivables is included in the "contract assets" account in the asset section of the consolidated statement of financial position.

Any excess of collections over the total of recognized installment contracts receivables is included in the "contract liabilities" account in the liabilities section of the consolidated statement of financial position.

In case of sales cancellation, the difference between the fair value of the repossessed property less cost to repossess and the outstanding receivable and related accounts at the time of cancellation is recognized in profit or loss.

Common usage service area (CUSA) charges and air conditioning dues (included as part of 'Rental and related services')
CUSA charges are recognized when the related services are rendered. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, and electricity in its office leasing activities, wherein it is acting as` agent. Income from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant and are presented gross of related cost and expenses.

Other dues
For the administration fees, electricity and water usage, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Group, are primarily responsible for the provisioning of the utilities while the Group administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

Theater and parking sales and snack bar sales (included as part of 'Rental and related services')
Revenue from theater and parking sales is recognized over time using output method when theater services are rendered. Revenue from snack bar sales is recognized at a point in time when goods are actually sold to customers.

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 land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, 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 costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances

Contracts receivables

A 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).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If 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 as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract (Commission expenses)

The incremental 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 marketing expense" account in the consolidated statement of income.

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

Contract fulfillment assets

Contract fulfillment assets 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 firstly 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) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the 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) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets pertain to land acquisition costs.



Amortization, de-recognition 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 over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization of contract fulfillment assets and cost to obtain a contract is included within "Cost of real estate sales" and "Selling and marketing expense", respectively.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either 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 the contract fulfillment asset or capitalized cost to obtain a contract may be impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount

of consideration that the Group expects to receive less the costs that relate to providing services under the relevant 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 will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, the judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Revenue and Income Recognition
Rental income
Rental income arising from investment properties are recognized in the consolidated statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.

Income from forfeited reservations and collections
Income from forfeited reservations and collections are recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest income
Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Other income
Other income, including service fees, processing fees, management fees, is recognized when services are rendered and when goods are delivered.



Cost and Expense Recognition
Costs and expenses are recognized in the consolidated statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably. Cost and expenses are recognized in the consolidated statement of income as incurred based on the amounts paid or payable

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

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets an any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefits
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs.

Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.



Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Borrowing Costs
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. These are capitalized if directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the consolidated statement of financial position.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment of those borrowings.

For investment properties, interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

For "Land and land development" under real estate inventories, interest is capitalized if the properties are currently undertaking activities necessary to prepare the assets for its intended sales, including but not limited to pre-construction activities such as permitting, design, planning and actual land development activities and are not ready to be sold in its current condition.

Borrowings originally made to develop a specific qualifying asset are transferred to general borrowings (a) when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete, and (b) the entity chooses to use its funds on constructing other qualifying assets rather than repaying the loan.

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 sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

Foreign Currency-Denominated Transactions
The functional and presentation currency of the Parent Company and its subsidiaries and associate is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.



Equity

Common and Preferred stock

The Group records common and preferred stock at par value and additional paid-in capital as the excess of the total contributions received over the aggregate par values of the equity shares.

The Group considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. When any member of the Group purchases the Parent Company's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in consolidated equity.

Treasury stock

Own equity instruments which are reacquired, are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained earnings

Retained earnings represent accumulated net earnings of the Group, and any other adjustments to it as required by other standards, less dividends declared. The individual accumulated earnings of the subsidiaries and accumulated equity earnings from an associate included in the consolidated retained earnings are available for dividend declaration when these are declared as dividends by the subsidiaries and associate as approved by their respective BOD.

The partial disposal or acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interests is liabilities in equity under "Retained Earnings" of the parent in transactions where the noncontrolling interests are acquired or sold without loss of control.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury.

Dividends on common and preferred shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net income applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options and dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares



divided by the number of equivalent common shares, assuming such shares are converted would decrease the basic EPS, and then such convertible preferred shares would be deemed dilutive.

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

Income Tax

Current income tax

Current income 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 at the reporting date.

Deferred income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or 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 profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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. Income tax relating to items recognized directly in other comprehensive income is recognized in consolidated statement of comprehensive income and not in the consolidated statement of income.

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

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 Lessor
Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight-line basis over the lease term. 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.

Group as Lessee
Except for short-term leases and lease of low-value assets, the Group applies a single recognition and measurement approach for all leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use-assets

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.

The Group classifies its right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Useful life of right-of-use on land ranges from 20 to 50 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of nonfinancial assets.

ii) 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 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.



iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (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. 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.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects: (a) the nature of the products and services; (b) the nature of the production processes; (c) the type or class of customer for their products and services; (d) the methods used to distribute their products or provide their services; and, (e) if applicable, the nature of the regulatory environment. The Group's mall retail spaces and office leasing activities are treated as one segment. Financial information on business segments is presented in Note 5 to the consolidated financial statements.

Provisions
A provision is 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.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They 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 are disclosed when an inflow of economic benefits is probable.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards, requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable.

Estimates and judgments 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 which have the most significant effect on the amounts recognized in the consolidated financial statements.

Real Estate Revenue Recognition

a. 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 are not signed by both parties, the combination of its other signed documentation such as purchase application form and official receipts evidencing collections from buyer, would contain all the criteria to qualify as contract with the customer under PFRS 15.

   In addition, part of the assessment process of the Group 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. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price.

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

c. Revenue recognition method 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 is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer 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.

Evaluation of impairment on nonfinancial assets

The Group reviews its investments in associates, property and equipment, investment properties, BTO rights and other assets (excluding short-term deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends.

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

The recoverable amount is the asset's fair value less cost of disposal, except for investments in associates, which have recoverable value determined using value-in-use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investments in associates. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.



As of December 31, 2025 and 2024, management assessed that there are no impairment indicators on its non-financial assets that would lead to recognition of impairment losses.

Adoption of a 'no tax' regime for FILRT
As a Real Estate Investment Trust (REIT) entity, Filinvest REIT Corp. (FILRT) can choose to operate within one of two tax regimes (i.e., a 'full tax' regime or a 'no tax' regime). The REIT entity can effectively operate under a 'no tax' regime provided that it meets certain conditions (e.g., listing status, minimum required dividend payments). A REIT entity is required to distribute at least 90% of its annual income as dividends to its investors and is allowed to treat the dividend as deduction for tax purposes making it effectively an income tax-free entity.

As of December 31, 2025 and 2024, FILRT met the provisions of the REIT law and complies with the 90% dividend distribution requirement. FILRT has determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that it can effectively operate on a "no-tax" regime. FILRT did not recognize any deferred taxes in 2025 and 2024.

Contingencies
In the normal course of business, the Group is currently involved in various legal proceedings and assessments. The assessment of probability and estimate of the probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Group currently does not believe these proceedings will have material or adverse effect on the Group's financial position and results of operations (see Note 33).

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.

Revenue recognition and measure of progress for real estate sales
The Group's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of real estate project.

For the years ended December 31, 2025, 2024 and 2023, real estate sales amounted to ₱16.27 billion, ₱15.39 billion, and ₱14.49 billion, respectively (see Note 6).

Determining transaction price of sale of real estate
The Group determines whether a contract contains a significant financing component by considering (1) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (2) the effect of the expected length of time between when the entity transfer the promised goods or service to the customer and when the customer pays for those goods or services and the prevailing effective interest rate. The Group applied practical expedient by not adjusting the effect of financing component when the period when the entity transfers a promised good or service to a customer and when the customer pays for the good or service will be one year or less.

For the years ended December 31, 2025, 2024 and 2023, financing component recognized on sale of real estate amounted to ₱170.25 million, ₱199.51 million, and ₱174.03 million, respectively (see Note 24).

Evaluation of impairment of contracts receivables and contract assets
The Group uses the vintage analysis to calculate ECLs for contracts receivables and contract assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, market segment and collateral type).

The vintage analysis (the model) is initially based on the Group's historical observed default rates. The Group will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's contracts receivables and contract assets is disclosed in Note 8.

The carrying values of contracts receivables and contract assets are as follows:

	2025	2024
	(In Thousands)	
Contracts receivables (Note 8)	**₱1,703,345**	₱2,178,282
Contract assets (Note 6)	**10,237,238**	8,439,093

Estimating NRV of real estate inventories
The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether the selling prices of those inventories have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In evaluating NRV, recent market conditions and current market prices have been considered.

As of December 31, 2025 and 2024, the carrying amount of real estate inventories amounted to ₱74.02 billion and ₱69.97 billion, respectively (see Note 10). No impairment losses were recognized since the costs are lower than NRV for the years ended December 31, 2025, 2024 and 2023.

Evaluation of impairment on goodwill
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill on acquisition of FILRT, FAC and Festival Supermall structure is based on value-in-use calculation that uses a discounted cash flow model. The cash flows are derived from budget period of five (5) years and do not include restructuring activities that the Group is not yet committed to nor significant future investments that will enhance the asset base of the cash generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as revenue growth rates, gross margins and terminal growth rates used. The pre-tax discount rates used were 9.4% to 11.0% in 2025 and 2024. The growth rates used beyond the forecast period for different cash-generating units were 3.6% to 5.0% and 3.5% to 4.0% in 2025 and 2024, respectively.

As of December 31, 2025 and 2024, the Group has determined that its goodwill is not impaired. The carrying value of goodwill amounted to ₱4.57 billion as of December 31, 2025 and 2024 (see Note 4).

Recognition of deferred income tax assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Group will generate sufficient future taxable profit to allow all or part of its deferred income tax assets to be utilized.

The Group's recognized deferred tax assets amounted to ₱1.86 billion and ₱2.07 billion as of December 31, 2025 and 2024, respectively (see Note 29).

4. Goodwill

Goodwill arising from business combinations in the Group's consolidated statements of financial position as of December 31, 2025 and 2024 consists of (amounts in thousands):

Festival Supermall structure	₱3,745,945
FAC	494,744
FILRT	326,553
	₱4,567,242

In September 2006, the Group entered into a series of transactions pursuant to which it acquired: (1) 60% ownership interest in FAC from FDC; (2) 60% ownership interest in FILRT from FAI; and, (3) Festival Supermall structure from FAI. In exchange for acquiring these assets, the Group issued a total of 5.64 billion common shares to FDC and FAI and assumed ₱2.50 billion outstanding debts of FDC and FAI. The business combinations resulted in the recognition of goodwill amounting to ₱4.24 billion, which comprises the fair value of expected synergies arising from the acquisitions.

Subsequently in February 2010, the Parent Company acquired the remaining 40% interests in FILRT from Africa-Israel Properties (Phils.), Inc. to obtain full control of the then joint venture. The acquisition resulted in FILRT becoming wholly-owned subsidiary of the Parent Company. The acquisition of the joint venture partner's interests was accounted for as business combination and resulted in recognition of goodwill amounting to ₱326.55 million.

As of December 31, 2025 and 2024, the recoverable value of the cash generating units to which the goodwill pertains is in excess of the carrying value of the cash generating units, thus, no impairment has been recognized.

5. Segment Reporting

For management purposes, the Group is organized into the following business units:

Real Estate
This involves the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings.

Leasing
This involves the operations of Festival Supermall, Fora Tagaytay, Main Square and Il Corso, including its management and theater operations, and the leasing of commercial and office spaces in Makati City, Muntinlupa City, Pasay City, Bacoor City, Tagaytay City, Cebu City and Clark. This also includes the hotel operations of TSNC and NSI and the operations of PDDC of a district cooling system within existing and future buildings at Northgate Cyberzone Area, Filinvest City, Alabang, Muntinlupa City.

Management monitors the operating results of each of its business units for purposes of resource allocation and performance assessment. Performance of each segment is evaluated based on their profit and loss or net income.

The chief operating decision-maker of the Group is the Executive Committee. The committee reviews internal reports to assess performance and allocate resources. Based on the reports, it is also able to determine both the operating and non-operating segments. Reporting by geographical segments does not apply as the Group currently operates in the Philippines only. The Group's revenues are earned in the Philippines.

Transfer prices between segments are based on rates agreed upon by the parties and have terms equivalent to transactions entered into with third parties.

For the years ended December 31, 2025, 2024, and 2023, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

The financial information on the operations of these business segments as shown below are based on the measurement principles that are similar with those used in measuring the assets, liabilities, income and expenses in the consolidated financial statements which is in accordance with PFRS Accounting Standards, except for the Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).

The information about the financial position and results of operations of these business segments as of and for the years ended December 31 are summarized below (amounts in thousands).

	2025				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue					
External	**₱16,274,015**	**₱8,247,020**	**₱24,521,035**	**₱–**	**₱24,521,035**
Inter-segment	**239,044**	**655,841**	**894,885**	**(894,885)**	**–**
	16,513,059	**8,902,861**	**25,415,920**	**(894,885)**	**24,521,035**
Equity in net earnings of associates	**529,071**	**–**	**529,071**	**–**	**529,071**
Other income	**2,566,077**	**1,284,000**	**3,850,077**	**(3,001,832)**	**848,245**
	₱19,608,207	**₱10,186,861**	**₱29,795,068**	**(₱3,896,717)**	**₱25,898,351**
Net income	**₱4,981,201**	**₱1,165,892**	**₱6,147,093**	**(₱1,339,260)**	**₱4,807,833**

	2025				
	Real Estate Operations	**Leasing Operations**	**Combined**	**Adjustments and Eliminations**	**Consolidated**
EBITDA	**₱7,958,211**	**₱5,931,340**	**₱13,889,551**	**(₱2,043,616)**	**₱11,845,935**
Segment assets	**₱99,256,394**	**₱118,517,574**	**₱217,773,968**	**(₱3,593,676)**	**₱214,180,292**
Less net deferred tax assets	**–**	**147,476**	**147,476**	**–**	**147,476**
Net segment assets	**₱99,256,394**	**₱118,370,098**	**₱217,626,492**	**(₱3,593,676)**	**₱214,032,816**
Segment liabilities	**₱53,730,801**	**₱64,504,576**	**₱118,235,377**	**(₱403,670)**	**₱117,831,707**
Less net deferred tax liabilities	**4,038,324**	**(122,357)**	**3,915,967**	**123,260**	**4,039,227**
Net segment liabilities	**₱49,692,477**	**₱64,626,933**	**₱114,319,410**	**(₱526,930)**	**₱113,792,480**
Cash flows provided by (used in):					
Operating activities	**₱1,850,216**	**₱4,740,716**	**₱6,590,932**	**₱1,290,707**	**₱7,881,639**
Investing activities	**(510,785)**	**(2,738,131)**	**(3,248,916)**	**–**	**(3,248,916)**
Financing activities	**(52,362)**	**(2,501,322)**	**(2,553,684)**	**(881,828)**	**(3,435,512)**

	2024				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue					
External	₱15,392,761	₱7,848,093	₱23,240,854	₱–	₱23,240,854
Inter-segment	229,632	–	229,632	(229,632)	–
	15,622,393	7,848,093	23,470,486	(229,632)	23,240,854
Equity in net earnings of associates	359,036	–	359,036	–	359,036
Other income	3,263,910	1,103,623	4,367,533	(3,521,525)	846,008
	₱19,245,339	₱8,951,716	₱28,197,055	(₱3,751,157)	₱24,445,898
Net income	₱5,437,301	₱1,330,564	₱6,767,865	(₱2,132,129)	₱4,635,736
EBITDA	₱8,426,129	₱4,847,174	₱13,273,303	(₱1,804,088)	₱11,469,215
Segment assets	₱100,016,795	₱117,217,097	₱217,233,892	(₱10,354,241)	₱206,879,651
Less net deferred tax assets	–	96,032	96,032	–	96,032
Net segment assets	₱100,016,795	₱117,121,065	₱217,137,860	(₱10,354,241)	₱206,783,619
Segment liabilities	₱56,063,647	₱57,818,979	₱113,882,626	(₱338,487)	₱113,544,139
Less net deferred tax liabilities	5,030,726	9,874	5,040,600	(223,596)	4,817,004
Net segment liabilities	₱51,032,921	₱57,809,105	₱108,842,026	(₱114,891)	₱108,727,135
Cash flows provided by (used in):					
Operating activities	₱3,062,854	₱3,843,080	₱6,905,934	₱108,593	₱7,014,527
Investing activities	(908,013)	(3,880,399)	(4,788,412)	–	(4,788,412)
Financing activities	(3,490,116)	(1,018,279)	(4,508,395)	534,463	(3,973,932)

	2023				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue					
External	₱14,486,506	₱7,200,950	₱21,687,456	₱–	₱21,687,456
Inter-segment	40,039	–	40,039	(40,039)	–
	14,526,545	7,200,950	21,727,495	(40,039)	21,687,456
Equity in net earnings of associates	242,007	–	242,007	–	242,007
Other income	2,001,632	964,869	2,966,501	(2,341,630)	624,871
	₱16,770,184	₱8,165,819	₱24,936,003	(₱2,381,669)	₱22,554,334
Net income	₱3,603,769	₱1,742,686	₱5,346,455	(₱1,050,411)	₱4,296,044
EBITDA	₱5,401,034	₱4,797,774	₱10,198,808	(₱1,229,650)	₱8,969,158
Segment assets	₱110,882,971	₱104,057,871	₱214,940,842	(₱10,464,765)	₱204,476,077
Less net deferred tax assets	–	48,483	48,483	–	48,483
Net segment assets	₱110,882,971	₱104,009,388	₱214,892,359	(₱10,464,765)	₱204,427,594
Segment liabilities	₱63,140,179	₱47,438,064	₱110,578,243	(₱374,035)	₱110,204,208
Less net deferred tax liabilities	5,802,647	56,068	5,858,715	(209,562)	5,649,153
Net segment liabilities	₱57,337,532	₱47,381,996	₱104,719,528	(₱164,473)	₱104,555,055
Cash flows provided by (used in):					
Operating activities	₱5,368,606	₱3,979,320	₱9,347,926	(₱155,191)	₱9,192,735
Investing activities	(616,726)	(3,726,929)	(4,343,655)	–	(4,343,655)
Financing activities	(4,306,123)	(2,071,602)	(6,377,725)	641,518	(5,736,207)

The following table shows a reconciliation of the adjusted earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA), after adjustments and eliminations, to income before income tax in the consolidated statement of income for the year:

	2025	2024	2023
		(In Thousands)	
EBITDA	**₱11,845,935**	₱11,469,215	₱8,969,158
Depreciation and amortization (Notes 13, 14 and 16)	**(2,081,421)**	(2,143,097)	(1,593,382)
Operating profit	**9,764,514**	9,326,118	7,375,776
Interest and other finance charges (Note 24)	**(4,077,585)**	(3,685,747)	(2,434,393)
Income before income tax	**₱5,686,929**	₱5,640,371	₱4,941,383

6. Revenue from Contracts with Customers

Disaggregated Revenue Information

The Group's disaggregation of each sources of revenue is presented below:

	2025	2024	2023
		(In Thousands)	
Real estate sales by market segment			
Medium income	**₱11,345,218**	₱11,336,019	₱9,835,600
Low affordable and affordable	**2,763,988**	1,863,213	3,367,527
High-end and others	**1,498,974**	1,524,605	855,169
Socialized	**665,835**	668,924	428,210
	16,274,015	15,392,761	14,486,506
Cinema operations by type of goods or services (included as part of rental and related services)			
Theater and parking sales	**257,696**	248,461	214,452
Snack bar sales	**15,394**	15,188	14,066
	273,090	263,649	228,518
Tenant dues			
Office leasing (Note 21)	**1,120,310**	1,176,240	1,149,383
Mall and other leasing operations	**501,740**	415,697	379,197
	1,622,050	1,591,937	1,528,580
Total revenue from contracts with customers	**18,169,155**	17,248,347	16,243,604
Rental revenues			
Office leasing (Note 21)	**3,724,306**	3,633,481	3,511,044
Mall operations	**2,005,958**	1,856,071	1,605,302
Others	**621,616**	502,955	327,506
	6,351,880	5,992,507	5,443,852
Total Revenue	**₱24,521,035**	₱23,240,854	₱21,687,456

The Group's real estate sales and theater sales are revenue from contracts with customers which are recognized over time while revenue from snack bar sales is recognized at a point in time.

Others from rental revenues includes rent from co-living units, industrial park, co-working spaces and hospitality business operations.

As of December 31, 2025, contract balances are as follows:

	Current	**Noncurrent**	**Total**
		(In Thousands)	
Contracts receivable	**₱1,703,345**	**₱–**	**₱1,703,345**
Contract assets	**6,422,237**	**3,815,001**	**10,237,238**
Contract liabilities	**477,242**	**64,665**	**541,907**

As of December 31, 2024, contract balances are as follows:

	Current	Noncurrent	Total
		(In Thousands)	
Contracts receivable	₱2,178,282	₱–	₱2,178,282
Contract assets	5,785,979	2,653,114	8,439,093
Contract liabilities	586,257	24,156	610,413

Real estate sales contracts are collectible in equal monthly principal installments in varying periods of two (2) to ten 10 years. Interest rates per annum range from 11.5% to 19.0%. Titles to the residential units sold transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration for assets already delivered by the Group in excess of the amount recognized as contracts receivable. Contract assets is reclassified to contracts receivable when monthly amortization of customer is due for collection.

In 2025, 2024 and 2023, the Parent Company entered into an Agreement for Purchase of Receivables with local banks. The banks agreed to buy the contract assets on a without recourse basis, and the Parent Company agreed to sell, assign, transfer and convey to the bank all its rights, titles, and interest in and to the contract assets. In 2025, 2024 and 2023 total proceeds from these transactions equivalent to the carrying value of the contract assets sold amounted to ₱15.14 billion, ₱11.69 billion and ₱5.43 billion, respectively.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred based on percentage of completion. The movement in contract liability arise mainly from revenue recognition of completed performance obligations. The amount of revenue recognized in 2025 and 2024 from amounts included in contract liabilities at the beginning of the year amounted to ₱406.80 million and ₱450.27 million, respectively.

Performance Obligation

Information about the Group's performance obligations are summarized below:

Real estate sales

The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of a real estate unit may cover either (a) a lot; (b) house and lot or (c) condominium unit. There is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the purchase application form and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include downpayment of 20% to 30% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to 10 years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results in either a contract asset or contract liability.

After the delivery of the completed real estate unit, the Group provides one year warranty to repair minor defects on the delivered house and lot and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2025 and 2024 amounted to ₱1.06 billion and ₱3.05 billion, respectively. Performance obligation for the transaction price amounting to ₱1.00 billion and ₱2.78 billion will be satisfied within one year as of December 31, 2025 and 2024, respectively.

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Group's real estate projects. The Group's mid-rise condominium units and high-rise condominium units are completed within three (3) and five (5) years, respectively, from start of construction while house and lots are expected to be completed within 12 months.

Rental agreements
The Group entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space; (b) provisioning of water and electricity; (c) provision of air conditioning and CUSA services presented as tenant dues; and, (d) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within seven (7) to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

Cost to Obtain Contracts and Contract Fulfillment Assets
The rollforward of the cost to obtain contract included in the other current assets is as follows:

	2025	2024
	(In Thousands)	
Balance at beginning of year	**₱290,616**	₱367,514
Additions	**417,632**	734,410
Amortization (Note 23)	**(604,891)**	(811,308)
Balance at end of year (Note 11)	**₱103,357**	₱290,616

Amortization of cost to obtain contract is recognized in the consolidated statements of comprehensive income under selling and marketing expenses.

For the years ended December 31, 2025 and 2024, additions of contract fulfillment assets amounted to ₱286.91 million and ₱732.07 million, respectively (see Note 10). Amortization of contract fulfillment costs amounted to ₱1.18 billion and ₱1.00 billion for the years ended December 31, 2025 and 2024, respectively. Contract fulfilment assets is included as part of real estate inventories.

The Group reviews its major contracts to identify indicators of impairment of contract fulfilment assets by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract.

In determining estimated amount of consideration, the Group uses the same principles in determining contract transaction price.

It is the Group's accounting policy, as set out in Note 2, that if a contract or specific performance obligation has exhibited marginal profitability or other indicators of impairment, judgement is applied to ascertain whether the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

7. Cash and Cash Equivalents

This account consists of:

	2025	2024
	(In Thousands)	
Cash	**₱3,694,158**	₱3,011,408
Cash equivalents	**1,487,244**	972,783
	₱5,181,402	₱3,984,191

Cash includes cash on hand and in banks. Cash in banks 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 (3) months or less from dates of placement and are subject to an insignificant risk of change in value.

Interest income earned on the Group's cash and cash equivalents amounted to ₱150.58 million, ₱98.70 million and ₱80.39 million in 2025, 2024 and 2023, respectively (see Note 24).

There is no restriction on the Group's cash and cash equivalents as at December 31, 2025 and 2024.

8. Contracts Receivables

This account consists of:

	2025	2024
	(In Thousands)	
Contracts receivable	**₱1,456,250**	₱1,932,985
Receivables from government and financial institutions	**247,095**	245,297
	₱1,703,345	₱2,178,282

Real estate sales contracts are collectible over varying periods within 2 to 10 years. The receivables arising from real estate sales are collateralized by the corresponding real estate properties sold. The Group records any excess of progress work over the right to an amount of consideration that is unconditional (i.e., contracts receivable) as contract assets (see Note 6).

Receivables from government and financial institutions pertain to government and bank-financed real estate sales. Receivables from government and financial institutions are collectible within one (1) year.

Interest income recognized on contracts receivable amounted to ₱170.25 million, ₱199.50 million and ₱174.03 million in 2025, 2024 and 2023, respectively (see Note 24). Interest rates per annum on contracts receivable range from 11.5% to 19.0% for these years.

The Group has a mortgage insurance contract with Philippine Guarantee Corporation (PhilGuarantee), a government insurance company for a retail guaranty line. As of December 31, 2025 and 2024, the contracts (comprise of both contracts receivables and contract assets) covered by the guaranty line amounted to ₱116.05 million and ₱193.57 million, respectively. As of December 31, 2025 and 2024, the remaining unutilized guaranty line amounted to ₱1.37 billion.

As of December 31, 2025 and 2024, no impairment losses were recognized from contracts receivables.

9. Other Receivables

This account consists of:

	2025	2024
	(In Thousands)	
Receivables from tenants	**₱2,087,855**	₱2,302,942
Advances to officers and employees	**539,230**	418,147
Due from related parties (Note 21)	**527,557**	434,428
Receivables from homeowners' associations (HOAs)	**267,340**	174,596
Others	**283,487**	292,037
	3,705,469	3,622,150
Less: Allowance for ECLs	**68,980**	58,758
	₱3,636,489	₱3,563,392

"Receivables from tenants" represent charges to tenants for rentals and utilities normally collectible within 15-20 days from billing date.

"Advances to officers and employees" represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

"Receivables from homeowners' associations" represent claims from the homeowners' association of the Group's projects for the payment of the expenses on behalf of the association.

"Others" represent advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

Set out below is the movement of the allowance for ECLs of other receivables:

	2025		
	Receivables from tenants	**Receivables from HOAs**	**Total**
		(In Thousands)	
Balance at beginning of year	**₱42,894**	**₱15,864**	**₱58,758**
Provision for ECLs	**10,222**	–	**10,222**
Balance at end of year	**₱53,116**	**₱15,864**	**₱68,980**

	2024		
	Receivables from tenants	Receivables from HOAs	Total
		(In Thousands)	
Balance at beginning of year	₱43,282	₱15,864	₱59,146
Reversal of ECLs	(388)	–	(388)
Balance at end of year	₱42,894	₱15,864	₱58,758

10. Real Estate Inventories

This account consists of:

	2025	2024
		(In Thousands)
Real estate inventories – at cost		
Lots, condominium and residential units for sale	**₱47,237,083**	₱43,991,685
Land and land development	**26,783,671**	25,975,429
	₱74,020,754	₱69,967,114

A summary of the movement in lots, condominium and residential units for sale is set out below:

	2025	2024
		(In Thousands)
Balance at beginning of year	**₱43,991,685**	₱40,109,879
Construction/development costs incurred	**10,474,632**	10,461,681
Transferred from land and land development (Note 6)	**458,662**	732,071
Transfer from investment properties (Note 13)	**–**	42,952
Cost of real estate sales	**(7,687,896)**	(7,354,898)
Balance at end of year	**₱47,237,083**	₱43,991,685

A summary of the movement in land and land development is set out below:

	2025	2024
		(In Thousands)
Balance at beginning of year	**₱25,975,429**	₱26,992,347
Site development and incidental costs	**1,220,597**	1,300,203
Land acquisitions	**80,021**	4,745
Transferred to lots, condominium and residential units for sale	**(458,662)**	(732,071)
Transfer to investment properties (Note 13)	**(33,714)**	(1,589,795)
Balance at end of year	**₱26,783,671**	₱25,975,429

Borrowing costs capitalized as part of land and land development, where activities necessary to prepare it for its intended use is still ongoing, amounted to ₱809.33 million, ₱766.21 million and ₱620.18 million for the years ended December 31, 2025, 2024 and 2023, respectively. Capitalization rate is 6.10%, 5.47% and 5.15% in 2025, 2024 and 2023, respectively.

11. **Other Current Assets**

This account consists of:

	2025	2024
		(In Thousands)
Input taxes – net	**₱3,585,711**	₱3,921,006
Creditable withholding taxes	**1,112,135**	2,136,391
Prepaid expenses	**896,756**	829,717
Advances to contractors and suppliers	**497,904**	454,622
Construction materials and supplies	**429,629**	451,749
Cost to obtain contract (Note 6)	**103,357**	290,616
Short-term deposits	**53,299**	179,750
	₱6,678,791	₱8,263,851

"Input taxes" pertains to VAT passed on from purchases of goods or services which is applied against output VAT.

"Creditable withholding taxes" are the taxes withheld by the withholding agents from payments to the sellers which is creditable against the income tax payable.

"Prepaid expenses" consist of prepayments for commissions on leases, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

"Advances to contractors and suppliers" pertain to down payments made by the Group which are applied against future billings for development and construction contracts of real estate inventories.

"Construction materials and supplies" pertain to inventories to be used in the construction and maintenance of projects.

"Cost to obtain contract" includes accrued commissions net of amount paid to brokers relating to the sale of real estate inventories which qualify for revenue recognition.

"Short-term deposits" pertain to cash placements with maturity of more than three (3) months up to twelve (12) months and earn interest at prevailing market rates.

12. Investments in Associates

The percentage of ownership and carrying value of the Group's investments in associates as of December 31 follows:

	Percentage of Ownership		Amounts	
	2025	2024	**2025**	2024
			(In Thousands)	
FAI	**20.0**	20.0	**₱5,086,565**	₱4,969,569
Dreambuilders Pro, Inc. (DPI)	**45.0**	45.0	**103,386**	94,294
Filinvest Mimosa, Inc. (FMI)	**47.5**	47.5	**91,717**	84,228
SharePro, Inc. (SPI)	**45.0**	45.0	**80,695**	59,418
Filinvest Business Services Corporation (FBSC)	**30.0**	30.0	**20,990**	53,958
Pro-Excel Property Managers, Inc. (Pro-Excel)	**47.5**	47.5	**67,528**	49,743
ProActive Professionals Corp. (ProActive)	**40.0**	40.0	**10,000**	10,000
			₱5,460,881	₱5,321,210

The rollforward analysis of investments in associates for the years ended December 31 follows:

	2025	2024
		(In Thousands)
At equity:		
Acquisition cost		
Balance at beginning and end of year	**₱1,028,841**	₱1,028,841
Accumulated equity in net earnings:		
Balance at beginning of year	**1,909,468**	1,808,158
Equity in net earnings for the year	**529,071**	359,036
Dividend declaration	**(389,400)**	(257,726)
Balance at end of year	**2,049,139**	1,909,468
Share in revaluation increment on land at deemed cost	**2,010,452**	2,010,452
Share in other components of equity	**372,449**	372,449
	₱5,460,881	₱5,321,210

FAI
FAI is involved primarily in the development of commercial buildings, residential condominiums and land. FAI is also involved in leasing of commercial real estate and marketing.

Dividends declared by FAI and the corresponding share of the Group for the year ended December 31, 2025 amounted to ₱1,947.00 and ₱389.40 million, respectively, and for the year ended December 31, 2024 amounted to ₱1,253.00 million and ₱250.60 million, respectively.

Summarized financial information and reconciliation of investment in FAI is as follows:

	2025	2024
		(In Thousands)
Current assets	**₱20,425,398**	₱16,185,757
Noncurrent assets	**22,644,695**	24,288,735
Total assets	**43,070,093**	40,474,492
Current liabilities	**3,959,545**	2,685,551
Noncurrent liabilities	**10,532,443**	9,636,696
Total liabilities	**14,491,988**	12,322,247
Equity	**₱28,578,105**	₱28,152,245
Proportion of the Group's ownership	**20%**	20%
Equity in net assets of associate	**₱5,715,621**	₱5,630,449
Less upstream sales	**629,056**	660,880
Carrying amount of the investment	**₱5,086,565**	₱4,969,569
Revenue and other income	**₱6,537,661**	₱4,724,114
Cost and other expenses	**(2,806,183)**	(2,253,671)
Depreciation	**(216,377)**	(217,601)
Interest expense	**(175,755)**	(96,278)
Interest income	**25,093**	24,019
Income before tax	**3,364,439**	2,180,583
Income tax expense	**832,461**	622,308
Net income for the year	**₱2,531,978**	₱1,558,275
Group's equity in net earnings of associate	**₱506,396**	₱311,655

Share in net earnings of FAI amounted to ₱213.67 million for the year ended December 31, 2023.

DPI
DPI is engaged in carrying on general construction business and/or project construction management. Share in net earnings (losses) of DPI amounted to ₱9.09 million, ₱1.17 million and (₱2.38 million) for the years ended December 31, 2025, 2024 and 2023, respectively.

FMI
In 2016, FMI was incorporated to enter into an agreement with Clark Development Corporation (CDC) for the lease of the Mimosa Leisure Estate. Share in net earnings of FMI amounted to ₱7.49 million, ₱2.60 million and ₱1.28 million for the years ended December 31, 2025, 2024 and 2023, respectively.

SPI
SPI was incorporated and operating in the Philippines and handles the technical and project management services for the Group. Share in net earnings of SPI amounted to ₱21.28 million, ₱28.38 million and ₱16.99 million for the years ended December 31, 2025, 2024 and 2023, respectively.

FBSC
FBSC (formerly Corporate Technologies, Inc.) is primarily involved in providing business process outsourcing services for the Group. Share in net earnings (losses) of FBSC amounted to (₱32.97 million), ₱1.77 million and ₱1.97 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Pro-Excel
Pro-Excel is engaged in the business of administration, maintenance and management of real estate-controlled development projects and subdivision projects. Share in net earnings of Pro-Excel amounted to ₱17.79 million, ₱13.46 million and ₱10.49 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Dividends declared by Pro-Excel and the corresponding share of the Group in 2024, amounted to ₱15.00 million and ₱7.13 million, respectively (nil in 2025).

ProActive
ProActive was incorporated to provide business process outsourcing services for the Group. As of December 31, 2025, ProActive has not started commercial operations.

Aggregate financial information on the associates with immaterial interest (DPI, FMI, SPI, FBSC, Pro-Excel and ProActive follows:

	2025	2024
	(In Thousands)	
Carrying amount of investments	**₱374,316**	₱351,641
Share in net income/total comprehensive income	**22,675**	47,381

The Group does not restrict profit distribution of its associates. The associates have no contingent liabilities outside of the ordinary course of business or capital commitments as at December 31, 2025 and 2024.

13. Investment Properties

The rollforward analysis of this account as of December 31 follows:

	2025					
	Land	**Buildings and Improvements**	**Machinery and Equipment**	**Construction in Progress**	**Right-of-use assets** (Note 15)	**Total**
	(In Thousands)					
Cost						
Balances at beginning of year	**₱18,453,010**	**₱33,378,449**	**₱449,953**	**₱39,295,853**	**₱5,376,136**	**₱96,953,401**
Additions	**391,807**	**396,233**	**19,094**	**3,778,174**	**–**	**4,585,308**
Transfers/reclassifications (Note 10)	**108,160**	**(74,446)**	**–**	**–**	**–**	**33,714**
Balances at end of year	**18,952,977**	**33,700,236**	**469,047**	**43,074,027**	**5,376,136**	**101,572,423**
Accumulated Depreciation						
Balances at beginning of year	**–**	**10,590,758**	**414,823**	**–**	**906,785**	**11,912,366**
Depreciation (Note 22)	**–**	**1,370,682**	**7,320**	**–**	**121,294**	**1,499,296**
Balances at end of year	**–**	**11,961,440**	**422,143**	**–**	**1,028,079**	**13,411,662**
Net Book Value	**₱18,952,977**	**₱21,738,796**	**₱46,904**	**₱43,074,027**	**₱4,348,057**	**₱88,160,761**

	2024					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 15)	Total
			(In Thousands)			
Cost						
Balances at beginning of year	₱16,575,680	₱32,104,793	₱407,782	₱35,545,897	₱5,376,136	₱90,010,288
Additions	287,535	1,356,651	42,171	3,749,956	–	5,436,313
Transfers (Note 10)	1,589,795	(82,995)	–	–	–	1,506,800
Balances at end of year	18,453,010	33,378,449	449,953	39,295,853	5,376,136	96,953,401
Accumulated Depreciation						
Balances at beginning of year	–	9,199,751	396,712	–	754,489	10,350,952
Depreciation (Note 22)	–	1,431,050	18,111	–	152,296	1,601,457
Transfers (Note 10)	–	(40,043)	–	–	–	(40,043)
Balances at end of year	–	10,590,758	414,823	–	906,785	11,912,366
Net Book Value	₱18,453,010	₱22,787,691	₱35,130	₱39,295,853	₱4,469,351	₱85,041,035

The additions to buildings and improvements are mainly due to improvements made for office and commercial buildings to be leased out.

Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion.

Borrowing costs capitalized as part of investment properties amounted to ₱1.73 billion, ₱1.43 billion and ₱944.83 million in 2025, 2024 and 2023, respectively. Capitalization rates used are 5.63% to 6.37%, 4.27% to 6.64% and 4.33% to 6.68% in 2025, 2024 and 2023, respectively.

The aggregate fair value of the Group's investment properties amounted to ₱223.94 billion and ₱215.34 billion as of December 31, 2025 and 2024, respectively, based on third party appraisals performed for certain assets by an SEC accredited independent appraiser and management appraisal updated using current and year-end values and assumptions. The fair value of land and buildings was determined using the income approach based on discounted cash flow analysis.

Under the income approach, all expected cash flow from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations. The valuation of investment property is categorized as Level 3 in the fair value hierarchy since valuation is based on unobservable inputs. The significant unobservable inputs used in the valuation pertains to lease income growth rate and discount rate. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement while a change in the assumption used for the lease income growth rate is accompanied by a directionally similar change in the fair value of the Group's investment properties.

The Group has no restrictions on the realizability of its investment properties.

Revenue from rental and related services from investment properties amounted to ₱7.65 billion, ₱7.38 billion, and ₱6.74 billion in 2025, 2024, and 2023, respectively (see Note 6). Cost of rental and related services arising from investment properties is as follows:

	2025	2024	2023
		(In Thousands)	
Leasing operations	**₱2,323,593**	₱2,141,178	₱1,822,415
Depreciation	**1,333,690**	1,282,590	1,201,601
Others	**15,332**	18,914	27,721
	₱3,672,615	₱3,442,682	₱3,051,737

"Others" pertain to cost of ticket sales and snack bar sales.

The Group classifies the depreciation of fit out cost and machinery and equipment related to the common area and air-conditioning as part of the maintenance and air-conditioning dues that are collected from the tenants.

14. Property and Equipment

The rollforward analysis of this account as of December 31 follows:

	2025						
	Land and Buildings	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress**	**Total**
				(In Thousands)			
Cost							
Balances at beginning of year	**₱3,754,788**	**₱3,734,838**	**₱239,310**	**₱238,202**	**₱336,158**	**₱288,869**	**₱8,592,165**
Additions	**64,491**	**122,973**	**–**	**31,698**	**39,379**	**90,663**	**349,204**
Disposals	**–**	**–**	**(22,682)**	**–**	**–**	**–**	**(22,682)**
Balances at end of year	**3,819,279**	**3,857,811**	**216,628**	**269,900**	**375,537**	**379,532**	**8,918,687**
Accumulated Depreciation and Amortization							
Balances at beginning of year	**895,327**	**1,333,834**	**186,615**	**191,922**	**171,748**	**–**	**2,779,446**
Depreciation and amortization (Note 22)	**107,452**	**180,658**	**2,665**	**33,389**	**19,831**	**–**	**343,995**
Disposals	**–**	**–**	**(20,445)**	**–**	**–**	**–**	**(20,445)**
Balances at end of year	**1,002,779**	**1,514,492**	**168,835**	**225,311**	**191,579**	**–**	**3,102,996**
Net Book Value	**₱2,816,500**	**₱2,343,319**	**₱47,793**	**₱44,589**	**₱183,958**	**₱379,532**	**₱5,815,691**

	2024						
	Land and Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
				(In Thousands)			
Cost							
Balances at beginning of year	₱3,699,958	₱3,340,297	₱223,602	₱190,607	₱322,297	₱277,210	₱8,053,971
Additions	54,830	394,541	15,708	47,595	13,861	11,659	538,194
Balances at end of year	3,754,788	3,734,838	239,310	238,202	336,158	288,869	8,592,165
Accumulated Depreciation and Amortization							
Balances at beginning of year	797,291	1,106,310	170,430	149,062	157,866	–	2,380,959
Depreciation and amortization (Note 22)	98,036	227,524	16,185	42,860	13,882	–	398,487
Balances at end of year	895,327	1,333,834	186,615	191,922	171,748	–	2,779,446
Net Book Value	₱2,859,461	₱2,401,004	₱52,695	₱46,280	₱164,410	₱288,869	₱5,812,719

There are no property and equipment items pledged to secure the obligations of the Group as of December 31, 2025 and 2024.

15. Leases

Group as lessee

The Group has lease contracts on land where the buildings are situated. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group has entered into land lease arrangements with lease terms ranging from 25 and 50 years. Several leases include extension option to lease the assets for additional 25 years based on mutual agreement of the parties.

The rollforward analysis of right-of-use assets on land as of December 31 follows:

	2025		
	Investment Properties (Note 13)	**BTO Rights** (Note 16)	**Total**
		(In Thousands)	
Cost			
Balances at beginning and end of year	**₱5,376,136**	**₱112,424**	**₱5,488,560**
Accumulated Depreciation			
Balances at beginning of year	**906,785**	**23,502**	**930,287**
Depreciation (Note 22)	**121,294**	**4,680**	**125,974**
Balances at end of year	**1,028,079**	**28,182**	**1,056,261**
Net Book Value	**₱4,348,057**	**₱84,242**	**₱4,432,299**

	2024		
	Investment Properties (Note 13)	BTO Rights (Note 16)	Total
		(In Thousands)	
Cost			
Balances at beginning and end of year	₱5,376,136	₱112,424	₱5,488,560
Accumulated Depreciation			
Balances at beginning of year	754,489	21,037	775,526
Depreciation (Note 22)	152,296	2,465	154,761
Balances at end of year	906,785	23,502	930,287
Net Book Value	₱4,469,351	₱88,922	₱4,558,273

The rollforward analysis of lease liabilities as of December 31 follows:

	2025	2024
		(In Thousands)
Balances at beginning of year	**₱6,930,338**	₱6,719,861
Interest expense (gross of related capitalized borrowing costs)	**649,058**	619,384
Payments	**(463,346)**	(408,907)
Balances at end of year	**7,116,050**	6,930,338
Lease liabilities - current portion	**188,770**	155,891
Lease liabilities - net of current portion	**₱6,927,280**	₱6,774,447

The Group also has certain lease of land with variable rental payments and lease of office space considered as 'low-value assets'. The Group applies the lease of 'low-value assets' recognition exemptions for these leases.

The following are the amounts recognized in the consolidated statement of income for the years ended December 31:

	2025	2024	2023
		(In Thousands)	
Interest and other finance charges on lease liabilities (Note 24)	**₱558,882**	₱520,667	₱487,174
General and administrative expenses (Note 22)			
Depreciation expense of right-of-use assets	**125,974**	154,761	153,748
Variable lease payments and expenses relating to leases of low-value assets (Note 22)	**21,877**	16,019	10,464
	₱706,733	₱691,447	₱651,386

Interest expense capitalized as part of investment properties and BTO Rights amounted to ₱90.18 million, ₱98.72 million and ₱96.64 million in 2025, 2024 and 2023, respectively.

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

	2025	2024
		(In Thousands)
1 year	**₱496,959**	₱478,337
more than 1 years to 2 years	**520,292**	496,959
more than 2 years to 3 years	**545,138**	520,292
more than 3 years to 4 years	**566,502**	540,138
more than 5 years	**26,644,369**	27,210,871

Group as lessor
Future minimum rental receivables under renewable operating leases as of December 31 are as follows:

	2025	2024
		(In Thousands)
Within one year	**₱4,890,507**	₱4,220,818
After one year but not more than five years	**11,333,082**	10,500,606
After five years	**3,323,255**	5,011,914
	₱19,546,844	₱19,733,338

The Group entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants with lease ranging from five (5) to 15 years.

Rental income recognized based on a percentage of the gross revenue of mall tenants included in "Rental and related services" account in the consolidated statement of income amounted to ₱590.62, ₱502.29 million and ₱457.26 million in 2025, 2024 and 2023, respectively.

The Group granted rental concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱70.76 million in 2023. These rent concessions did not qualify as a lease modification, thus, were accounted for as negative variable lease payments and reported as reduction of lease income in 2023.

16. Build-Transfer-Operate (BTO) Rights

BTO rights pertain to the cost related to the BTO agreement with The Province of Cebu (Cebu Province) entered on March 26, 2012. The BTO project relates to the development, construction, and operation of the Business Process Outsourcing (BPO) Complex by the Group at the land properties owned by Cebu Province located at Salinas, Lahug, Cebu City.

The rollforward analysis of BTO rights is as follows:

	December 31, 2025		
	BTO Rights	**Right-of-Use Assets** (Note 15)	**Total**
		(In Thousands)	
Cost			
Balance at beginning of year	**₱6,947,796**	**₱112,424**	**₱7,060,220**
Additions	**147,356**	–	**147,356**
Balance at end of year	**7,095,152**	**112,424**	**7,207,576**
Accumulated Amortization			
Balance at beginning of year	**707,556**	**23,502**	**731,058**
Depreciation (Note 22)	**233,450**	**4,680**	**238,130**
Balance at end of year	**941,006**	**28,182**	**969,188**
Net Book Value	**₱6,154,146**	**₱84,242**	**₱6,238,388**

	December 31, 2024		
	BTO Rights	Right-of-Use Assets (Note 15)	Total
		(In Thousands)	
Cost			
Balance at beginning of year	₱6,863,079	₱112,424	₱6,975,503
Additions	84,717	–	84,717
Balance at end of year	6,947,796	112,424	7,060,220
Accumulated Amortization			
Balance at beginning of year	566,868	21,037	587,905
Depreciation	140,688	2,465	143,153
Balance at end of year	707,556	23,502	731,058
Net Book Value	₱6,240,240	₱88,922	₱6,329,162

"Right-of-use assets" pertain to the related lease payments required under land lease contracts and the BTO agreement for the land where the buildings were constructed.

Interest incurred and capitalized amounted to ₱142.64 million, ₱64.80 million and ₱90.71 million in 2025, 2024 and 2023, respectively.

In 2025, 2024 and 2023, related amortization recognized as part of "Cost of rental and related services" amounted to ₱233.45 million, ₱140.69 million and ₱70.61 million, respectively. Rental income amounting to ₱594.88 million, ₱466.11 million and ₱455.50 million in 2025, 2024 and 2023, respectively, was recognized as part of "Revenue from rental and related services".

17. Other Noncurrent Assets

This account consists of:

	2025	2024
		(In Thousands)
Advances to contractors and suppliers (Note 11)	**₱1,187,449**	₱2,147,019
Advances to joint venture partners	**247,456**	258,718
Deposits	**238,370**	223,616
Input taxes - net of current portion	**230,170**	230,170
Creditable withholding taxes - net of current portion (Note 11)	**178,626**	239,031
Investment in bonds	**150,000**	150,000
Financial assets at FVOCI	**15,535**	15,535
Other assets	**84,228**	52,239
	₱2,331,834	₱3,316,328

"Advances to joint venture partners" are advances (e.g., property taxes and permits) which are normally applied against the share of the joint venture partners from sale of the joint venture properties reported under "Other receivables" in consolidated statements of financial position.

"Deposits" includes advances to sellers for the purchase of land prior to issuance of Contract to Sell These also includes security deposits and rental deposits.

"Investment in bonds" consist of a 5-year, non-interest bearing, Class A Senior Notes with a face amount of ₱150.0 million issued by a third party special purpose trust fund duly registered with the Bangko Sentral ng Pilipinas invested by the Parent Company on December 19, 2022.

"Financial assets at FVOCI" consist of quoted and unquoted shares of stock (see Note 31). Unquoted investments in shares of stock include unlisted preferred shares in a public utility company which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects. The Group did not receive dividends from unquoted shares in 2025, 2024 and 2023.

"Other assets" includes utility deposits such as electric meter deposit and water meter deposit.

18. Accounts Payable and Accrued Expenses

This account consists of:

	2025			2024		
	Current	**Noncurrent**	**Total**	Current	Noncurrent	Total
			(In Thousands)			
Accounts payable	**₱3,141,229**	**₱6,311,549**	**₱9,452,778**	₱2,855,109	₱7,094,749	₱9,949,858
Deposits from tenants	**2,123,712**	**1,862,750**	**3,986,462**	1,976,364	1,805,810	3,782,174
Retention fees payable	**2,391,828**	**1,016,018**	**3,407,846**	2,264,555	889,104	3,153,659
Deposits for registration	**264,751**	**1,912,476**	**2,177,227**	239,726	1,731,707	1,971,433
Accrued expenses	**2,138,768**	–	**2,138,768**	1,964,763	–	1,964,763
Accrued interest on bonds and loans (Notes 19 and 20)	**420,313**	–	**420,313**	535,049	–	535,049
Other payables (Note 21)	**955,716**	**181,219**	**1,136,935**	1,111,510	114,097	1,225,607
	₱11,436,317	**₱11,284,012**	**₱22,720,329**	₱10,947,076	₱11,635,467	₱22,582,543

"Accounts payable" includes the outstanding balance of the costs of land acquired by the Group and is payable on scheduled due dates or upon completion of certain requirements (see Notes 10, 13 and 14). This account also includes dividends payable and amount payable to contractors and suppliers for the construction and development costs and operating expenses incurred by the Group.

"Deposits from tenants" are advance payments received for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

"Deposits for registration" pertain to amounts collected from buyers for payment of registration of real estate properties. This account is charged for costs incurred related to transfer of title to buyers.

"Accrued expenses" pertain to various operating expenses incurred by the Group in the course of business such as salaries and wages, professional fees, unbilled construction cost related to ongoing projects, and utilities expense, among others. These are noninterest-bearing and are normally settled within one year.

Accrued expenses account consists of:

	2025	2024
		(In Thousands)
Suppliers and contractors	**₱2,064,012**	₱1,907,970
Professional fees	**40,375**	39,077
Utilities	**14,381**	1,860
Payroll	**12,808**	10,908
Other accruals	**7,192**	4,948
	₱2,138,768	₱1,964,763

"Other payables" pertain mainly to withholding taxes, output VAT payables and deferred income which are generally settled/earned within 12 months.

19. **Loans Payable**

This account consists of:

	2025	2024
	(In Thousands)	
Short term loans	**₱6,800,000**	₱1,200,000
Long-term loans	**43,298,715**	41,069,337
Developmental loans from local banks	**50,098,715**	42,269,337
Less unamortized transaction costs	**261,234**	236,693
	49,837,481	42,032,644
Less current portion of loans payable	**15,605,867**	6,876,639
Long-term portion of loans payable	**₱34,231,614**	₱35,156,005

Developmental loans from local banks will mature on various dates up to 2031. These Peso-denominated loans bear either fixed rates, which are priced using the Bloomberg Valuation (BVAL) plus margin, or floating interest rates, which are repriced quarterly, semi-annually or annually based on either 3-month, 6-month or 1-year BVAL or Target Reverse Repurchase Rate (TRRP), plus margin, per annum.

The Group availed additional loans amounting to ₱16.70 billion, ₱38.10 billion and ₱24.66 billion in 2025, 2024, and 2023, respectively. These include availment of short-term loans payable amounting to ₱8.65 billion, ₱11.52 billion and ₱16.51 billion in 2025, 2024 and 2023, respectively.

Principal payments made amounted to ₱8.87 billion, ₱32.91 billion and ₱20.53 billion in 2025, 2024 and 2023, respectively.

As of December 31, 2025 and 2024, short term loans payable, presented under current portion of loans payable amounted to ₱6.8 billion and ₱1.2 billion, respectively.

Total interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱3.51 billion, ₱3.06 billion and ₱2.20 billion for the years ended December 31, 2025, 2024, and 2023, respectively.

Transactions costs capitalized amounted to ₱105.22 million and ₱242.36 million in 2025 and 2024, respectively. Amortization of transaction costs amounted to ₱80.68 million, ₱102.79 million and ₱109.55 million in 2025, 2024 and 2023, respectively, and included under "Interest and other finance charges" (see Note 24).

The Group's loans payable is unsecured and no assets are held as collateral for these debts. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.0x and interest coverage ratio ranging from 1.0x to 1.5x.

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock if it would materially and adversely affect the Group's ability to perform its obligations; sale or transfer and disposal of all or a substantial part of its capital assets other than in the ordinary course of business; restrictions on use of funds other than the purpose it was approved for; and entering into any partnership, merger, consolidation or reorganization except in the ordinary course of business and except when the Group maintains controlling interest. As of December 31, 2025 and 2024, the Group has not been cited in default on any of its outstanding obligations.



20. **Bonds Payable**

This account consists of:

	2025	2024
	(In Thousands)	
Bonds payable	**₱33,170,400**	₱36,095,400
Less unamortized transaction costs	**253,071**	238,812
	32,917,329	35,856,588
Less current portion of bonds payable	**1,752,262**	14,815,944
Long-term portion of bonds payable	**₱31,165,067**	₱21,040,644

a. On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion, 7-year fixed rate bonds with interest of 5.40% per annum due in 2021, and ₱1.70 billion, 10-year fixed rate bonds with interest of 5.64% per annum due in 2024. The Parent Company paid the remaining outstanding bonds payable amounting to ₱1.70 billion on December 4, 2024.

b. On August 20, 2015, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.00 billion comprising of ₱7.00 billion, 7-year fixed rate bonds with interest of 5.36% per annum due in 2022, and ₱1.00 billion, 10-year fixed rate bonds with interest of 5.71% per annum due in 2025. The Parent Company paid the remaining balance amounting to ₱1.00 billion on August 20, 2025. As of December 31, 2024, ₱1.00 billion of the related bonds payable remain outstanding (nil as of December 31, 2025).

c. On November 18, 2020, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.10 billion comprising of ₱6.34 billion, 3-year fixed rate bonds with interest of 3.34% per annum due in 2023, and ₱1.76 billion, 5.5-year fixed rate bonds with interest of 4.18% per annum due in 2026. As of December 31, 2025 and 2024, ₱1.76 billion of the related bonds payable remain outstanding.

d. On December 21, 2021, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱10.00 billion comprising of ₱5.00 billion, 4-year fixed rate bonds with interest of 4.5300% due in 2025, and ₱5.00 billion, 6-year fixed rate bonds with interest of 5.2579% per annum due in 2027. The Parent Company paid the ₱5.00 billion bonds in December 2025. Outstanding balance of the related bonds payable as of December 31, 2025 and 2024 amounted to ₱5.00 billion and ₱10.00 billion, respectively.

e. On June 23, 2022, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.90 billion, comprising of ₱8.925 billion, 3-year fixed rate bonds with interest of 5.3455% per annum due in 2025, and ₱2.975 billion, 5-year fixed rate bonds with interest of 6.4146% per annum due in 2027. The Parent Company paid the ₱8.925 billion bonds payable on June 23, 2025. Outstanding balance of the related bonds payable as of December 31, 2025 and 2024 amounted to ₱2.98 billion and ₱11.90 billion, respectively.

f. On December 1, 2023, the Parent Company issued to the public unsecured 3.5-year fixed rate bonds with an interest rate of 6.9829% per annum and aggregate principal amount of ₱11.43 billion due in 2027. As of December 31, 2025 and 2024, outstanding balance from the related bonds payable amounted to ₱11.43 billion.

g. On March 12, 2025, the Parent Company issued to the public unsecured fixed rate bonds with an aggregated principal amount of ₱12.00 billion, comprising of ₱6.785 billion, 5-year fixed rate bonds with interest of 6.2916% per annum due in 2030, ₱2.661 billion, 7-year fixed rate bonds with interest of 6.6550% per annum due in 2032, and ₱2.553 billion, 10-year fixed rate bonds with interest of 6.8312% due in 2035. As of December 31, 2025, outstanding balance of the related bonds payable amounted to ₱12.00 billion.

Interest incurred on these bonds (gross of related capitalized borrowing costs) amounted to ₱2.44 billion, ₱2.11 billion and ₱1.77 billion for the years ended December 31, 2025, 2024 and 2023, respectively. Payments made on these bonds amounted to ₱14.93 billion, ₱1.70 billion and ₱15.04 billion in 2025, 2024 and 2023, respectively.

Transactions costs capitalized amounted to ₱151.22 million in 2025 (nil in 2024). Accretion in 2025, 2024 and 2023 included as part of "Interest and other finance charges" amounted to ₱136.96 million, ₱88.08 million and ₱83.78 million, respectively (see Note 24).

The Group's bonds payable are unsecured and no assets are held as collateral for these debts. These bonds require the Group to maintain certain financial ratios which include maximum debt-to-equity ratio ranging from 2.0x to 2.5x; minimum current ratio ranging from 1.0x to 2.0x ; and minimum debt service coverage ratio (DSCR) of 1.0x. As of December 31, 2025 and 2024, the Group has not been cited in default on any of its outstanding obligations.

21. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the Group's ultimate parent company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches ten percent (10%) of the Group's total consolidated assets shall be subject to the review by the RPT Committee.

Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions ("Policy"). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall be subjected to the provisions of the Policy.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.

Outstanding balances at year-end are unsecured, interest free and require settlement in cash, unless otherwise stated. The transactions are made on terms and prices agreed upon by the parties. As of December 31, 2025, and 2024, the Group has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant related party transactions are as follows. Outstanding balances are unsecured and no impairment loss was recognized on any of the assets.

	2025				
	Amount/ Volume	**Due from / (Due to)**	**Terms**	**Conditions**	**Note**
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	**₱3,923,819**	**₱3,923,819**	0.50% to 4.50%	No impairment	(a)
Interest income	**98,756**	**-**			
	₱4,022,575	**₱3,923,819**			
Ultimate Parent	**₱309**	**₱1,175**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Associate – Pro-Excel					
Rent income	**1,872**	–	Noninterest-bearing, payable on demand	Unsecured	(g)
Share in other expenses	**(389)**	**14,707**	Due within 30 days	Unsecured, no impairment	(d)
Associate – FBSC					
Rent Income	**44,080**	**44,080**	Noninterest-bearing, payable on demand	Unsecured	(g)
Associate – DPI					
Rent Income	**9,720**	–	Noninterest-bearing, payable on demand	Unsecured	(g)
Other income	**18,314**	**332,266**	Due within 30 days	Unsecured, no impairment	(d)
Associate – FMI					
Other income	**1,419**	**1,882**	Due within 30 days	Unsecured, no impairment	(d)
Associate – FAI					
Rent income	–	**99**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(g)
Share in other expenses	**141**	**30,553**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Affiliates					
Rental income	**95,938**	–	Noninterest bearing	Unsecured, no impairment	(g)
Share in common expenses	**(28,767)**	**102,795**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties (Note 9)		**₱527,557**			
Parent					
Share in Group expenses	**(₱17,131)**	**(₱20,963)**	Noninterest-bearing, payable on demand	Unsecured	(c)
Rent Income	**1,319**		Non-interest bearing	Unsecured	(c)
Associate – FBSC					
Share in other expenses	**(39,788)**	**–**	Due within 30 days	Unsecured, no impairment	(d)
Associate – FAI					
Share in other expenses	**9**	**(9)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – SPI					
Share in other expenses	**(90,861)**	**(48,726)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – ProActive					
Share in other expenses	–	**(10,000)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Affiliates	**(41,574)**	**(16,205)**	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties		**(₱95,903)**			

	2024				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	₱3,533,791	₱3,533,791	0.50% to 4.50%	No impairment	(a)
Interest income	40,964	–			
	₱3,574,755	₱3,533,791			
Ultimate Parent	₱268	₱866	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Parent	(3,123)	–	Noninterest-bearing, payable on demand	Unsecured, no impairment	(c)
Associate – CTI					
Share in other expenses	5,200	19,388	Due within 30 days	Unsecured, no impairment	(d)
Associate - Pro-Excel					
Share in other expenses	(1,347)	15,096	Due within 30 days	Unsecured, no impairment	(d)
Associate – DPI					
Other Income	(235,770)	236,542	Due within 30 days	Unsecured, no impairment	(d)
Associate – FMI					
Other income	(645)	463	Due within 30 days	Unsecured, no impairment	(d)
Associate – FAI					
Rent Income	–	99	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(g)
Share in other expenses	22,838	30,412	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Affiliates					
Rental income	7,191	–	Noninterest bearing	Unsecured, no impairment	(g)
Share in common expenses	(48,337)	131,562	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties (Note 9)		₱434,428			
Parent					
Share in Group expenses	(₱20,067)	(₱36,775)	Noninterest-bearing, payable on demand	Unsecured	(c)
Asset acquisition	346,414	–	Noninterest-bearing, collectible quarterly up to December 2024	Unsecured	(c)
Associate – SPI					
Share in other expenses	120,716	(139,587)	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – ProActive					
Share in other expenses	–	(10,000)	Noninterest-bearing, payable on demand	Unsecured	(d)
Affiliates	(5,033)	(57,779)	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties		(₱244,141)			

a. Transactions with bank under common control of the ultimate parent (EW)
On January 3, 2012, the Group entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the Group's parent company. The Group agreed to sell, assign, transfer and convey to EW all its rights, titles and interest in certain contracts receivable. The contracts receivable to EW will be serviced by the Group under an Accounts Servicing Agreement.

Under this agreement, the Group shall be responsible for the monitoring and collection of contracts receivable sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month.

For the performance of the said services, the Group charges EW a service fee equivalent to a certain percentage of the amounts actually received and collected. Although the Group retains the contractual rights to receive cash flows from contracts receivable sold to EW, the same will be subsequently distributed to EW under a "pass-through arrangement".

In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and the Group has no liability to EW for such events. Due to this, the Group derecognized the contracts receivable sold and did not recognize any liability in its consolidated financial statements.

The Group's plan assets in the form of cash equivalents amounting to ₱122.22 million and ₱196.60 million as of December 31, 2025, and 2024, respectively, are maintained with EW (see Note 26). The Group also maintains cash and cash equivalents with EW.

b. Transactions with Ultimate Parent (ALG)
Transactions with the Group's ultimate parent company relates to sharing of common expenses.

c. Transactions with the Group's parent company (FDC)
The Parent Company charged FDC certain common expenses paid by the Parent Company on its behalf.

On December 12, 2022, FILRT entered a Deed of Sale for the purchase of three (3) parcels of land with a total area of 29,086 sqm. owned by FDC, located in Boracay, Aklan for a total consideration of ₱732.90 million payable on installment basis. In 2024, FILRT paid the remaining balance amounting to ₱346.41 million.

In 2009, Promax was appointed by FDC as the marketing agent to act for and on behalf of FDC in promoting the marketing and sale of the Beaufort project. Accordingly, FDC pays Promax a marketing fee equivalent to a certain percentage of the net selling price (see Note 23).

d. Transactions with Associates

FAI
'Due from Associate' include noninterest-bearing cash advances and various charges for management fees, marketing fees, share of expenses and commission charges. FAI is also the provider of water services within Filinvest City where majority of the office buildings of the Parent Company are located

FMI
Transactions with FMI relates to sharing of common expenses.

FBSC
Transactions with Financial Business Services, Corp. relate to sharing of common expenses and service fee for the business process outsourcing services for the Group.

On January 1, 2025, certain employees from finance, corporate and administration and human resources services of the Group were transferred to FBSC. FBSC then entered into a service partnership agreement, whereby the Group shall engage and pay the services rendered by the latter. This also includes retirement benefits of certain employees of FLI that were transferred to FBSC and the corresponding payable to FBSC was reported under "Accounts payable and accrued expenses" (see Note 18).



Pro-Excel
Transactions from Pro-Excel relates to sharing of common expenses and management fee for managing the buildings of FLI.

DPI
Transactions from DPI relates to sharing of common expenses, claims and noninterest-bearing cash advances.

SPI
Transactions with SPI relates to sharing of common expenses and service fees for technical, project management and procurement. This also includes retirement benefits of certain employees of FLI that were transferred to SPI and the corresponding payable to SPI was reported under "Accounts payable and accrued expenses" (see Note 18).

Pro-Excel and DPI rents its office space from FLI while SPI rents its office space from FILRT. Revenue earned is recorded as part of Rental Revenues in the Statements of Comprehensive Income in 2025, 2024 and 2023 (see Note 6). Outstanding receivables are recorded as part of Other Receivables in the Statements of Financial position as of December 31, 2025 and 2024 (see Note 9).

ProActive
Transactions relates to subscription of ProActive's capital stock amounting to ₱10.00 million on August 9, 2023.

e. Transactions with Affiliates

Transactions with affiliates relates to sharing of common expenses paid by the Parent Company on their behalf.

FILRT entered into a service agreement with FDC Retail Electricity Sales whereby FILRT shall engage and pay for the services rendered by the latter to provide the electricity requirements of its facilities.

FILRT also entered into a service agreement with Professional Operations Maintenance Experts Incorporated whereby FILRT shall pay for the services rendered by the latter to operate and maintain its equipment and premises.

FILRT and FLI also entered into a service agreement with its affiliate, Parking Pro, Inc., to operate and maintain FILRT's and FLI's parking facilities.

f. The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱85.92 million, ₱63.37 million and ₱48.74 million in 2025, 2024 and 2023, respectively. Post-employment benefits of key management personnel amounted to ₱21.24 million, ₱11.70 million and ₱8.26 million in 2025, 2024 and 2023, respectively.

g. Lease with related parties - Group as lessor
Chroma Hospitality, Inc., Filinvest Hospitality Corp., Boracay Seascapes, Inc., Hospitality Enterprise Resources, FDC, FBSC, SPI, and FAI lease its office spaces from FILRT. Pro-Excel and DPI lease their office spaces from FLI. The lease term is 10 years, renewable by another five (5) years upon mutual agreement by the parties. Revenue from rental and related services amounted to ₱1.13 billion and ₱303.49 million in 2025 and 2024, respectively (see Note 6). The related outstanding receivables amounting to ₱18.85 million and ₱9.52 million as of December 31, 2025, and 2024, respectively, are presented as part of 'Receivable from tenants' under 'Other receivables' line item in the statement of financial position (see Note 9).

h. Leases with related parties - Group as lessee
The Group has several land lease transactions with related parties:

1. Mall lease with FAI
   The Parent Company, as lessee, entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. On July 7, 2025, the Parent Company and FILRT entered into a Deed of Partial Assignment of Contract of Lease for the Festival Supermall Main Building (see Note 32). The lease term will expire on September 30, 2056.

2. Land lease with FAI
   The Parent Company, as lessee, entered into a lease agreement with FAI for a portion of land area occupied by a third-party lessee. The lease term will expire on December 31, 2034.

3. FCMI lease with FMI
   FCMI, a wholly owned subsidiary of the Parent Company, subleases the Mimosa Leisure Estate from FMI, an associate of the Parent Company. The original lessor is CDC. The lease term is 50 years, renewable by another 25 years upon mutual agreement by parties.

4. PDDC lease with FAI
   PDDC, a 60% owned subsidiary of the Parent Company, leases Block 50 Lot 3-B-2, Northgate District from FAI. The lease term is 20 years from the date on which the Chilled Water production plants start supplying chilled water.

As of December 31, 2025, and 2024, the amount included in lease liabilities payable to related parties amounted to ₱6,403.01 million and ₱6,260.0 million, respectively (see Note 15).

22. General and Administrative Expenses

The account consists of:

	2025	2024	2023
		(In Thousands)	
Salaries, wages and employee benefits	**₱998,927**	₱973,947	₱787,916
Taxes and licenses	**650,305**	457,298	438,209
Outside services	**371,008**	200,485	153,558
Depreciation and amortization (Notes 13, 14, 15 and 16)	**302,591**	272,172	264,988
Repairs and maintenance	**261,804**	238,525	401,137
Electronic data processing charges	**108,001**	72,673	106,848
Retirement costs (Note 26)	**93,866**	36,761	33,542
Transportation and travel	**87,352**	85,561	81,650
Entertainment, amusement and recreation	**82,659**	79,101	82,684

(Forward)

	2025	2024	2023
		(In Thousands)	
Communications, light and water	**₱53,287**	₱48,532	₱54,357
Insurance	**44,062**	39,779	38,675
Office supplies	**24,748**	18,166	16,757
Rent (Notes 15 and 21)	**21,877**	16,019	10,464
Others	**97,062**	84,334	113,811
	₱3,197,549	₱2,623,353	₱2,584,596

"Others" mainly consists of postage and dues and subscription, parking operations, freight charges, provision for ECLs and other miscellaneous expenses.

23. Selling and Marketing Expenses

The account consists of:

	2025	2024	2023
		(In Thousands)	
Brokers' commissions (Note 6)	**₱628,751**	₱822,537	₱745,289
Selling, advertising and promotions	**290,404**	285,388	263,845
Service fees	**204,826**	239,895	180,031
Salaries and wages	**151,112**	144,696	116,533
Sales office direct costs	**58,856**	61,455	59,496
Others	**8,378**	4,188	4,941
	₱1,342,327	₱1,558,159	₱1,370,135

24. Interest and Other Finance Charges

The following table shows the component of interest income, interest expense and other financing charges recognized in the consolidated statements of income:

	2025	2024	2023
		(In Thousands)	
Interest income on:			
Contracts receivable (Note 8)	**₱170,248**	₱199,507	₱174,029
Cash and cash equivalents (Notes 7 and 21)	**150,581**	98,695	80,387
Others (Note 26)	**36,179**	20,886	29,562
	₱357,008	₱319,088	₱283,978

	2025	2024	2023
		(In Thousands)	
Interest and other finance charges:			
Loans and bonds payable, net of interest capitalized (Notes 19 and 20)	**₱3,262,748**	₱2,886,610	₱1,613,633
Lease liabilities, net of interest capitalized (Note 15)	**558,882**	520,667	487,174
Amortization of transaction costs of loans and bonds (Notes 19 and 20)	**217,635**	190,861	193,341
Other finance charges (Note 26)	**38,320**	87,609	140,245
	₱4,077,585	₱3,685,747	₱2,434,393

Other finance charges include bank charges, debt issue costs for short-term loans, and other miscellaneous bank fees.

25. **Other Income**

The account consists of:

	2025	2024	2023
		(In Thousands)	
Forfeited reservation and collections	**₱269,732**	₱206,591	₱92,854
Service fees (Note 21)	**109,618**	114,506	155,339
Processing fees	**77,365**	166,844	94,748
Management, leasing and other fees (Note 21)	**20,660**	32,945	1,588
Foreign currency exchange gain (loss)	**1,507**	1,053	(6,909)
Others	**12,355**	4,981	3,273
	₱491,237	₱526,920	₱340,893

26. **Retirement Costs**

The Group has a funded, non-contributory defined benefit retirement plan (the "Plan") covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The retirement plan provides retirement benefits equivalent to 70% to 100% of the final monthly salary for every year of service. The funds are administered by the Group's Treasurer under the supervision of the Board of Trustees of the Plan and are responsible for investment strategy of the Plan.

The following tables summarize the components of retirement expense recognized in the consolidated statements of income and pension liability recognized in the consolidated statements of financial position for the existing retirement plan.

	2025		
	Present value of defined benefit obligation	**Fair value of plan asset**	**Net defined benefit liabilities**
		(In Thousands)	
Balance as at beginning of year	**₱595,336**	**₱196,600**	**₱398,736**
Net benefit costs in profit or loss			
Current service cost (Note 22)	**93,866**	**–**	**93,866**
Net interest (Note 24)	**35,755**	**8,197**	**27,558**
	129,621	**8,197**	**121,424**
Benefits paid	**(25,262)**	**(25,262)**	**–**
Contribution	**–**	**4,300**	**(4,300)**
Net transfer (Note 18)	**(103,455)**	**(45,818)**	**(57,637)**
Remeasurement loss (gain) in other comprehensive income			
Changes in financial assumptions	**39,399**	**–**	**39,399**
Experience adjustments	**(15,551)**	**–**	**(15,551)**
Return on plan assets, excluding amounts included in interest income	**–**	**(15,796)**	**15,796**
	23,848	**(15,796)**	**39,644**
Balance as at end of year	**₱620,088**	**₱122,221**	**₱497,867**

	2024		
	Present value of defined benefit Obligation	Fair value of plan asset	Net defined benefit liabilities
		(In Thousands)	
Balance as at beginning of year	₱533,793	₱96,600	₱437,193
Net benefit costs in profit or loss			
Current service cost (Note 22)	36,761	–	36,761
Net interest (Note 24)	24,782	–	24,782
	61,543	–	61,543
Contribution	–	100,000	(100,000)
Balance as at end of year	₱595,336	₱196,600	₱398,736

The Group's plan assets comprise of cash equivalents with original maturities of three months or less from dates of placements and are subject to insignificant risk of changes in value. As of December 31, 2025 and 2024, these placements are with EW (see Note 21). As of December 31, 2025 and 2024, the Group's plan assets are carried at fair value.

In 2025, certain employees of FLI were transferred to FBSC. The related retirement benefits of these employees were also transferred with a corresponding payable to FBSC. As of December 31, 2025, the outstanding balance of the transferred retirement benefits amounted to ₱46.58 million. (see Note 21).

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The discount rate used in determining pension obligation for the defined benefit plan were 6.20 % to 6.44% and 5.10% to 6.20% in 2025 and 2024, respectively. The future salary increases rate used is 6.00% in 2025 and 2024, respectively.

The sensitivity analysis that follows has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming if all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation.

Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level throughout the remaining life of the obligation.

The sensitivity analyses below have been determined based on reasonably possible changes of the significant assumption on the DBO as of the end of the financial reporting period, assuming all other assumptions were held constant.

Assumption	Increase (Decrease)	Increase (decrease) on DBO	
		2025	2024
Salary rate	+1%	**₱93,141**	₱61,234
	-1%	**(22,426)**	(54,332)
Discount rate	+1%	**(21,850)**	(53,757)
	-1%	**93,574**	61,668

Shown below is the maturity analysis of the undiscounted benefit payments of the Group:

	2025	2024
	(In Thousands)	
Less than one year	**₱70,512**	₱97,060
More than one year and up to five years	**159,041**	177,794
More than five years and up to 10 years	**418,212**	350,342

The Group expects to contribute ₱4.30 million to its plan assets in the next 12 months.

The management does not perform a formal Asset-Liability Matching (ALM) Study. The overall investment policy and ALM strategy of the retirement plan is based on the client sustainability assessment, as provided by its trustee bank in compliance with the Bangko Sentral ng Pilipinas requirements.

27. Equity

The details of the Parent Company's common and preferred shares as of December 31, 2025 and 2024 follow:

	Common	**Preferred**
	(In Thousands, Except Par Value figures)	
Authorized shares	₱33,000,000	₱8,000,000
Par value per share	1.00	0.01
Issued and outstanding shares	24,470,708	8,000,000
Treasury shares	2,086,949	–

In 2025 and 2024, there was no issuance of additional common shares.

The movement in the Parent Company's treasury shares follows:

	2025		2024	
	Shares	**Amount**	Shares	Amount
		(In Thousands)		
Common				
Balance at beginning of year	**2,086,949**	**₱2,078,084**	220,949	₱221,041
Additions	–	–	1,866,000	1,857,043
Balance at end of year	**2,086,949**	**₱2,078,084**	2,086,949	₱2,078,084

Preferred Shares
As stated in the Parent Company's Amended Articles of Incorporation, the preferred shares may be issued from time to time in one or more series as the BOD may determine, and authority is expressly granted to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate and the issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares. Preferred shares of each and any sub-series shall not be entitled to any participation or share in the retained earnings remaining after dividend payments shall have been made on the preferred shares. To the extent not set forth in the Articles of Incorporation, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the BOD prior to the issuance of each of such series (the "Enabling Resolutions"), which resolutions shall thereupon be deemed a part of the Amended Articles of Incorporation.

In an Enabling Resolution approved and adopted by the BOD on October 6, 2006, it was clarified that the preferred shares are not convertible to common shares. In another Enabling Resolution approved and adopted by the BOD on January 5, 2007, the Board approved that preferred shares are entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares.

Thus, in a disclosure made by the Parent Company to the relevant government agency and regulatory body on January 18, 2007, it was clarified that the features of the issued and subscribed preferred shares, in addition to the features indicated in the Parent Company's Amended Articles of Incorporation so long as these features are not inconsistent with the Enabling Resolutions, are as follows: (i) voting, cumulative, and non-redeemable, (ii) par value is one centavo (₱0.01), (iii) entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares, and (iv) not convertible to common shares.

Treasury Shares
On December 20, 2007, the Parent Company's BOD approved the buy-back of some of the issued shares of stock of the Parent Company over a period of 12 months up to an aggregate amount of ₱1.50 billion, in view of the strong financial performance of the Parent Company and the very large discrepancy that existed between the current share price and the net asset value of the Parent Company.

The Parent Company had acquired 220.95 million shares at total cost of ₱221.04 million in 2008. On December 11, 2024, the Parent Company settled its Capped Voluntary Tender Offer, which was filed on October 2, 2024. The Parent Company has reacquired a total of 1,866,000,000 common shares in exchange for 597,120,000 FILRT common shares. The shareholders were offered 0.32 FILRT shares for every 1.00 FLI shares tended. As a result of the voluntary tender offer, the Parent Company's interest in FILRT decreased to 51.10% and the costs of treasury shares amounted to ₱1.86 billion (Note 32). There were no additional acquisitions in 2025 and 2023. The retained earnings is restricted from dividend distribution to the extent of the cost of treasury shares.

Dividend Declarations

On April 24, 2025, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.05 per share or a total of ₱1.12 billion for all common stockholders and ₱0.0005 per share or a total of ₱4.00 million for all preferred stockholders of record as of May 14, 2025 payable on May 23, 2025.

On April 19, 2024, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.05 per share or a total of ₱1.22 billion for all common stockholders and ₱0.0005 per share or a total of ₱4.00 million for all preferred stockholders of record as of May 13, 2024 payable on June 5, 2024.

On April 24, 2023, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.03600 per share or a total of ₱872.99 million for all common stockholders of record as of May 12, 2023 payable on June 6, 2023.

On April 24, 2023, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.00036 per share or a total of ₱2.88 million for all preferred stockholders of record as of May 12, 2023 payable on June 6, 2023.

As of December 31, 2025 and 2024, the Group's total dividends payable amounted to ₱21.41 million.

Retained Earnings

Retained earnings include undistributed earnings amounting to ₱1.08 billion and ₱1.31 billion as of December 31, 2025 and 2024, respectively, representing accumulated equity in net earnings of subsidiaries, which are not available for dividend declaration until declared as dividends by the subsidiaries.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury and deferred tax asset recognized in profit or loss as of December 31, 2025 and 2024.

Retained earnings is being utilized to cover part of the annual expenditure requirements of the Parent Company for its expansion projects in the real estate and leasing segments. Furthermore, the retained earnings was also restricted for dividend declaration considering special circumstances as approved by the BOD.



On November 11, 2025, FLI's BOD approved the reversal of the retained earnings appropriation amounting to ₱1.87 billion and appropriation of retained earnings amounting to ₱11.09 billion out of its unrestricted retained earnings as of December 31, 2024. The appropriations will cover the following:

(a) Appropriation for future capital expenditures:

Project	Phase/Building	Amount (In Thousands)	Estimated Completion Date
The Glens	Phase 3	₱100,000	2027
Futura Rise – Mactan	Bldg. 1-8	340,000	2028
Maldives	Bldg. G	656,000	2029
Sorrento	Bldg. I	485,000	2029
Futura Mira	Phase 1	321,000	2029
Centro Spatial	Bldg. D	577,750	2030
Sandia Homes	Phase 2	433,350	2030
Futura East	Bldg. C	384,000	2030
Futura Rise – San Rafael	Bldg. 1-26	980,000	2032
Futura Rise – Wood Estates	Bldg. 1-19	570,000	2032
One Oasis Cebu	Bldg. 6	2,257,000	2031
		₱7,104,100	

(b) Appropriation under special circumstances amounting to ₱3,983.13 million arising from gain on exchange of Festival Supermall Main Building on property for share swap transaction with FILRT (see Note 32).

On November 6, 2024, FLI's BOD approved appropriation of retained earnings amounting to ₱24.81 billion out of its unrestricted retained earnings as of December 31, 2023. The appropriations will cover the following:

(a) Appropriation for future capital expenditures:

Project	Phase/Building	Amount (In Thousands)	Estimated Completion Date
Filinvest Innovation Park	Industrial	₱2,894,000	2029
Celestia	Phase 1	2,042,500	2029
Panglao Oasis	Bldg. 2 - Elena	800,000	2029
Futura Rise Iloilo	Bldgs. A – E	223,300	2029
The Levels	Catalina	2,560,300	2030
Cebu Ciudad	Hotel	1,969,300	2030
Cebu Ciudad	Office	1,523,600	2030
Belize Oasis	Bella	821,700	2030
Sydney Oasis	Bldg. A	786,400	2030
Futura Shores	Bldg. A	625,000	2030
Futura Monte	Bldg. B	399,300	2030
		₱14,645,400	

(b) Appropriation under special circumstances:

	Project	Amount (In Thousands)
Under the required Reinvestment Plan	Various FLI Projects as to be contained in the Reinvestment Plan	₱1,866,000
Non-Distributable Capital Asset	Cebu SRP Lot, Filinvest Axis Towers 2, 3, and 4, Filinvest EDSA, IT School, Convergy's and Filinvest Cebu Tower 2	8,302,300
		₱10,168,300

On November 6, 2024, the BOD approved the reversal of the 2020 appropriated retained earnings amounting to ₱5.00 billion considering completion of related capital expenditures

Capital Management
The Group monitors its capital and cash positions and manages its expenditures and disbursements. Furthermore, the Group may also, from time to time seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

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.

No changes were made in capital management objectives, policies or processes for the years ended December 31, 2025, 2024 and 2023.

The Group monitors capital using interest-bearing debt-to-equity ratio, which is the long-term debt (loans payable, bonds payable) divided by total equity. The Group's policy is to keep the debt-to-equity ratio not to exceed 2:1. The following table shows how the Group computes for its interest-bearing debt-to-equity ratio:

	2025	2024
	(In Thousands)	
Loans payable (Note 19)	**₱49,837,481**	₱42,032,644
Bonds payable (Note 20)	**32,917,329**	35,856,588
Long-term debt	**82,754,810**	77,889,232
Total equity	**96,348,585**	93,335,512
Interest-bearing debt-to-equity ratio	**0.86: 1.00**	0.83:1.00

The Group is subject to externally imposed capital requirements due to loan covenants (see Notes 19 and 20).

On August 12, 1993, SEC approved the registration of ₱2.0 billion common shares with issue price of ₱5.25 per share.

On December 15, 2006, SEC approved the registration of ₱3.7 billion common shares with issue price of ₱1.60 per share.

Below is the summary of the outstanding number of common shares and holders of security:

Year	Number of Shares Registered (In Thousands)	Number of Holders of Securities
January 1, 2024	24,249,759	5,606
Add/(deduct) movement	(1,866,000)	(50)
December 31, 2024	22,383,759	5,556
Add/(deduct) movement	–	(6)
December 31, 2025	**22,383,759**	**5,550**

**Exclusive of 2,086,949 treasury shares as of December 31, 2025, and 2024.*

28. **Earnings Per Share**

	2025	2024	2023
	(In Thousands, Except EPS Figures)		
a. Net income attributable to the equity holder of the parent*	**₱4,167,699**	₱4,164,468	₱3,762,508
b. Weighted average number of outstanding common shares (after considering treasury shares)	**22,383,759**	24,094,259	24,249,759
Basic/Diluted EPS (a/b)	**₱0.19**	₱0.17	₱0.16

**After deducting the dividends for preferred shareholders (see Note 27) – 2025: ₱4.00 million, 2024: ₱4.00 million, 2023: ₱2.90 million.*

There were no potential dilutive shares in 2025, 2024 and 2023.

29. **Income Tax**

Provision for (benefit from) income tax consists of:

	2025	2024	2023
		(In Thousands)	
Current	**₱1,867,942**	₱72,663	₱578,496
Deferred	**(988,846)**	931,972	66,843
	₱879,096	₱1,004,635	₱645,339

The components of the Group's deferred income tax assets follow:

	2025	2024
		(In Thousands)
Advance rentals	**₱94,709**	₱49,359
Accrued retirement benefits	**51,126**	45,032
NOLCO	**1,641**	1,641
	₱147,476	₱96,032

The components of the Group's net deferred income tax liabilities follow:

	2025	2024
	(In Thousands)	
Deferred income tax liabilities on:		
Capitalized borrowing costs (Note 2)	**₱3,680,750**	₱3,120,527
Excess of real estate revenue based on financial accounting policy over real estate revenue based on tax rules	**1,168,382**	2,739,695
Right-of-use-assets	**901,514**	933,007
	5,750,646	6,793,229
Deferred income tax assets on:		
Lease liabilities	**(1,140,502)**	(1,094,074)
NOLCO	**(308,497)**	(523,985)
MCIT	**–**	(152,573)
Accrued retirement benefits charged to profit or loss	**(145,860)**	(114,863)
Remeasurement losses on retirement plan	**(18,235)**	(25,287)
Advance rentals	**(40,581)**	(23,923)
Allowance for expected credit losses	**(12,799)**	(10,243)
Others	**(44,945)**	(31,277)
	(1,711,419)	(1,976,225)
	₱4,039,227	₱4,817,004

Provision for deferred income tax charged directly to other comprehensive income in 2025 and 2023 relating to remeasurement gain (loss) on defined benefit obligation amounted to ₱7.05 million and (₱6.89) million, respectively (nil in 2024).

The Group did not recognize deferred income tax assets on NOLCO of certain subsidiaries amounting to ₱758.49 million and ₱877.15 million as of December 31, 2025 and 2024, respectively, since management believes that their carryforward benefits may not be realized before they expire.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of the Bayanihan 2 Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next three (3) years immediately following the year of such loss.

The MCIT recognized as of December 31, 2024 amounting to ₱152.57 million was claimed as deduction from income tax due in 2025.

The carryforward benefits of the NOLCO, which can be claimed by the Group as credits against the RCIT, are as follows (amounts in thousands):

Year Incurred	Amount	Expiry Date
2025	₱70,908	December 31, 2028
2024	89,038	December 31, 2027
2023	451,559	December 31, 2026
2021	301,509	December 31, 2026
	₱913,014	

The following are the movements in NOLCO:

	2025	2024
		(In Thousands)
Balance as at beginning of year	**₱2,973,090**	₱1,978,515
Addition	**70,908**	1,021,900
Applied/expired	**(2,130,984)**	(27,325)
Balance as at end of year	**₱913,014**	₱2,973,090

The reconciliation of the provision for income tax at statutory tax rate to the actual provision for income tax follows:

	2025	2024	2023
		(In Thousands)	
Income tax at statutory tax rate	**₱1,421,732**	₱1,410,093	₱1,235,346
Adjustments for:			
Nondeductible interest expense	**7,666**	7,219	5,024
Deductible expense - Optional Standard Deduction	**(20,498)**	(44,674)	(168,833)
Equity in net earnings of associates	**(132,268)**	(89,579)	(60,502)
Income covered by PEZA (Note 34)	**(355,241)**	(228,851)	(287,678)
Income subjected to final tax	**(9,365)**	(19,739)	(16,054)
Interest on HGC-enrolled contracts receivables	**(3,265)**	(19,274)	(8,986)
Change in unrecognized deferred tax	**(29,665)**	(2,679)	21,771
Tax-exempt net income on socialized housing units	–	–	9,344
Income tax holiday incentive on sales of BOI-registered projects (Note 34)	–	–	(84,093)
Others – net	–	(7,881)	–
	₱879,096	₱1,004,635	₱645,339

30. Fair Value Measurement

The following table sets forth the fair value hierarchy of the Group's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	2025				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI (Note 17)					
Quoted	**₱6,458**	**₱6,458**	**₱6,458**	**₱–**	**₱–**
Unquoted	**9,077**	**9,077**	**–**	**–**	**9,077**
	₱15,535	**₱15,535**	**₱6,458**	**₱–**	**₱9,077**
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses (Note 18)					
Accounts payable	**₱9,452,778**	**₱8,915,000**	**₱–**	**₱–**	**₱8,915,000**
Retention fees payable	**3,407,846**	**3,213,970**	**–**	**–**	**3,213,970**
Deposits for registration	**2,177,227**	**2,053,362**	**–**	**–**	**2,053,362**
	15,037,851	**14,182,332**	**–**	**–**	**14,182,332**
Lease liabilities (Note 15)	**7,116,050**	**10,089,449**	**–**	**–**	**10,089,449**
Loans payable (Note 19)	**49,837,481**	**48,131,974**	**–**	**–**	**48,131,974**
Bonds payable (Note 20)	**32,917,329**	**17,712,975**	**–**	**–**	**17,712,975**
	₱104,908,711	**₱90,116,730**	**₱–**	**₱–**	**₱90,116,730**

	2024				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI (Note 17)					
Quoted	₱6,458	₱6,458	₱6,458	₱–	₱–
Unquoted	9,077	9,077	–	–	9,077
	₱15,535	₱15,535	₱6,458	₱–	₱9,077
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses (Note 18)					
Accounts payable	₱9,949,858	₱9,250,532	₱–	₱–	₱9,250,532
Retention fees payable	3,153,659	2,983,339	–	–	2,983,339
Deposits for registration	1,971,433	1,836,831	–	–	1,836,831
	15,074,950	14,070,702	–	–	14,070,702
Lease liabilities (Note 15)	6,930,338	9,826,141	–	–	9,826,141
Loans payable (Note 19)	42,032,644	40,328,382	–	–	40,328,382
Bonds payable (Note 20)	35,856,588	34,125,491	–	–	34,125,491
	₱99,894,520	₱98,350,716	₱–	₱–	₱98,350,716

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, due from and to related parties, other receivables and other current assets*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.

- *Contracts receivables*: Estimated fair value of contracts receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date. Interest rates used was 11.5% - 19.0% in 2025 and 2024.

  Due to the short-term nature of receivables from government and financial institutions, carrying amounts approximate fair values.

- *Financial assets at FVOCI*: Fair values were determined using quoted market prices at reporting date. Fair value of unquoted equity securities are based on the latest selling price available.

- *Accounts payable and accrued expenses*: On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rate used was 5.69% and 6.83% in 2025 and 2024, respectively.

- *Long-term debt (lease liabilities, loans payable and bonds payable):* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date.

  Long term debt subjected to quarterly repricing is not discounted since it approximates fair value. The discount rates used range from 4.18% to 6.98% as of December 31, 2025 and 2024.

During the years ended December 31, 2025, 2024 and 2023, 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.

31. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are composed of cash and cash equivalents, contracts and other receivables, due from related parties, financial assets at FVOCI, accounts payable and accrued expenses, due to related parties and long-term debt (loans payable and bonds payable). The main purpose of these financial instruments is to raise financing for the Group's operations.

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 Group's finance and treasury functions operate as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Group. The Group's BOD reviews and approves the policies for managing each of these risks. The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Group's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.



The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk.

Liquidity Risk
Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. In order to cover its financing requirements, the Group uses both internally generated funds and available long-term and short-term credit facilities.

As of December 31, 2025 and 2024, the Group has undrawn short-term credit lines amounting ₱25.80 billion and ₱28.17 billion, respectively, and undrawn long-term credit facilities amounting ₱28.50 billion and ₱35.34 billion, respectively.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2025 and 2024 based on contractual undiscounted payments.

	2025						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
	(In Thousands)						
Financial liabilities at amortized cost							
Accounts payable and accrued expenses							
Accounts payable	**₱1,986,508**	**₱746,309**	**₱408,412**	**₱3,140,231**	**₱3,171,318**	**₱–**	**₱9,452,778**
Retention fees payable	**1,080,125**	**1,079,507**	**232,196**	**13,991**	**638,641**	**363,386**	**3,407,846**
Deposits for registration		**641**	**264,110**	**969,767**	**381,972**	**560,737**	**2,177,227**
Accrued expenses	**2,138,768**	–	–	–	–	–	**2,138,768**
Accrued interest on bonds and loans	**420,313**	–	–	–	–	–	**420,313**
	5,625,714	**1,826,457**	**904,718**	**4,123,989**	**4,191,931**	**924,123**	**17,596,932**
Other payables	**955,716**	–	–	**181,219**	–	–	**1,136,935**
Due to related parties	**95,903**	–	–	–	–	–	**95,903**
Loans payable	–	**4,663,199**	**13,989,598**	**16,120,401**	**15,426,289**	**10,147,005**	**60,346,492**
Bonds payable	–	**983,576**	**2,950,728**	**21,971,542**	**8,033,487**	–	**33,939,333**
Lease liabilities	–	**124,240**	**372,719**	**1,065,430**	**566,502**	**26,644,369**	**28,773,260**
	₱6,677,333	**₱7,597,472**	**₱18,217,763**	**₱43,462,581**	**₱28,218,209**	**₱37,715,497**	**₱141,888,855**

	2024						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
	(In Thousands)						
Financial liabilities at amortized cost							
Accounts payable and accrued expenses							
Accounts payable	1,805,567	678,331	371,211	3,529,903	3,564,846	–	9,949,858
Retention fees payable	1,022,650	1,022,064	219,841	12,243	558,867	317,994	3,153,659
Deposits for registration	–	581	239,145	878,104	345,867	507,736	1,971,433
Accrued expenses	1,964,763	–	–	–	–	–	1,964,763
Accrued interest on bonds and loans	535,049	–	–	–	–	–	535,049
	5,328,029	1,700,976	830,197	4,420,250	4,469,580	825,730	17,574,762
Other payables	1,111,510	–	–	114,097	–	–	1,225,607
Due to related parties	244,141	–	–	–	–	–	244,141
Loans payable	–	2,292,934	6,878,801	16,115,255	15,444,491	12,397,500	53,128,981
Bonds payable	–	4,190,002	12,570,006	23,156,497	–	–	39,916,505
Lease liabilities	–	119,584	358,753	1,017,251	540,138	27,210,871	29,246,597
	6,683,680	8,303,496	20,637,757	44,823,350	20,454,209	40,434,101	141,336,593

The tables below summarize the maturity profile of the Group's financial assets and contract assets held to manage liquidity as of December 31:

	2025						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial assets at amortized cost							
Cash and cash equivalents							
Cash on hand and in banks	**₱3,694,158**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱3,694,158**
Cash equivalents	–	**1,487,244**	–	–	–	–	**1,487,244**
Contracts receivable							
Contracts receivable	**1,456,250**	–	–	–	–	–	**1,456,250**
Receivables from government and financial institutions	**247,095**	–	–	–	–	–	**247,095**
Other receivables							
Receivable from tenants - net	**2,087,855**	–	–	–	–	–	**2,087,855**
Due from related parties	**527,557**	–	–	–	–	–	**527,557**
Investment in bonds	–	–	–	–	**150,000**	–	**150,000**
Receivable from homeowners' associations - net	**267,340**	–	–	–	–	–	**267,340**
Others	**283,487**	–	–	–	–	–	**283,487**
Short-term deposits	–	–	**53,299**	–	–	–	**53,299**
	8,563,742	**1,487,244**	**53,299**	–	**150,000**	–	**10,254,285**
Financial assets at FVOCI							
Investments in shares of stocks:							
Quoted	**–**	**–**	**–**	**6,458**	**–**	**–**	**6,458**
Unquoted	**–**	**–**	**–**	**9,077**	**–**	**–**	**9,077**
	–	**–**	**–**	**15,535**	**–**	**–**	**15,535**
Total financial assets	**8,563,742**	**1,487,244**	**53,299**	**15,535**	**150,000**	–	**10,269,820**
Contract assets	–	**1,605,560**	**4,816,678**	**822,758**	**286,137**	**2,706,105**	**10,237,238**
	₱8,563,742	**₱3,092,804**	**₱4,869,977**	**₱838,293**	**₱436,137**	**₱2,706,105**	**₱20,507,058**

	2024						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial assets at amortized cost							
Cash and cash equivalents							
Cash on hand and in banks	₱3,011,408	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	₱3,011,408
Cash equivalents	–	972,783	–	–	–	–	972,783
Contracts receivable							
Contracts receivable	1,932,985	–	–	–	–	–	1,932,985
Receivables from government and financial institutions	245,297	–	–	–	–	–	245,297
Other receivables							
Receivable from tenants - net	2,302,942	–	–	–	–	–	2,302,942
Due from related parties	434,428	–	–	–	–	–	434,428
Investment in bonds	–	–	–	–	150,000	–	150,000
Receivable from homeowners' associations - net	174,596	–	–	–	–	–	174,596
Others	292,037						292,037
Short-term deposits	–	–	179,750	–	–	–	179,750
	8,393,693	972,783	179,750	–	150,000	–	9,696,226

	2024						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial assets at FVOCI							
Investments in shares of stocks:							
Quoted	₱–	₱–	₱–	₱6,458	₱–	₱–	₱6,458
Unquoted	–	–	–	9,077	–	–	9,077
	–	–	–	15,535	–	–	15,535
Total financial assets	8,393,693	972,783	179,750	15,535	150,000	–	9,711,761
Contract assets	–	1,446,495	4,339,484	1,846,887	463,962	342,265	8,439,093
	₱8,393,693	₱2,419,278	₱4,519,234	₱1,862,422	₱613,962	₱342,265	₱18,150,854

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily for its contracts receivables and other receivables.

It is the Group's policy that buyers who wish to avail the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, as discussed in Note 8, the Group has a mortgage insurance contract with Philippine Guarantee Corporation for a retail guaranty line.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based groupings of various customer segments with similar loss patterns (i.e., by market segment and collateral type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contracts receivables and contract assets using a provision matrix:

	2025					
	Total	**Socialized**	**Low Affordable**	**Affordable**	**Middle Income**	**High-end**
				(In Thousands)		
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	**₱11,940,583**	**₱1,156,664**	**₱423,632**	**₱4,474,610**	**₱5,294,467**	**₱591,210**

	2024					
	Total	Socialized	Low Affordable	Affordable	Middle Income	High-end
			(In Thousands)			
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	₱10,617,375	₱998,096	₱927,492	₱3,333,568	₱4,364,922	₱993,297

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and financial assets at FVOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Based on the Group's experience, the said assets are highly collectible or collectible on demand. The Group holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Group can repossess the collateralized properties and resell them at the prevailing market price.

As at December 31, 2025 and 2024, the analysis of contracts receivable that were past due is as follows:

	Past due					
	Less than 30 days	30 to 60 days	61 days to 90 days	91 days to 120 days	Over 120 days	Total
			(In Thousands)			
2025	**₱160,005**	**₱177,854**	**₱73,484**	**₱74,910**	**₱969,997**	**₱1,456,250**
2024	1,096,522	277,554	211,176	99,212	248,521	1,932,985

No individually impaired and expected credit loss have been recognized for contracts receivables.

There is no concentration risk on the Group's financial assets as of December 31, 2025 and 2024.

Interest Rate Risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's loans from various financial institutions. To manage interest rate risk, the Group renegotiates the interest rates for certain long term debts to convert them from fixed-rate debt to floating-rate debt as the Group believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no other impact on the Group's other comprehensive income other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax (In Thousands)
2025	**+200**	**₱362,831**
	-200	**(362,831)**
2024	+200	200,968
	-200	(200,968)

The assumed change in rate is based on the currently observable market environment. Effect on the Group's income before tax is computed on the carrying amount of the Group's floating rate loans payable as of December 31, 2025 and 2024.

The following tables set out the carrying amount, by maturity, of the Group's loans payable that are exposed to interest rate risk (amounts in thousands):

	91-day Treasury bill plus 1% to 2% margin					
Variable interest rate	Below 1 Year	1-2 Years	>2 years but <3 years	3 years to 4 years	Over 4 years	Total
As of December 31, 2025	**₱3,600,000**	**₱1,160,000**	**₱3,716,767**	**₱8,875,000**	**₱1,051,000**	**₱18,402,767**
As of December 31, 2024	200,000	–	1,160,000	50,100	8,875,000	10,285,100

32. Subsidiary with Material Noncontrolling Interest

The noncontrolling interest of FLI in its partially-owned subsidiaries as of December 31 follows:

	2025	2024
FBCI	**45.0%**	45.0%
FAC	**40.0%**	40.0%
PDDC	**40.0%**	40.0%
FSM Cinemas	**40.0%**	40.0%
FILRT	**36.7%**	48.9%
NSI	**25.0%**	25.0%
TSNC	**2.0%**	2.0%

On January 24, 2025, FLI's and FILRT's BOD approved the sale of FLI real property to FILRT under a tax-free property-for-share swap transaction. FLI will transfer its ownership over Festival Supermall Main Mall in favor of FILRT, in exchange for 1,626,003,316 primary common shares of FILRT at an issue price of ₱3.85 per share, with a total value of ₱6.26 billion. On March 5, 2025, the Parent Company and FILRT executed the Memorandum of Agreement and the Deed of Exchange. On May 27, 2025, the SEC issued the Certificate of Approval of Valuation for the Transaction and the related shares were issued on May 29, 2025. This transaction reduced noncontrolling interest in FILRT from 48.9% to 36.7%.

On December 11, 2024, the Parent Company settled its Capped Voluntary Tender Offer, wherein the Parent Company reacquired a total of 1,866,000,000 common shares in exchange for 597,120,000 FILRT common shares (see Note 27). This increased noncontrolling interest from 36.7% as of December 31, 2023 to 48.9% as of December 31, 2024.

Total dividends declared and paid to noncontrolling interest follows:

	Total Dividends Declared	Share of Noncontrolling Interest
	(In Thousands)	
FILRT		
2025	**₱1,483,252**	**₱581,839**
2024	1,237,873	454,671
2023	1,389,549	510,381

(Forward)

	Total Dividends Declared	Share of Noncontrolling Interest
	(In Thousands)	
FAC		
2025	**₱150,000**	**₱60,000**
2024	350,000	140,000
2023	375,000	150,000
PDDC		
2024	**₱100,000**	**₱40,000**

The summarized financial information of FILRT as of and for the year December 31, 2025 and 2024 is provided below. This information is based on amounts consolidated to the Group under the same accounting policy (i.e., cost accounting for investment properties and intangible assets) before intercompany eliminations.

Summarized Statement of Financial Position:

	2025	2024
	(In Thousands)	
Current assets	**₱1,827,572**	₱1,660,729
Noncurrent assets	**12,967,358**	10,886,899
Total assets	**14,794,930**	12,547,628
Current liabilities	**1,384,325**	1,568,972
Noncurrent liabilities	**6,748,446**	6,514,655
Total liabilities	**8,132,771**	8,083,627
Equity	**₱6,662,159**	₱4,464,001

Statement of Comprehensive Income

	2025	2024
	(In Thousands)	
Revenues	**₱3,582,964**	₱2,843,627
Cost and other expenses	**1,790,605**	1,605,208
Other charges	**4,359,708**	384,371
Income before income tax	**(2,567,349)**	854,048
Net income for the year	**(2,567,349)**	854,048
Net income attributable to noncontrolling interest	**₱522,503**	₱319,195

Statement of Cash Flows

	2025	2024
	(In Thousands)	
Cash flows from (used in)		
Operating activities	**₱1,856,538**	₱1,145,565
Investing activities	**(204,736)**	(112,913)
Financing activities	**(1,872,818)**	(1,689,835)
Net increase in cash and cash equivalents	**(₱221,016)**	(₱657,183)

The entire proceeds from FILRT's listing and any subsequent sale thereafter, shall be used in accordance with its reinvestment plan. As a REIT entity, FILRT is subject to externally imposed capital requirements from its debt covenants and based on the requirements of the Aggregate Leverage Limit under the REIT Implementing Rules and Regulations. Per Section 8 of the REIT Implementing Rules and Regulations issued by the SEC, the total borrowings and deferred payments of a REIT should not exceed thirty-five percent (35%) of its Deposited Property; provided, however, that the total borrowings and deferred payments of a REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency may exceed thirty-five percent (35%) but not more than seventy percent (70%) of its Deposited Property. Provided, further, that in no case shall a Fund Manager, borrow for the REIT from any of the funds under its management.

33. Contingencies and Commitments

Contingencies
The Group is involved in various legal actions, claims, assessments and other contingencies incidental to its ordinary course of business. Management believes that any amount the Group may have to pay in connection with any of these matters would not have a material adverse effect on the consolidated financial position or operating results. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed as they may prejudice the outcome of the ongoing proceedings.

BTO Agreement with Cebu Province
In connection with the BTO Agreement with the Cebu Province, the Group is committed to develop and construct a BPO Complex on the properties owned by Cebu Province located at Salinas, Lahug, Cebu City and transfer the ownership of the BPO Complex to the Cebu Province upon completion in exchange for the right to operate and manage the BPO Complex for the entire term of the agreement and its renewal (see Note 16).

Capital Commitments and Obligations
The Group has contractual commitments and obligations for the construction and development costs to be incurred for investment properties and property and equipment items aggregating ₱6.33 billion and ₱6.30 billion as of December 31, 2025 and 2024, respectively. These will be recognized as liabilities in the Group's consolidated financial statements when the related services are received.

Assignment of Development Rights under a BTO Agreement
On June 26, 2015, the Parent Company and a third party entered into an agreement whereby the latter agreed to assign its project development rights and benefits under its BTO Agreement with Cebu Province to the Parent Company. In consideration of this assignment, the Parent Company paid upfront fee amounting to ₱50.0 million and ₱150.0 million in 2016 and 2015, respectively. On January 30, 2024, the Parent Company and the Province of Cebu entered into an Amendment Agreement to the BTO Agreement, recognizing the full assignment not only of the rights and benefits but also the obligations under the BTO Agreement in favor of the Parent Company as the successor proponent to the contemplated project development. As of December 31, 2025, project construction has not started due to pending approval from Cebu Province on the cleared site. Thus, the upfront fee is recorded as part of 'Other noncurrent assets' in the consolidated statement of financial position (see Note 17).

Development Agreement with Bases Conversion Development Authority (BCDA)
In 2015, the Parent Company won the contract to develop a 288-hectare area in Clark Green City in Tarlac and paid 10% of the bid premium as bid security amounted to ₱16.0 million. On January 8, 2016, the Joint Venture Agreement with BCDA was signed and pursuant to the terms of the development of the project, the Parent Company paid the ₱160.0 million bid premium representing the right to own 55% of the equity on the joint venture company to be formed with BCDA.

On February 11, 2016, the Parent Company incorporated FCGC Corporation, the entity that will handle the development of the New Clark City (NCC) Project, formerly Clark Green City Project. The bid premium is presented as part of investment properties in the consolidated financial statements (see Note 13). On March 16, 2016, FCGC and BCDA incorporated Filinvest BCDA Clark Inc. (FBCI). FCGC subscribed 282,880,000 shares at par value amounting to ₱282,880,000.

On the other hand, BCDA subscribed 231,000,000 shares amounting ₱231,000,000 and paid its subscription thru the assignment of a 50-year Development and Usufructuary Rights (DUR) over the parcel of land where the NCC project will be developed. FBCI is 55%-owned by FCGCC and 45%-owned by BCDA.

34. **Registration with PEZA**

On February 13, 2002, the Parent Company, FAC and FILRT were registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of RA No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (Ecozone). The same shall be known as Filinvest Technology Park-Calamba.

Under the registration, the Parent Company shall enjoy 5% preferential tax privilege on income generated from the Ecozone in lieu of the regular income tax rate.

On June 11, 2001, FAC was registered with PEZA as the developer/operator of PBCom Tower not entitled to any incentives. However, IT enterprises which shall locate in PBCom Tower shall be entitled to tax incentives pursuant to RA No. 7916.

On June 6, 2000, FILRT was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, it is also entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

On December 15, 2015, PDDC was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, PDDC is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

On July 3, 2019, FBCI was registered with PEZA as an ECOZONE developer/operator enterprise of New Clark City Phase I. As a registered enterprise, FBCI is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

The Group is also entitled to zero percent (0%) value-added tax for sales made to ECOZONE enterprises.



35. **Notes to Statements of Cash Flows**

The Group's noncash activities are as follows:

a) Land and land developments previously presented under real estate inventories were reclassified to investment properties amounting to ₱33.71 million and ₱1,589.80 million in 2025 and 2024, respectively. (see Notes 10 and 13).
b) Investment properties were reclassified to real estate inventories amounting to ₱42.95 million in 2024 (nil in 2025; see Notes 10 and 13).
c) Investment properties and property and equipment which remain unpaid amounted to ₱2,721.37 million and ₱21.92 million as of December 31, 2025, respectively; and ₱3,082.14 million and ₱93.01 million as of December 31, 2024, respectively (see Notes 13 and 14).
d) The Group has remaining unpaid cash dividend amounting to ₱21.41 million out of the dividends declared as of December 31, 2025 and 2024 (see Note 27).
e) Total accretion of interest on loans and bonds payable amounted to ₱80.68 million and ₱136.95 million, respectively, in 2025; and ₱102.79 million and ₱88.08 million, respectively, in 2024 (see Notes 19 and 20).
f) In 2024, the Group paid the outstanding balance amounting ₱346.41 million, pertaining to the acquisition of parcels of land (nil in 2025; see Note 21).

Changes in liabilities arising from financing activities for the years ended December 31 follows:

	2025			
	January 1, 2025	**Cash flows**	**Noncash movement**	**December 31, 2025**
		(In Thousands)		
Loans payable	**₱42,032,644**	**₱7,829,378**	**(₱24,541)**	**₱49,837,481**
Bonds payable	**35,856,588**	**(2,925,000)**	**(14,259)**	**32,917,329**
Accrued interest	**535,049**	**(6,111,517)**	**5,996,781**	**420,313**
Dividends payable	**21,413**	**(1,123,188)**	**1,123,188**	**21,413**
Lease liabilities	**6,930,338**	**(463,346)**	**649,058**	**7,116,050**
Due to related parties	**244,141**	**(148,238)**	–	**95,903**
	₱85,620,173	**(₱2,941,911)**	**₱7,730,227**	**₱90,408,489**

	2024			
	January 1, 2024	Cash flows	Noncash Movement	December 31, 2024
		(In Thousands)		
Loans payable	₱36,987,927	₱5,184,288	(₱139,571)	₱42,032,644
Bonds payable	37,468,512	(1,699,995)	88,071	35,856,588
Accrued interest	674,345	(5,300,228)	5,160,932	535,049
Dividends payable	21,413	(1,851,159)	1,851,159	21,413
Lease liabilities	6,719,861	(408,907)	619,384	6,930,338
Due to related parties	488,486	102,069	(346,414)	244,141
	₱82,360,544	(₱3,973,932)	₱7,233,561	₱85,620,173

	2023			
	January 1, 2023	Cash flows	Noncash movement	December 31, 2023
	(In Thousands)			
Loans payable	₱32,849,484	₱4,131,388	₱7,055	₱36,987,927
Bonds payable	41,132,786	(3,604,600)	(59,674)	37,468,512
Accrued interest	830,908	(4,118,521)	3,961,958	674,345
Dividends payable	21,413	(1,536,252)	1,536,252	21,413
Lease liabilities	6,508,490	(372,444)	583,815	6,719,861
Due to related parties	754,264	(265,778)	–	488,486
	₱82,097,345	(₱5,766,207)	₱6,029,406	₱82,360,544

'Noncash movement' column includes amortization of debt issuance costs and interest expense for loans payable and bonds payable, dividend declaration and share in the net income of noncontrolling interest.

36. **Subsequent Events**

On February 16, 2026, the BOD approved the issuance of the third tranche of the Parent Company's shelf registration with the SEC under MSRD Order No. 64, Series of 2023, of up to ₱11.57 billion worth of fixed-rate peso denominated bonds with a maturity period of up to ten (10) years.

SyCip Gorres Velayo & Co.
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1226 Makati City
Philippines

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Fax: (632) 8819 0872
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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Filinvest Land, Inc.
Filinvest Building, 79 EDSA,
Brgy. Highway Hills, Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group") as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated February 16, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 118546-SEC (Group A)
Valid to cover audit of 2019 to 2023 financial statements,
with extension up to audit of 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-137-2026, January 23, 2026, valid until January 22, 2029
PTR No. 10765124, January 2, 2026, Makati City

February 16, 2026

FILINVEST LAND, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex C: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

ANNEX A

FILINVEST LAND, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2025

(Amounts in Thousands of Pesos)

Unappropriated Retained Earnings, beginning of reporting period		₱30,018,518
Add: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of retained earnings appropriation	1,866,000	
Effect of restatements	–	
Others	–	1,866,000
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	1,123,188	
Retained earnings appropriated during the reporting period	11,087,230	
Effect of restatements	–	
Others – treasury shares	2,078,084	(14,288,502)
Unappropriated Retained Earnings, as adjusted		17,596,016
Add/Less: Net income (loss) for the current year		8,222,345
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and equivalents	–	
Unrealized fair value adjustment (marked-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain of investment property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Sub-total		–
Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	–	
Realized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss FVTPL)	–	
Realized fair value gain of Investment Property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		–

(Forward)

Add: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	₱ –	
Reversal of previously recorded fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value gain of Investment Property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Sub-total		–
Adjusted Net Income/Loss		8,222,345
Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Sub-total		–
Add/Less: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	
Sub-total		–
Add/Less: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	377,313	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(161,990)	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Sub-total	215,323	215,323
Total Retained Earnings, end of reporting period available for dividend		**₱26,033,684**

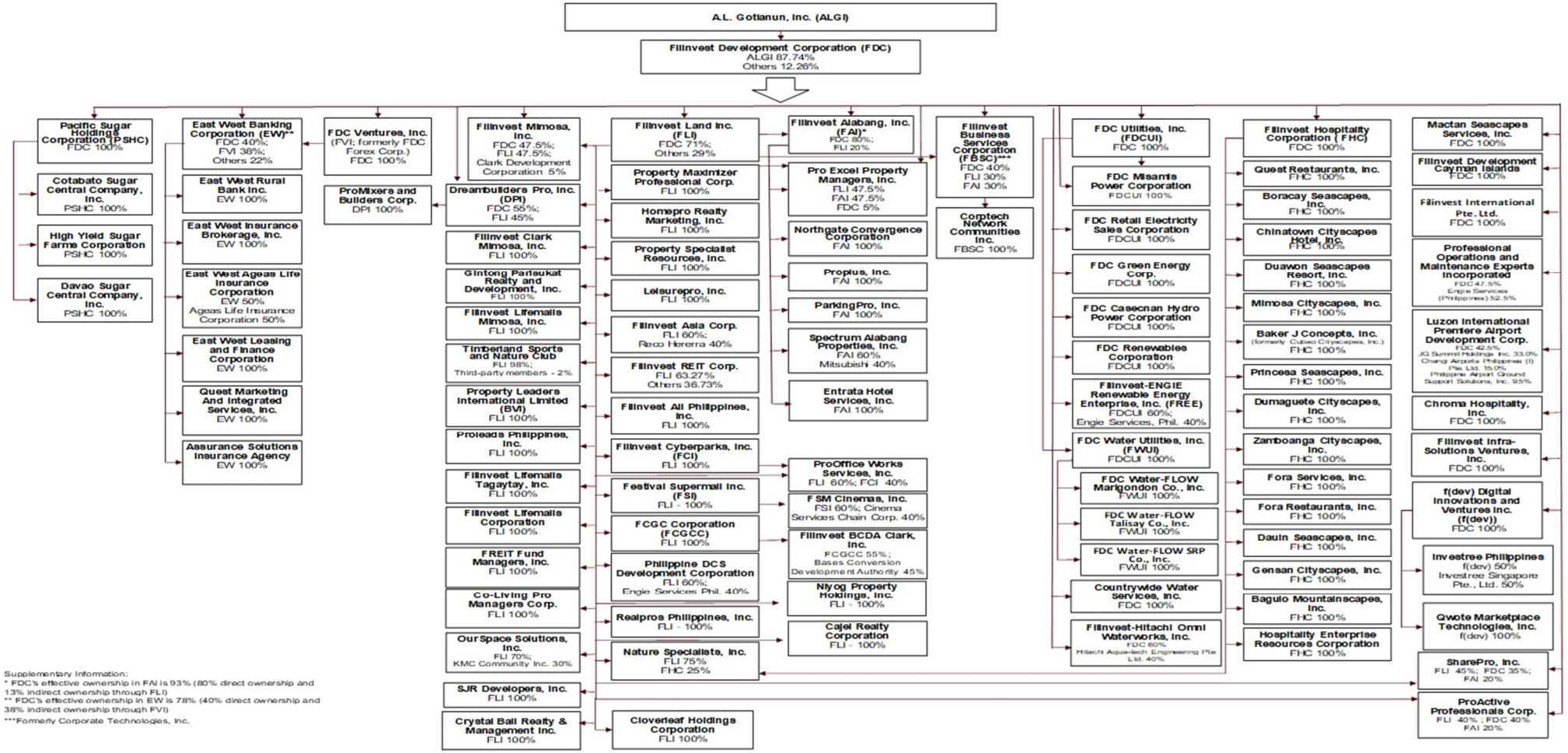
ANNEX B

FILINVEST LAND, INC. AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES

DECEMBER 31, 2025

A.L. GOTIANUN, INC.
MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT, CO-SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
(As of December 31, 2025)



Supplementary Information:
* FDC's effective ownership in FAI is 93% (80% direct ownership and 13% indirect ownership through FLI)
** FDC's effective ownership in EW is 78% (40% direct ownership and 38% indirect ownership through FVI)
***Formerly Corporate Technologies, Inc.

SCHEDULE A

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS

DECEMBER 31, 2025

Below is the detailed schedule of the Group's financial assets in equity securities as of December 31, 2025:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
		(In Thousands Except Number of Shares)		
Financial assets at FVOCI				
Quoted:				
Philippine Long Distance Telephone Company	26,100	₱261	₱261	₱–
Manila Electric Company (MERALCO)	1,153,694	6,197	6,197	–
		6,458	6,458	–
Unquoted:				
The Palms Country Club, Inc.	1,000	₱3,060	₱3,060	₱–
Cebu Country Club	1	6,017	6,017	–
		9,077	9,077	–
		₱15,535	₱15,535	₱–

The Group's investment in MERALCO is an unlisted preferred shares acquired in connection with the infrastructure that it provides for the Group's real estate development projects. These are carried at cost less impairment, if any.

SCHEDULE B

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2025

As of December 31, 2025, there were no advances to employees of the Group with balances above ₱1.0 million.

All amounts receivable from related parties pertained to items arising in the ordinary course of business.

SCHEDULE C

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2025

Below is the schedule of receivables with related parties which are eliminated in the consolidated financial statements as of December 31, 2025 (amounts in thousands):

		Volume of Transactions	Receivable
Filinvest Cyberzone Mimosa, Inc. (FCMI)	Share in Expenses	**₱726,283**	**₱4,659,292**
Filinvest Cyberparks, Inc. (FCI)	Share in expenses	**87,761**	**3,050,736**
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Share in expenses	**779**	**1,647,436**
Homepro Realty Marketing, Inc. (Homepro)	Share in expenses	**17,300**	**746,890**
FCGC Corporation (FCGCC)	Share in expenses	**164,967**	**197,395**
Property Maximizer Professional Corp. (Promax)	Marketing Fee Expenses	**54,006**	**152,959**
Property Maximizer Professional Corp. (Promax)	Share in Expenses	**(24,079)**	**-**
Nature Specialists, Inc. (NSI)	Share in expense	**22,547**	**132,550**
Filinvest REIT Corp (FILRT)	Share in expenses	**(39,172)**	**102,576**
Filinvest REIT Corp (FILRT)	Rent income	**(202)**	**-**
Filinvest BCDA Clark, Inc. (FBCI)	Share in expenses	**4,296**	**99,198**
Filinvest AII Philippines, Inc. (FAPI)	Share in expenses	**63,803**	**80,346**
SJR Developers	Share in expenses	**267**	**45,690**
Festival Supermall, Inc. (FSI)	Share in expenses	**30,822**	**30,822**
Proleads Philippines, Inc. (PPI)	Share in expenses	**62**	**28,267**
Timberland Sports and Nature Club, Inc. (TSNC)	Share in expenses	**742**	**20,653**
Realpros Philippines, Inc. (RPI)	Share in expenses	**(92)**	**15,323**
Gintong Parisukat Realty and Development Inc. (GPRDI)	Share in expenses	**(15,095)**	**14,845**
Niyog Property Holdings Inc	Share in expenses	**5,416**	**11,109**
Property Specialist Resources, Inc. (Prosper)	Share in expenses	**(655)**	**7,652**
Leisurepro, Inc. (Leisurepro)	Share in expenses	**(45)**	**6,787**
Cajel Realty Corporation	Share in Expenses	**1,761**	**2,465**
Filinvest Lifemalls Corporation (FLC)	Share in expenses	**(1,338)**	**1,056**
Co-Living Pro Managers Corp.	Share in expenses	**(11,453)**	**751**
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Share in expenses	**-**	**214**
Property Leaders International Limited (PLIL)	Share in expenses	**(178)**	**111**
Philippine DCS Development Corporation (PDDC)	Share in expenses	**(121)**	**106**
ProOffice Works Services, Inc. (ProOffice)	Share in expenses	**(278)**	**41**
FREIT Fund Managers, Inc. (FFMI)	Share in expenses	**(844)**	**9**
OurSpace Solutions, Inc.	Share in expenses	**(850)**	**5**
FSM Cinemas, Inc.	Share in expenses	**(139)**	**1**
Filinvest Asia Corporation (FAC)	Share in expenses	**(340)**	**-**
		₱1,085,931	**₱11,055,285**

The table below shows the movement of the receivables from related parties:

	Balance Beginning of Year	Additions	Collections	Balance at End of Year
Filinvest Cyberzone Mimosa, Inc. (FCMI)	**₱3,933,009**	**₱726,283**	**₱–**	**₱4,659,292**
Filinvest Cyberparks, Inc. (FCI)	**2,962,975**	**101,458**	**(13,697)**	**3,050,736**
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	**1,646,657**	**779**	**–**	**1,647,436**
Homepro Realty Marketing, Inc. (Homepro)	**729,590**	**17,300**	**–**	**746,890**
FCGC Corporation (FCGCC)	**32,428**	**164,967**	**–**	**197,395**
Property Maximizer Professional Corp. (Promax)	**123,032**	**49,084**	**(19,157)**	**152,959**
Nature Specialists, Inc. (NSI)	**110,003**	**22,547**	**–**	**132,550**
Filinvest REIT Corp (FILRT)	**141,950**	**(39,367)**	**(7)**	**102,576**
Filinvest BCDA Clark, Inc. (FBCI)	**94,902**	**4,334**	**(38)**	**99,198**
Filinvest AII Philippines, Inc. (FAPI)	**16,543**	**63,803**	**–**	**80,346**
SJR Developers	**45,423**	**267**	**–**	**45,690**
Festival Supermall, Inc. (FSI)	**–**	**30,822**	**–**	**30,822**
Proleads Philippines, Inc. (PPI)	**28,205**	**62**	**–**	**28,267**
Timberland Sports and Nature Club, Inc. (TSNC)	**19,911**	**742**	**–**	**20,653**
Realpros Philippines, Inc. (RPI)	**15,415**	**(46)**	**(46)**	**15,323**
Gintong Parisukat Realty and Development Inc. (GPRDI)	**29,940**	**(15,095)**	**–**	**14,845**
Niyog Property Holdings Inc	**5,693**	**5,416**	**–**	**11,109**
Property Specialist Resources, Inc. (Prosper)	**8,307**	**(608)**	**(47)**	**7,652**
Leisurepro, Inc. (Leisurepro)	**6,832**	**(45)**	**–**	**6,787**
Cajel Realty Corporation	**704**	**1,761**	**–**	**2,465**
Filinvest Lifemalls Corporation (FLC)	**2,394**	**(292)**	**(1,046)**	**1,056**
Co-Living Pro Managers Corp. (CPMC)	**12,204**	**(109)**	**(11,344)**	**751**
Filinvest Lifemalls Mimosa, Inc. (FLMI)	**214**	**–**	**–**	**214**
Property Leaders International Limited (PLIL)	**289**	**(178)**	**–**	**111**
Philippine DCS Development Corporation (PDDC)	**227**	**(112)**	**(9)**	**106**
ProOffice Works Services, Inc. (ProOffice)	**319**	**(278)**	**–**	**41**
FREIT Fund Managers, Inc. (FFMI)	**853**	**(394)**	**(450)**	**9**
OurSpace Solutions, Inc.	**855**	**(390)**	**(460)**	**5**
FSM Cinemas, Inc. (FSM Cinemas)	**140**	**(139)**	**–**	**1**
Filinvest Asia Corporation (FAC)	**340**	**(340)**	**–**	**–**
	₱9,969,354	**₱1,132,232**	**(₱46,301)**	**₱11,055,285**

The intercompany transactions between FLI and the subsidiaries pertain to share in common expenses, rental charges, marketing fee and management fee. There were no amounts written off during the year and all amounts are expected to be settled within the year.

SCHEDULE D

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2025

Below is the schedule of long-term debt of the Group:

Title of Issue & Type of Obligation	Amount Authorized by Indenture/Facility Agreement	Current Portion of Long-term Debt (In Thousands)	Long-term Debt (net of Current Portion (In Thousands)	Interest Rate	No. of Periodic Installment	Maturity Date
Filinvest Land Inc.						
Bonds						
Philippine Peso	₱1,764,600	₱1,752,262	₱–	4.1800%	N/A, Bullet	May 18, 2026
Philippine Peso	11,430,800	–	11,363,759	6.9829%	N/A, Bullet	June 1, 2027
Philippine Peso	2,975,000	–	2,958,434	6.4100%	N/A, Bullet	June 23, 2027
Philippine Peso	5,000,000	–	4,970,300	5.2600%	N/A, Bullet	December 21, 2027
Philippine Peso	2,553,200	–	2,524,509	6.8312%	N/A, Bullet	March 12, 2035
Philippine Peso	2,661,260	–	2,632,418	6.6550%	N/A, Bullet	March 12, 2032
Philippine Peso	6,785,540	–	6,715,647	6.2916%	N/A, Bullet	March 12, 2030
Bank Loan- Peso						
Local Bank	8,805,000	2,989,544	5,778,972	Various fixed / floating rates	Various	Various from 2026 to 2031
Local Bank	9,911,000	3,223,521	6,629,076	Various fixed rates	Various	Various from 2026 to 2031
Local Bank	3,000,000	–	2,981,881	Various fixed / floating rates	Various	Various within 2031
Local Bank	2,000,000	1,984,851	–	Various fixed rates	Various	September 27, 2026
Local Bank	5,500,000	496,124	4,982,707	Various fixed / floating rates	Various	Various from 2026 to 2029
Local Bank	6,700,000	2,876,445	3,795,703	Various fixed / floating rates	Various	Various from 202 to 2029
Local Bank	5,495,833	2,917,642	2,544,074	Various fixed / floating rates	Various	Various from 2026 to 2028
Local Bank	700,000	199,084	496,277	Various fixed / floating rates	Various	Various from 2026 to 2032
Sub-total	75,282,233	16,439,473	58,373,757			

Title of Issue & Type of Obligation	Amount Authorized by Indenture/Facility Agreement	Current Portion of Long-term Debt (In Thousands)	Long-term Debt (net of Current Portion (In Thousands)	Interest Rate	No. of Periodic Installment	Maturity Date
Subsidiaries						
Bank Loan- Peso						
Local Bank	₱4,201,682	₱894,726	₱3,283,574	Various fixed / floating rates	Various	Various from 2026 to 2031
Local Bank	3,000,000	–	2,982,037	Various fixed rates	Various	December 27, 2029
Local Bank	785,200	23,930	757,313	Various fixed / floating rates	Various	Various from 2026 to 2029
	₱83,269,115	₱17,358,129	₱65,396,681			

Each loan balance is presented net of unamortized deferred costs. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.0x and minimum interest coverage ratio of 1.0x. These Peso-denominated loans bear floating interest rates, which are repriced quarterly, semi-annually or annually based on either 3-month or 1-year Bloomberg Valuation (BVAL), or Reverse Repurchase Rate (RRP), plus margin, per annum.

Each bond balance is presented net of unamortized deferred costs. The agreements covering the abovementioned bonds require maintaining certain financial ratios including maximum debt-to-equity ratio ranging from 2.0x to 2.5x ; minimum current ratio ranging from 1.0x to 2.0x; and minimum debt service coverage ratio (DSCR) of 1.0x (except for FILRT bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x).

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

The Group has complied with these contractual agreements. There was neither default nor breach noted for the year ended December 31, 2025.

SCHEDULE E

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2025

This schedule is not applicable as there are no non-current indebtedness which exceed 5% of total assets as of December 31, 2025.

SCHEDULE F

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2025

The Group does not have guarantees of securities of other issuers as of December 31, 2025.

SCHEDULE G

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK

DECEMBER 31, 2025

Title of issue	Number of shares authorized	As shown under related Statement of Financial Position caption		Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
		Number of shares issued and subscribed	Number of Treasury Shares				
		(In Thousands)					
Common Shares	33,000,000	24,470,708	2,086,949	–	16,407,414	58,687	5,917,658
Preferred Shares	8,000,000	8,000,000	–	–	8,000,000	–	–

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF BOND ISSUANCES - SECURITIES OFFERED TO THE PUBLIC

DECEMBER 31, 2025

	2013 7.0 Billion Bond	2014 7.0 Billion Bond	2015 8.0 Billion Bond	2017 6.0 Billion Bond	2020 8.1 Billion Bond	2021 10.0 Billion Bond	2022 11.90 Billion Bond	2023 11.43 Billion Bond	2025 12.0 Billion Bond
Expected gross and net proceeds as disclosed in the prospectus									
Gross Proceeds	₱7,000,000,000	₱7,000,000,000	₱8,000,000,000	₱6,000,000,000	₱9,000,000,000	₱10,000,000,000	₱11,900,000,000	₱12,000,000,000	₱12,000,000,000
Less: Expenses	67,594,379	82,327,087	85,330,750	68,308,996	118,002,625	131,785,030	154,432,780	149,808,155	149,280,030
Net Proceeds	₱6,932,405,621	₱6,917,672,913	₱7,914,669,250	₱5,931,691,004	₱8,881,997,375	₱9,868,214,970	₱11,745,567,220	₱11,850,191,845	₱11,850,719,970
Actual gross and net proceeds									
Gross Proceeds	₱7,000,000,000	₱7,000,000,000	₱8,000,000,000	₱6,000,000,000	₱8,100,000,000	₱10,000,000,000	₱11,900,000,000	₱11,430,800,000	₱12,000,000,000
Less: Expenses	82,906,997	77,906,937	86,811,468	96,582,653	165,450,548	137,330,244	156,399,197	143,059,814	149,647,105
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,452	₱9,862,669,756	₱11,743,600,803	₱11,287,740,186	₱11,850,352,895
Expenditure items where the proceeds were used									
Land Acquisition	₱2,965,648,318	₱–	₱88,961,000	₱–	₱595,776,352	₱2,000,000,000	₱2,273,000,000	₱–	₱–
Project Development	1,185,554,209	2,422,093,063	2,888,760,022	–	693,494,229	532,498,565	597,600,803	6,072,085,559	2,925,352,895
Investment Property	2,765,890,476	–	4,935,467,510	5,903,417,347	2,104,200,033	1,753,544,108	273,000,000	1,215,654,627	–
Debt refinancing	–	4,500,000,000	–	–	4,356,621,959	5,308,627,083	8,600,000,000	4,000,000,000	8,925,000,000
General Corporate	–	–	–	–	184,456,880	268,000,000	–	–	–
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,453	₱9,862,669,756	₱11,743,600,803	₱11,287,740,186	₱11,850,352,895
Balance of the proceeds as of December 31, 2025									
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,452	₱9,862,669,756	₱11,743,600,803	₱11,287,740,186	₱11,850,352,895
Capital Expenses	6,917,093,003	2,422,093,063	7,913,188,532	5,903,417,347	3,577,927,493	4,554,042,673	3,143,600,803	7,287,740,186	2,925,352,895
Debt refinancing	–	4,500,000,000	-	-	4,356,621,959	5,308,627,083	8,600,000,000	4,000,000,000	8,925,000,000
Net Proceeds	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

DECEMBER 31, 2025

	2025	2024
Total Audit Fees	**₱5,299,944**	₱4,883,078
Non-audit services fees:		
Other assurance services	**3,502,878**	2,356,798
Tax services	**–**	–
All other services	**–**	–
Total Non-audit Fees	**3,502,878**	2,356,798
Total Audit and Non-audit Fees	**₱8,802,822**	₱7,239,876

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Filinvest Land, Inc.
Filinvest Building, 79 EDSA,
Brgy. Highway Hills, Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group") as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated February 16, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 118546-SEC (Group A)
Valid to cover audit of 2019 to 2023 financial statements,
with extension up to audit of 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-137-2026, January 23, 2026, valid until January 22, 2029
PTR No. 10765124, January 2, 2026, Makati City

February 16, 2026

FILINVEST LAND, INC. AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2025

(Amounts in Thousands of Pesos)

Ratio	Formula	2025	2024
Current Ratio [(1)]	Total Current Assets divided by Total Current Liabilities Total Current Assets 97,643,018 Divide by: Total Current Liabilities 29,621,975 Current Ratio 3.30	**3.30**	2.78
Interest-bearing Debt-to-Equity ratio	Interest-bearing Debt (*Sum of Consolidated Loans Payable and Consolidated Bonds Payable)* divided by Total Equity Interest-bearing Debt 82,754,810 Divide by: Equity 96,348,585 Long-term Debt-to-Equity Ratio 0.86	**0.86**	0.83
Debt Ratio	Total Liabilities divided by Total Assets Total Liabilities 117,831,707 Divide by: Total Assets 214,180,292 Debt Ratio 0.55	**0.55**	0.55
EBITDA to Total Interest Paid	Earnings before Interests and Other Charges, Income Tax, Depreciation and Amortization - EBITDA *(net income plus interest and other finance charges (including interest expense on financial liability on lease contract), provision for income tax, depreciation and amortization)* divided by Total Interest Paid EBITDA 11,845,935 Divide by: Total Interest Paid 6,111,517 EBITDA to Total Interest Paid 1.94	**1.94**	2.16
Price Earnings Ratio	Closing price divided by Earnings per share Closing price [(2)] 0.77 Divide by: Earnings per share 0.19 Price Earnings Ratio 4.05	**4.05**	4.29
Quick Asset Ratio	Quick Assets *(total current assets less real estate inventories)* divided by Current Liabilities Total Current Assets 97,643,018 Less: Inventories 74,020,754 Quick Assets 23,622,264 Divide by: Total Current Liabilities 29,621,975 Quick Asset Ratio 0.80	**0.80**	0.71
(Forward)			

Ratio	Formula	2025	2024
Solvency Ratio	Net Income before Depreciation and Amortization *(net income plus depreciation and amortization)* divided by Total Liabilities Net Income 4,807,833 Add: Depreciation and Amortization 2,081,421 Net Income before Depreciation and Amortization 6,889,254 Divide by: Total Liabilities 117,831,707 Solvency Ratio 0.06	**0.06**	0.06
Interest Coverage Ratio	Earnings before Interest and Other Finance Charges and Income Tax (EBIT) divided by Interest and Other Finance Charges EBIT 9,764,514 Divide by: Interest and Other Finance Charges 4,077,585 Interest Coverage Ratio 2.39	**2.39**	2.53
Net Profit Margin	Net Income divided by Revenue Net Income 4,807,833 Divide by: Revenue 25,898,351 Net Profit Margin 0.19	**0.19**	0.19
Return on Equity	Net Income divided by Total Equity Net Income 4,807,833 Divide by: Total Equity 96,348,585 Return on Equity 0.05	**0.05**	0.05
Asset-to-Equity Ratio	Total Assets divided by Total Equity Total Assets 214,180,292 Divide by: Total Equity 96,348,585 Return on Equity 2.22	**2.22**	2.22

(1) In computing for the Group's current ratio, current assets include cash and cash equivalents, contracts receivables, contract assets, other receivables, real estate inventories and other current assets and current liabilities include accounts payable and accrued expenses, due to related parties, income tax payable and current portion of loans payable. Determination of current accounts is based on their maturity profile of relevant assets and liabilities.

(2) Closing price at December 31, 2025 and December 31, 2024 is ₱0.77 and ₱0.73, respectively.

Gmail **Filinvest Land Inc. <fli.taxteam@gmail.com>**

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Fri, Mar 13, 2026 at 9:58 AM
To: fli.taxteam@gmail.com
Cc: fli.taxteam@gmail.com

Hi FILINVEST LAND, INC,

Valid files

- EAFS000533224RPTTY122025.pdf
- EAFS000533224ITRTY122025.pdf
- EAFS000533224AFSTY122025.pdf
- EAFS000533224TCRTY122025-01.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-32SMQR2W07AHA9AECMWXPPM120NYV3RQY4**
Submission Date/Time: **Mar 13, 2026 09:58 AM**
Company TIN: **000-533-224**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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Outlook

[EXT] eSubmission Validation Report

From eSubmission <esubmission@bir.gov.ph>
Date Fri 2026-03-13 8:22 AM
To FLI Tax Team <taxteam@filinvestland.com>

CAUTION: This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.

ACKNOWLEDGEMENT RECEIPT NUMBER: 20260313-P125793

This is to confirm receipt of the file(s) as stated below:

Total attachment/file(s) received : 1

No. of valid file(s) : 1
No. of invalid file(s) : 0

We have validated your submission in compliance with existing BIR regulations.

Find below the details of your submission:

Date of Submission: 03/13/2026 3:58:29 AM
Filename(s):
1. Attachment : 0005332240000122025170 2.ZIP
A. 0005332240000122025170 2.DAT - VALID
CONFIRMATION RECEIPT NUMBER - 2026-0000222164

VALIDATION REPORT:
1. Attachment : 0005332240000122025170 2.ZIP
A. Attachment (zipped): 0005332240000122025170 2.DAT
TIN of Withholding Agent TIN: 000533224-0000
Alphalist Form : 1702
Taxable Month : 12/2025

LINE NUM	SCHEDULE	ERROR DESCRIPTION
0000000000		No Errors Encountered

PLEASE BE INFORMED THAT THIS IS THE FINAL EMAIL ON THE VALIDATION PROCESS OF YOUR SUBMISSION. HOWEVER, A VALIDATION OF THE TIN OF THE WITHHOLDING AGENT WILL STILL BE UNDERTAKEN. ACCORDINGLY, PLEASE ENSURE THAT THE TIN IS VALID FOR A SUCCESSFUL SUBMISSION OF YOUR ALPHALIST (OR SLSP, AS THE CASE MAY BE).

Thank You.

This is a system generated report. For inquiries, please email us at contact_us@bir.gov.ph
or call us at (2) 8538-3200

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"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN"

The Management of **FILINVEST LAND, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2025**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended **December 31, 2025** and the accompanying Annual Income Tax Return are in accordance with the books and records of **FILINVEST LAND, INC.**, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
(c) the **FILINVEST LAND, INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JONATHAN T. GOTIANUN
Chairman of the Board

SUBSCRIBED AND SWORN to before me this ___ day FEB 16 2026, of ___ at Makati City, affiant exhibited to ID No. _____

TRISTANEIL D. LAS MARIAS
President/CEO

ANA VENUS A. MEJIA
EVP - Treasurer & CFO and COO

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2026
IBP No. 05729-Lifetime Member
MCLE Compliance No. VIII-0040999
valid until April 14, 2028
Appointment No. M-007 (2025-2026)
PTR No. 10765528 Jan. 3, 2026/ Makati
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Doc. No. 27
Page No. 44
Book No. V
Series of 2026

Signed this ___ day of _____, 2026

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 000-533-224-000
Name	: FILINVEST LAND INC
RDO	: 126
Form Type	: 1702_MX_2018
Reference No.	: 662600071570313
Amount Payable (Over Remittance)	: -414,991,338.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2025
Date Filed	: 03/13/2026
Tax Type	: IT

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Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR Use Only | BCS/ Item:

BIR Form No. **1702-MX**
January 2018 (ENCS)
Page 1

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

Enter all required information in CAPITAL LETTERS using BLACK ink. Mark applicable boxes with an "X". Two copies MUST be filed with the BIR and one held by the taxpayer.

1702-MX 01/18ENCS P1

1 For: (•) Calendar ( ) Fiscal

2 Year Ended (MM/20YY): 12 /20 25

3 Amended Return? ( ) Yes (•) No

4 Short Period Return? ( ) Yes (•) No

5 Alphanumeric Tax Code *(ATC)*: IC055 Minimum Corporate Income Tax (M ☑ ; IC010 DOMESTIC CORPORATION IN G ☑

Part I - Background Information

6 Taxpayer Identification Number *(TIN)*: 000 - 533 - 224 - 000 **7** RDO Code: 126

8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*:
FILINVEST LAND INC

9 Registered Address *(Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)*:
79 E DELOS SANTOS AVENUE, BARANGAY HIGHWAY HILLS, MANDALUYONG CITY

9A Zip Code: 1550

10 Date of Incorporation/Organization *(MM/DD/YYYY)*: 11/24/1989

11 Contact Number: 7256321

12 Email Address: taxteam@filinvestland.com

13 Method of Deduction: (•) Itemized Deduction [Section 34 (A-J), NIRC] ( ) Optional Standard Deduction (OSD)–40% of Gross Income [Section 34(L) NIRC, as amended]

Part II - Total Tax Payable

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

14 Total Tax Due/(Overpayment) *(From Part IV-Schedule 2 Item 19D)*	1,808,723,456
15 Less: Total Tax Credits/Payments *(From Part IV-Schedule 3 Item 32D)*	2,223,714,794
16 Net Tax Payable / (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 33D)*	(414,991,338)
Add: Penalties	
17 Surcharge	0
18 Interest	0
19 Compromise	0
20 Total Penalties *(Sum of Items 17 to 19)*	0
21 TOTAL AMOUNT PAYABLE / (Overpayment) *(Sum of Items 16 and 20)*	**(414,991,338)**

If Overpayment, mark (1) one box only *(Once the choice is made, the same is irrevocable)*

( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) ( ) To be carried over as a tax credit for next year/quarter

We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If signed by an Authorized Representative, indicate TIN and attach authorization letter)*

Signature over printed name of President/Principal Officer/Authorized Representative			Signature over printed name of Treasurer/Assistant Treasurer			**22** Number of attachments
Title of Signatory		TIN	Title of Signatory		TIN	0

Part III - Details of Payment

Details of Payment	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				
24 Check				
25 Tax Debit Memo				
26 Others (Specify Below)				

Machine Validation/Revenue Official Receipt Details *(if not filed with an Authorized Agent Bank)*

Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

BIR Form No. **1702-MX** January 2018 (ENCS) **Page 2**

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

1702-MX 01/18ENCS P2

Taxpayer Identification Number (TIN)	Registered Name
000 - 533 - 224 - 000	FILINVEST LAND INC

Part IV - Schedules

Instructions: *(mark appropriate box)*

☑ A. Only one activity/project under EXEMPT and/or SPECIAL Tax Regimes, fill-out the applicable columns below.

☐ B. Two or more activities/projects under EXEMPT and/or SPECIAL Tax Regimes, accomplish Part V-Mandatory Mandatory Attachments per activity and reflect consolidated amounts from Part V on the corresponding columns below.

Schedule 1 - Basis of Tax Relief

	A. Exempt	B. Special Rate	C. Special Tax Relief (Under Regular/Normal Rate)
1 Investment Promotion Agency (IPA)/ Implementing Government Agency	SOCIALIZED	PEZA	
2 Legal Basis	RA 7279	RA 7916	
3 Registered Activity/Program (Reg. No.)	NA	NA	
4 Special Tax Rate		5.0	
5 Effectivity Date of Tax Relief/Exemption FROM *(MM/DD/YYYY)*	01/01/2025	01/01/2025	
6 Expiration Date of Tax Relief/Exemption TO *(MM/DD/YYYY)*	12/31/2025	12/31/2025	

Schedule 2 - Computation of Income Tax per Tax Regime

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Sales/Receipt/Revenues/Fees *(From all of Part V-Sched B Item 1, if letter B of instructions above is marked)*	453,578,294	0	22,760,123,169	23,213,701,463
2 Less: Sales Returns, Allowances & Discounts *(From all of Part V-Sched B Item 2, if letter B of instructions above is marked)*	295,483	0	811,927,566	812,223,049
3 Net Sales/Revenues/Receipts/Fees *(Item 1 Less Item 2)*	453,282,811	0	21,948,195,603	22,401,478,414
4 Less: Cost of Sales/Services *(From all of Part V-Sched B Item 4, if letter B of instructions above is marked)*	244,637,476	0	5,592,040,281	5,836,677,757
5 Gross Income from Operation *(Item 3 Less Item 4)*	208,645,335	0	16,356,155,322	16,564,800,657
6 Add: Other Taxable Income not Subjected to Final Tax *(From all of Part V-Sched B Item 6, if letter B of instructions above is marked)*	0	0	1,327,835,510	1,327,835,510
7 Total Taxable Income *(Sum of Items 5 and 6)*	208,645,335	0	17,683,990,832	17,892,636,167
8 Ordinary Allowable Itemized Deductions *(From Sched 5 Item 18) &/or (From all of Part V-Sched B Item 8, if letter B of instructions above is marked)*	122,649,422	0	9,516,234,912	9,638,884,334
9 Special Allowable Itemized Deductions *(From Sched 6 Item 5) &/or (From all of Part V-Sched B Item 9, if letter B of instructions above is marked)*	0	0	0	0
10 NOLCO *[Only for those taxable under Section 27 (A to C); Section 28(A)(1)(A)(6)(b) of the Tax Code, as amended] (**For Special Rate:** If w/ only 1 activity, From Schedule 8.1 Item 8; if with 2 or more activities, From all of Part V-Sched B Item 10; **For Reg. Rate:** From Sched 7.1 Item 8)*		0	932,862,098	932,862,098
11 Total Itemized Deductions (Sum of Items 8 to 10) (OR [in case taxable under Sec 27(A) & 28(A)(1)]	122,649,422	0	10,449,097,010	10,571,746,432
12 Optional Standard (OSD) *(40% of Item 7)*			0	0
13 Net Taxable Income/(Loss) *(If Itemized: Item 7 Less Item 11; If OSD: Item 7 Less Item 12)*	85,995,913	0	7,234,893,822	7,320,889,735
14 Applicable Income Tax Rate *(i.e. Special or Regular/Normal rate)*	0 %	5.0 %	25%	
15 Income Tax Due other than MCIT [For **Special Rate:** If with only 1 activity, (Item 3 OR Item 7) X Item 14; if with 2 or more activities, from all of Part V-Sched B Item 14; For **Regular Rate** Item 13 X Item 14]	0	0	1,808,723,456	1,808,723,456
16 Less: Share of Other Govt. Agencies, if remitted directly		0	0	0
17 Net Income Tax Due to National Government *(Item 15 Less Item 16)*		0	1,808,723,456	1,808,723,456
18 MCIT *(2% of Gross Income in Item 7)*			0	0
19 Total Income Tax Due / (Overpayment) *(Item 19B = Item 17B) (Item 19C = Normal Income Tax in Item 15C OR MCIT in Item 18C, whichever is higher) (Item 19D = Sum of Items 19B and 19C) (Item 19D to Part II Item 14)*		0	1,808,723,456	1,808,723,456

Schedule 3 - Tax Credits/Payments *(attach proof)*

20 Prior Year's Excess Credits Other Than MCIT	0	0	1,589,965,221	1,589,965,221
21 Income Tax Payments under MCIT from Previous Quarter/s			0	0
22 Income Tax Payment under Regular Rate from Previous Qtr/s	0	0	0	0
23 Excess MCIT Applied this Current Taxable Year *(From Schedule 9 Item 4)*			152,572,612	152,572,612
24 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0	0	372,754,700	372,754,700
25 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0	0	108,422,261	108,422,261
26 Foreign Tax Credits, if applicable	0	0	0	0
27 Tax Paid in Return Previously Filed, if this is an Amended Return	0	0	0	0
28 Income Tax Payments under Special Rate from Previous Quarter/s	0	0	0	0
29 Special Tax Credits *(To Part IV-Schedule 4 Item 6)*	0	0	0	0
Other Credits/Payments (Specify Below):				
30	0	0	0	0
31	0	0	0	0
32 Total Tax Credits/Payments *(Sum of Items 20 to 31) (Item 32D to Part II Item 15)*	0	0	2,223,714,794	2,223,714,794
33 Net Tax Payable / (Overpayment) *(Item 19 Less Item 32) (Item 33D to Part II Item 16)*	0	0	(414,991,338)	(414,991,338)

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Page 3

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

1702-MX 01/18ENCS P3

Taxpayer Identification Number (TIN)	Registered Name
000 - 533 - 224 - 000	FILINVEST LAND INC

Schedule 4 - Tax Relief Availment

Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Regular Income Tax Otherwise Due (Item 13A/B of Part IV-Schedule 2 X applicable regular income tax rate)	21,498,978	0		21,498,978
2 Special Allowable Itemized Deductions *(Item 9A/B/C of Part IV-Sched 2 X applicable regular income tax rate)*	0	0	0	0
3 Sub-Total - Tax Relief *(Sum of Items 1 and 2)*	21,498,978	0	0	21,498,978
4 Less: Income Tax Due (From Part IV-Schedule 2 item 15B)	0	0		0
5 Tax Relief Availment before Special Tax Credit (Item 3 Less Item 4)	21,498,978	0	0	21,498,978
6 Add: Special Tax Credits, *if any (From Part IV-Schedule 3 Item 29)*	0	0	0	0
7 Total Tax Relief Availment (Sum of Items 5 & 6)	21,498,978	0	0	21,498,978

Schedule 5 - Ordinary Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*

If with only one activity, fill-out the applicable columns below: if with two or more activities, amount for each expense shall come from all of Part V-Schedule D)

1 Amortizations	0	0	0	0
2 Bad Debts	0	0	0	0
3 Charitable and Other Contributions	0	0	500,000	500,000
4 Depletion	0	0	0	0
5 Depreciation	1,216,877	0	1,295,069,584	1,296,286,461
6 Entertainment, Amusement, and Recreation	38,461	0	69,329,483	69,367,944
7 Fringe Benefits	0	0	0	0
8 Interest	37,988,777	0	4,832,760,606	4,870,749,383
9 Losses	0	0	0	0
10 Pension Trusts	0	0	0	0
11 Rental	0	0	57,753,853	57,753,853
12 Research and Development	0	0	0	0
13 Salaries, Wages and Allowances	55,432,335	0	666,029,075	721,461,410
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0	0	0	0
15 Taxes and Licenses	1,362,713	0	390,779,539	392,142,252
16 Transportation and Travels	342,023	0	68,071,356	68,413,379
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Attach additional sheet(s), if necessary]*				
a Janitorial and Messengerial Services	0	0	29,492,096	29,492,096
b Professional Fees	211,923	0	204,921,927	205,133,850
c Security Services	0	0	0	0
d OTHERS	26,056,313	0	1,901,527,393	1,927,583,706
e	0	0	0	0
f	0	0	0	0
g	0	0	0	0
h	0	0	0	0
i	0	0	0	0
18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17i) *(To Part IV-Schedule 2 Item 8)*	122,649,422	0	9,516,234,912	9,638,884,334

Schedule 6 – Special Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*

If with only one activity, fill-out the applicable columns below: if with two or more activities, amount for each expense shall come from all of Part V-Schedule E)

Description	Legal Basis	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1		0	0	0	0
2		0	0	0	0
3		0	0	0	0
4		0	0	0	0
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) *(To Part IV-Schedule 2 Item 9)*		0	0	0	0

Schedule 7 - Computation of Net Operating Loss Carry Over (NOLCO) for Regular Rate *(Attach Additional Sheet/s, if necessary)*

1 Gross Income *(From Part IV-Schedule 2 Item 7C)*	0
2 Less: Ordinary Allowable Itemized Deductions *(From Part IV-Schedule 2 Item 8C)*	0
3 Net Operating Loss *(Item 1 Less Item 2) (To Part IV-Schedule 7.1, Item 7A)*	0

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Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

1702-MX 01/18ENCS P4

Taxpayer Identification Number (TIN)	Registered Name
000 - 533 - 224 - 000	FILINVEST LAND INC

Schedule 7.1 - Computation of Available Net Operating Loss Carry Over (NOLCO) for Regular Rate *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Net Operating Loss		B. NOLCO Applied Previous Year/s	C. NOLCO Expired	D. NOLCO Applied Current Year	E. Net Operating Loss (Unapplied) [(E) = A - (B+C+D)]
	Year Incurred	A. Amount				
4	2024	932,862,098	0	0	932,862,098	0
5		0	0	0	0	0
6		0	0	0	0	0
7		0	0	0	0	0
8	Total NOLCO (Sum of Items 4D to 7D) *(To Part IV-Schedule 2 Item 10C)*				932,862,098	

Schedule 8 - Computation of Net Operating Loss Carry Over (NOLCO) for Special Rate (except those availing fiscal incentives) *(Attach Additional Sheet/s, if necessary)*

1 Gross Income *(From Part IV-Schedule 2 Item 7B)*	0
2 Less: Ordinary Allowable Itemized Deductions *(From Part IV-Schedule 2 Item 8B)*	0
3 Net Operating Loss *(Item 1 Less Item 2)* *(To Part IV-Schedule 8.1 Item 7A)*	0

Schedule 8.1 - Computation of Available Net Operating Loss Carry Over (NOLCO) for Special Rate *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Net Operating Loss		B. NOLCO Applied Previous Year/s	C. NOLCO Expired	D. NOLCO Applied Current Year	E. Net Operating Loss (Unapplied) [(E) = A - (B+C+D)]
	Year Incurred	A. Amount				
4		0	0	0	0	0
5		0	0	0	0	0
6		0	0	0	0	0
7		0	0	0	0	0
8	Total NOLCO (Sum of Items 4D to 7D) *(To Part IV-Schedule 2 Item 10B)*				0	

Schedule 9 - Computation of Minimum Corporate Income Tax (MCIT)

	Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	2024	0	152,572,612	152,572,612
2		0	0	0
3		0	0	0

Continuation of Schedule 9 *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used for Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	152,572,612	0
2	0	0	0	0
3	0	0	0	0
4	Total Excess MCIT Applied *(Sum of Items 1F to 3F)* *(To Part IV-Schedule 3 Item 23)*		152,572,612	

Schedule 10 - Reconciliation of Net Income per Books Against Taxable Income *(Attach additional sheet/s, if necessary)*

Particulars	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Net Income (Loss) per Books	8,662,488	0	8,991,031,533	8,999,694,021
Add: Non-deductible Expenses/Taxable Other Income *(specify below)*				
2 UNREALIZED GP	77,333,425	0	3,255,249,971	3,332,583,396
3	0	0	0	0
4 Total (Sum of Items 1 to 3)	77,333,425	0	3,255,249,971	3,332,583,396
Less: A) Non-Taxable Income and Income Subjected to Final Tax *(specify below)*				
5 DIVIDEND INCOME	0	0	1,786,312,529	1,786,312,529
6 VARIOUS	0	0	3,225,075,153	3,225,075,153
B) Special Deductions *(specify below)*				
7	0	0	0	0
8	0	0	0	0
9 Total (Sum of Items 5 to 8)	0	0	5,011,387,682	5,011,387,682
10 Net Taxable Income (Loss) *(Item 4 Less Item 9)*	85,995,913	0	7,234,893,822	7,320,889,735

FILINVEST
LAND, INC.

79 EDSA, Highway Hills, Mandaluyong City, Metro Manila 1550, Philippines
Trunk line: (632) 7918-8188 • Customer hotline: (632) 8588-1688 • Fax number: (632) 7918-8189

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FILINVEST LAND, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2025 and 2024**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditor, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JONATHAN T. GOTIANUN
Chairman of the Board

Name	Competent evidence of Identity	Issue Date	Expiry Date	Place issued
Jonathan T. Gotianun	Passport no. P5509919A	03-Jan-18	02-Jan-28	DFA Manila
Tristaneil D. Las Marias	Passport no. P8266253B	24-Nov-21	23-Nov-31	DFA Manila
Ana Venus A. Mejia	Passport no. P3387436B	30-Sep-19	29-Sep-29	DFA/NCR East

TRISTANEIL D. LAS MARIAS
President/CEO

ANA VENUS A. MEJIA
EVP - Treasurer & CFO and COO

SUBSCRIBED AND SWORN to before me this FEB 16 2026 day _____, of _____ at Makati City, affiant exhibited to ID No. _____

Signed this ___ day of _____, 2026

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2026
IBP No. 05729-Lifetime Member
MCLE Compliance No. VIII-0040999
valid until April 14, 2028
Appointment No. M-007 (2025-2026)
PTR No. 10765528 Jan. 3, 2026/ Makati
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Doc. No. 213
Page No. 44
Book No. V
Series of 2026

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	7	0	9	5	7					

COMPANY NAME

F	I	L	I	N	V	E	S	T		L	A	N	D	,		I	N	C	.																						

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

F	i	l	i	n	v	e	s	t		B	u	i	l	d	i	n	g	,		7	9		E	D	S	A	,		B
r	g	y	.		H	i	g	h	w	a	y		H	i	l	l	s	,		M	a	n	d	a	l	u	y	o	n
g		C	i	t	y																								

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	S E C	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	7918-8188	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,550	Every 2nd to the last Friday of April Each Year	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	7918-8188	

CONTACT PERSON's ADDRESS

79 EDSA, Brgy. Highway Hills, Mandaluyong City

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filinvest Land, Inc.
Filinvest Building, 79 EDSA,
Brgy. Highway Hills, Mandaluyong City

Opinion

We have audited the accompanying parent company financial statements of Filinvest Land, Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2025 and 2024, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the parent company financial statements of public interest entities in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these parent company financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

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

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

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

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulation 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of the Filinvest Land, Inc. in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to parent company financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Wanessa G. Salvador.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 118546-SEC (Group A)
Valid to cover audit of 2019 to 2023 financial statements,
with extension up to audit of 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-137-2026, January 23, 2026, valid until January 22, 2029
PTR No. 10765124, January 2, 2026, Makati City

February 16, 2026

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands of Pesos)

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 20)	**₱3,197,717**	₱1,979,529
Contract receivables (Notes 5 and 7)	**1,703,345**	2,178,282
Contract assets (Note 5)	**6,403,891**	5,770,069
Other receivables (Notes 8 and 20)	**1,978,340**	1,402,749
Real estate inventories (Note 9)	**71,587,465**	67,543,008
Other current assets (Note 5 and 10)	**4,993,451**	7,069,494
Total Current Assets	**89,864,209**	85,943,131
Noncurrent Assets		
Contract assets - net of current portion (Note 5)	**3,815,001**	2,648,397
Investments and advances in subsidiaries and associates (Notes 2, 11 and 20)	**33,120,765**	25,589,320
Investment properties (Note 12)	**72,274,041**	61,670,853
Property and equipment (Note 13)	**2,502,053**	2,556,176
Build-transfer-operate (BTO) rights (Note 15)	**5,733,416**	5,201,460
Other noncurrent assets (Note 16)	**1,786,673**	2,343,708
Total Noncurrent Assets	**119,231,949**	100,009,914
TOTAL ASSETS	**₱209,096,158**	₱185,953,045
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 17)	**₱8,778,449**	₱9,291,169
Contract liabilities (Note 5)	**477,242**	586,257
Current portion of lease liabilities (Note 14)	**402,917**	175,650
Due to related parties (Note 20)	**229,032**	238,355
Current portion of loans payable (Notes 18 and 27)	**14,718,334**	6,330,910
Current portion of bonds payable (Notes 19 and 27)	**1,752,262**	14,815,659
Total Current Liabilities	**26,358,236**	31,438,000
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 18 and 27)	**27,177,568**	27,274,646
Bonds payable - net of current portion (Notes 19 and 27)	**31,165,067**	21,040,928
Contract liabilities - net of current portion (Note 5)	**46,070**	22,249
Lease liabilities - net of current portion (Note 14)	**16,076,194**	4,959,256
Net retirement liabilities (Note 26)	**362,901**	372,966
Deferred income tax liabilities - net (Note 28)	**4,128,225**	4,995,997
Accounts payable and accrued expenses - net of current portion (Note 17)	**7,581,764**	6,765,592
Total Noncurrent Liabilities	**86,537,789**	65,431,634
Total Liabilities	**112,896,025**	96,869,634

(Forward)

	December 31	
	2025	2024
Equity		
Common stock (Note 27)	**₱24,470,708**	₱24,470,708
Preferred stock (Note 27)	**80,000**	80,000
Additional paid-in capital	**5,612,321**	5,612,321
Treasury stock (Note 27)	**(2,078,084)**	(2,078,084)
Retained earnings (Note 27)		
Unappropriated	**34,091,539**	36,213,611
Appropriated	**34,035,003**	24,813,773
Remeasurement losses on retirement plan (Note 26)	**(8,735)**	(26,299)
Revaluation reserve on financial assets at fair value through other comprehensive income	**(2,619)**	(2,619)
Total Equity	**96,200,133**	89,083,411
TOTAL LIABILITIES AND EQUITY	**₱209,096,158**	₱185,953,045

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2025	2024
REVENUE		
Real estate sales (Note 5)	**₱15,892,678**	₱15,328,275
Rental services (Notes 5, 12, 14 and 15)	**3,818,714**	3,486,260
	19,711,392	18,814,535
OTHER INCOME		
Gain on property-for-share swap (Notes 11 and 20)	**3,983,131**	–
Dividend income (Notes 11 and 20)	**1,786,313**	1,506,886
Interest income (Notes 6, 7, 20 and 24)	**288,571**	232,581
Gain on voluntary tender offer (Note 11 and 27)	**–**	1,031,853
Others (Notes 20 and 25)	**281,314**	297,664
	26,050,721	21,883,519
COSTS		
Real estate sales (Note 9)	**7,673,203**	7,351,968
Rental services (Notes 12, 15 and 21)	**1,920,307**	1,654,149
OPERATING EXPENSES		
General and administrative expenses (Note 22)	**2,580,233**	2,331,081
Selling and marketing expenses (Note 23)	**1,276,301**	1,469,605
INTEREST AND OTHER FINANCE CHARGES (Notes 18, 19 and 24)	**3,595,782**	2,706,779
	17,045,826	15,513,582
INCOME BEFORE INCOME TAX	**9,004,895**	6,369,937
PROVISION FOR INCOME TAX (Note 28)	**782,549**	953,212
NET INCOME	**₱8,222,346**	₱5,416,725

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2025	2024
NET INCOME	**₱8,222,346**	₱5,416,725
OTHER COMPREHENSIVE LOSS		
Other comprehensive gain (loss) not to be reclassified to profit or loss		
Remeasurement gain (loss) on retirement plan, net of tax (Note 26)	**17,564**	(42,752)
TOTAL COMPREHENSIVE INCOME	**₱8,239,910**	₱5,373,973

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

	Common Stock (Note 27)	Preferred Stock (Note 27)	Additional Paid-in Capital	Treasury Stock (Note 27)	Unappropriated Retained Earnings (Note 27)	Appropriated Retained Earnings (Note 27)	Remeasurement Gains (Losses) on Retirement Plan (Note 26)	Revaluation Reserve on Financial Assets at FVOCI (Note 16)	Total
					For the Year Ended December 31, 2025				
Balances as at January 1, 2025	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱2,078,084)**	**₱36,213,611**	**₱24,813,773**	**(₱26,299)**	**(₱2,619)**	**₱89,083,411**
Net income	**–**	**–**	**–**	**–**	**8,222,346**	**–**	**–**	**–**	**8,222,346**
Other comprehensive gain	**–**	**–**	**–**	**–**	**–**	**–**	**17,564**	**–**	**17,564**
Total comprehensive income	**–**	**–**	**–**	**–**	**8,222,346**	**–**	**17,564**	**–**	**8,239,910**
Reversal of appropriation (Note 27)	**–**	**–**	**–**	**–**	**1,866,000**	**(1,866,000)**	**–**	**–**	**–**
Appropriation during the year (Note 27)	**–**	**–**	**–**	**–**	**(11,087,230)**	**11,087,230**	**–**	**–**	**–**
Dividends (Note 27)	**–**	**–**	**–**	**–**	**(1,123,188)**	**–**	**–**	**–**	**(1,123,188)**
Balances as of December 31, 2025	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱2,078,084)**	**₱34,091,539**	**₱34,035,003**	**(₱8,735)**	**(₱2,619)**	**₱96,200,133**
					For the Year Ended December 31, 2024				
Balances as at January 1, 2024	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱51,827,147	₱5,000,000	₱16,453	(₱2,619)	₱86,782,969
Net income	–	–	–	–	5,416,725	–	–	–	5,416,725
Other comprehensive loss	–	–	–	–	–	–	(42,752)	–	(42,752)
Total comprehensive income	–	–	–	–	5,416,725	–	(42,752)	–	5,373,973
Reversal of appropriation (Note 27)	–	–	–	–	5,000,000	(5,000,000)	–	–	–
Appropriations during the year (Note 27)	–	–	–	–	(24,813,773)	24,813,773	–	–	–
Increase in treasury stock (Note 27)	–	–	–	(1,857,043)	–	–	–	–	(1,857,043)
Dividends (Note 27)	–	–	–	–	(1,216,488)	–	–	–	(1,216,488)
Balances as of December 31, 2024	₱24,470,708	₱80,000	₱5,612,321	(₱2,078,084)	₱36,213,611	₱24,813,773	(₱26,299)	(₱2,619)	₱89,083,411

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF CASH FLOWS

(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱9,004,895**	₱6,369,937
Adjustments for:		
Interest expense and amortization of transaction cost (Notes 18, 19 and 24)	**3,594,920**	2,627,490
Depreciation and amortization (Notes 12, 13, and 15)	**1,662,733**	1,311,622
Pension expense, net of contribution and benefits paid (Note 26)	**59,936**	(13,915)
Interest income (Note 24)	**(288,571)**	(232,581)
Gain on property-for-share swap (Notes 11 and 33)	**(3,983,131)**	–
Dividend income (Note 11 and 20)	**(1,786,313)**	(1,506,886)
Gain on voluntary tender offer (Note 27)	–	(1,031,853)
Operating income before changes in operating assets and liabilities	**8,264,469**	7,523,814
Changes in operating assets and liabilities		
Decrease (increase) in:		
Contract receivables	**474,937**	(340,453)
Contract assets	**(1,800,426)**	1,361,205
Other receivables	**(575,591)**	29,698
Real estate inventories	**(2,776,461)**	(3,662,669)
Other assets	**2,633,078**	(1,656,096)
Increase (decrease) in:		
Accounts payable and accrued expenses	**(771,739)**	466,473
Due to related parties (Notes 20 and 30)	**(9,323)**	93,595
Contract liabilities	**(85,194)**	(333,845)
Net cash generated from operations	**5,353,750**	3,481,722
Income taxes paid, including creditable withholding taxes	**(1,961,321)**	(152,593)
Interest received	**288,571**	232,581
Net cash provided by operating activities	**3,681,000**	3,561,710
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment properties and property and equipment (Notes 12 and 13)	**(1,123,239)**	(2,470,360)
BTO rights (Note 15)	**(500,988)**	(107,751)
Proceeds from disposal of property and equipment (Note 13)	**1,704**	–
Increase in investments and advances in subsidiaries and associates (Note 11)	**(1,271,333)**	(2,564,076)
Cash dividends received (Note 11 and 20)	**1,786,313**	1,506,886
Net cash used in investing activities	**(1,107,543)**	(3,635,301)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of:		
Loans payable (Notes 18 and 30)	**16,650,000**	31,020,000
Bonds payable (Note 19)	**12,000,000**	–
Payments of:		
Lease liabilities (Note 14)	**(640,801)**	(302,289)
Loans payable (Note 18)	**(8,323,970)**	(24,752,379)
Bonds payable (Note 19)	**(14,925,000)**	(1,700,000)
Interest and transaction costs	**(4,992,310)**	(4,193,110)
Cash dividend (Notes 27 and 30)	**(1,123,188)**	(1,216,488)
Net cash used in financing activities	**(1,355,269)**	(1,144,266)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,218,188**	(1,217,857)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,979,529**	3,197,386
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱3,197,717**	₱1,979,529

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Filinvest Land, Inc. (the Parent Company or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and is domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989 and later changed to its present name on July 12, 1993. The Parent Company offers a range of real estate products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects and condominium buildings. The Parent Company also leases out commercial spaces in a mall in Muntinlupa City, Cavite and Cebu City.

The Parent Company is a subsidiary of Filinvest Development Corporation (FDC), a publicly listed entity. A.L. Gotianun, Inc. (ALG) is its ultimate parent company. FDC and ALG were incorporated in the Philippines.

The Parent Company's registered business address is at Filinvest Building, 79 E. Delos Santos Ave. (EDSA), Brgy. Highway Hills, Mandaluyong City.

Approval of the Parent Company Financial Statements
The parent company financial statements were approved and authorized for issue by the Board of Directors (BOD) on February 16, 2026.

2. Material Accounting Policy Information

Basis of Preparation
The parent company financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The parent company financial statements are presented in Philippine Peso (₱), which is also the functional currency of the Parent Company. Amounts are in thousand ₱ except as otherwise indicated.

The parent company financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The parent company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

New Standards, Interpretations and Amendments
The accounting policies adopted in the preparation of the parent company financial statements are consistent with those of the previous financial years, except for the adoption of new standards effective in 2025. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Parent Company.

Amendments to PAS 21, *Lack of exchangeability*

- The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.
- The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Standards Issues but not yet Effective

Pronouncements issued but not yet effective are listed below. The Parent Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the parent company financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosure about Uncertainties in the Financial Statements*

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

  The amendments are not expected to have a material impact on the Parent Company's accounting of financial instruments.

- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards—Volume 11
- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
- Amendments to PFRS 7, *Gain or Loss on Derecognition*
- Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
- Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1, *Presentation of Financial Statements*, and responds to investors' demand for better information about companies' financial performance. The new requirements include:

  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

  The Parent Company is currently assessing the impact of adopting PFRS 18 in its financial reporting, including its data collection process.

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*

Material Accounting Policies

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.

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

The Parent Company 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.

All assets and liabilities for which fair value is measured or disclosed in the parent company 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 parent company financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments *(Date of recognition)*
Financial assets and liabilities are recognized in the parent company statement of financial position when, and only when, the Parent Company becomes a party to the contractual provisions of the instrument.

Recognition and Measurement of Financial Instruments
Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient, the Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

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

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

As of December 31, 2025 and 2024, the Parent Company's financial assets comprise of financial assets at amortized cost and financial assets at FVOCI.

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL



Financial assets at amortized cost
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 Parent Company classified cash and cash equivalents, contract receivables, other receivables, short-term deposits (included in other current assets) and investment in bonds as financial assets at amortized cost (see Note 29).

Financial assets at FVOCI (equity instruments)
At initial recognition, the Parent Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in "Revaluation reserve on financial assets at FVOCI" in the parent company statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in "Revaluation reserve on financial assets at FVOCI" is not reclassified to profit or loss, but is reclassified to Retained earnings.

Included under this category are the Parent Company's investments in quoted and unquoted shares of stocks (see Note 16).

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, 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.

Subsequent measurement
Loans and borrowings (financial liabilities at amortized cost) is the category most relevant to the Parent Company. 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 parent company statement of income.

As of December 31, 2025 and 2024, loans and borrowings consist primarily of lease liabilities, accounts payable and accrued expenses, loans payable, bonds payable and due to related parties (see Notes 14, 17, 18, 19 and 20).

Impairment of Financial Assets and Contract Assets
The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate.

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.

The Parent Company applies a simplified approach in calculating ECLs for financial assets at amortized costs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix for other receivables and a vintage analysis for contract receivables and contract assets that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Parent Company considers a financial asset in default when contractual payments are ninety (90) days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

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

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset is derecognized when:

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

Where the Parent Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company's continuing involvement in the asset. 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 Parent Company could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.

Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the parent company statement of income.

Real Estate Inventories

Lots, condominium and residential units for sale

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition costs and expenses directly related to acquisition
- Amounts paid to contractors for development and construction
- Planning and design costs, cost of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

In case of sales cancellation, the Parent Company can repossess the properties and hold it for sale in the ordinary course of business at the prevailing market price. The repossessed properties are accounted for as inventories and recognized at its fair value less cost to repossess at the time of cancellation.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventory recognized in parent company statement of income on disposal is determined with reference to the specific costs incurred on the property sold, including an allocation of any non-specific costs based on the relative size of the property sold.

Land and land development

Land and land development consists of properties with ongoing development that are intended for real estate projects for sale that are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Parent Company such as transfer taxes and registration fees, (c) costs incurred on initial development of the raw land in preparation for future projects and (d) borrowing costs. These are transferred to lots, condominium and residential units for sale under "Real estate inventories" when the project plans, development and construction estimates are completed and the necessary permits are secured.

Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are accounted for using the cost method less accumulated provisions for impairment losses in the parent company financial statements.

The Parent Company's investment in subsidiaries and associates, nature of business and the related percentages of ownership as at December 31, 2025 and 2024 are as follows:

Entity Name	**Nature of Business**	**2025**	2024
Subsidiaries			
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100.0%**	100.0%
FCGC Corporation (FCGCC)	Real estate developer	**100.0%**	100.0%
Filinvest BCDA Clark, Inc. (FBCI)[1]	Real estate developer	**55.0%**	55.0%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate developer	**100.0%**	100.0%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	**100.0%**	100.0%
SJR Developers, Inc. (SDI)	Real estate developer	**100.0%**	100.0%
Niyog Property Holdings, Inc. (NPHI)[2]	Real estate developer	**100.0%**	100.0%

(Forward)

Entity Name	Nature of Business	2025	2024
Cajel Realty Corporation (CRC)[2]	Real estate developer	**100.0%**	100.0%
Crystal Ball Realty & Management, Inc. (CBRM)[3]	Real estate developer	**100.0%**	100.0%
Cloverleaf Holdings Corporation (CHC)[3]	Real estate developer	**100.0%**	100.0%
Filinvest REIT Corp. (FILRT)[4]	Leasing	**63.3%**	51.1%
Filinvest Asia Corporation (FAC)	Leasing	**60.0%**	60.0%
Filinvest Cyberparks, Inc. (FCI)	Leasing	**100.0%**	100.0%
Filinvest Clark Mimosa, Inc. (FCMI)	Leasing	**100.0%**	100.0%
Festival Supermall, Inc. (FSI)	Property management	**100.0%**	100.0%
Filinvest Lifemalls Corporation (FLC)	Property management	**100.0%**	100.0%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	**100.0%**	100.0%
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	**100.0%**	100.0%
ProOffice Work Services, Inc. (ProOffice)	Property management	**100.0%**	100.0%
Property Specialist Resources, Inc. (Prosper)	Property management	**100.0%**	100.0%
Co-Living Pro Managers Corp. (CPMC)	Property management	**100.0%**	100.0%
FSM Cinemas, Inc. (FSM Cinemas)[5]	Theater operator	**60.0%**	60.0%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	**60.0%**	60.0%
Timberland Sports and Nature Club, Inc. (TSNC)	Recreational sports and nature club	**98.0%**	98.0%
Nature Specialists, Inc. (NSI)	Recreational sports and nature club	**75.0%**	75.0%
Leisurepro, Inc. (Leisurepro)	Marketing	**100.0%**	100.0%
Proleads Philippines, Inc. (PPI)	Marketing	**100.0%**	100.0%
Property Leaders International Limited (PLIL)	Marketing	**100.0%**	100.0%
Property Maximizer Professional Corp. (Promax)	Marketing	**100.0%**	100.0%
Realpros Philippines, Inc. (RPI)	Marketing	**100.0%**	100.0%
FREIT Fund Managers, Inc. (FFMI)	Fund manager	**100.0%**	100.0%
OurSpace Solutions, Inc. (OSI)[6]	Coworking spaces	**70.0%**	70.0%
Associates			
Filinvest Alabang, Inc. (FAI)	Real estate developer and leasing	**20.0%**	20.0%
Dreambuilders Pro, Inc. (DPI)	Construction management	**45.0%**	45.0%
Filinvest Business Services Corporation (FBSC)	Business process outsourcing	**30.0%**	30.0%
Filinvest Mimosa, Inc. (FMI)	Leasing	**47.5%**	47.5%
Pro-Excel Property Managers, Inc. (Pro-Excel)	Property management	**47.5%**	47.5%
SharePro, Inc. (SPI)	Management service	**45.0%**	45.0%
ProActive Professionals Corp. (ProActive)	Business process outsourcing	**40.0%**	40.0%

1. *FBCI is owned indirectly through FCGCC.*
2. *NPHI and CRC were acquired in 2023 through a share purchase agreement with Rizal Commercial Banking Corporation.*
3. *CBRM and CHC were acquired in previous years and were accounted for as asset acquisitions and not as business combination. Acquisition cost amounted to ₱80.06 million and ₱39.59 million for CBRM and CHC, respectively.*
4. *FLI's ownership interest in FILRT was reduced to 51.10% in 2024 mainly as a result of FLI's voluntary tender offer (see Note 27). In 2025, FLI's ownership interest in FILRT increased to 63.30%, through a tax-free property-for-share swap (see Notes 11 and 12).*
5. *FSM Cinemas is owned indirectly through FSI.*
6. *On August 2, 2023, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI, resulting to FLI's 70.00% ownership in OSI.*

Investment Properties

Investment properties consist of commercial mall, land and other properties that are held for long term rental yields and capital appreciation and land held with undetermined future use. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any.

Constructions-in-progress are carried at cost (including borrowing costs) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete.

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

Investment properties built on rented properties are depreciated over their estimated useful lives or lease term, whichever is shorter.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives (EUL) of these assets as follows:

	Years
Buildings and improvement	20-50
Machinery and equipment	5-15

The EUL and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognized in the parent company statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost.

Construction-in-progress is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for operational use.



Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the EUL of the assets, as follows:

	Years
Buildings	20-50
Machinery and equipment	5
Transportation equipment	5
Furniture and fixtures	3-5

Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease term, whichever is shorter.
The useful life and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, is removed from the account. Any gain or loss arising from derecognition of the asset is included in the parent company statement of income in the year the asset is derecognized.

Intangible Assets
Intangible assets include BTO rights (including the related right-of-use asset). Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination or contracted arrangements is their fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill, are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives (i.e., BTO rights and developmental rights) are amortized over the economic useful life (i.e., 25 years) and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the parent company statement of income.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the parent company statement of income when the asset is derecognized.

Other Assets
Other current and noncurrent assets are carried at cost and pertain to resources controlled by the Parent Company as a result of past events and from which future economic benefits are expected to flow to the Parent Company.

Value-added Tax (VAT)
Revenues, expenses, and assets 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 parent company statement 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 parent company statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable and payable from the taxation authority is included as part of "Other current assets" and "Accounts payable and accrued expenses", respectively, in the parent company statement of financial position.

Impairment of Nonfinancial Assets
The carrying values of investment and advances in subsidiaries and associates, property and equipment, investment properties and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost of disposal and value-in-use. 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 assessment of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the parent company statement of income.

For nonfinancial assets, 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 Parent Company estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 the parent company statement of income.

Revenue Recognition
Revenue from Contract with Customers
The Parent Company primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. 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 Parent Company expects to be entitled in exchange for those goods or services. The Parent Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, air-conditioning and common usage service area (CUSA) in its mall retail spaces and office leasing activities, wherein it is acting as agent.



The Parent Company recognizes the difference between the consideration received from the customer and the transferred goods to the customer as contract asset in the parent company statement of financial position.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales
The Parent Company derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Parent Company's performance does not create an asset with an alternative use and the Parent Company has an enforceable right to payment for performance completed to date.

Starting January 1, 2024, in determining the transaction price, the Parent Company considers whether the selling price of the real estate property includes significant financing component.

In measuring the progress of its performance obligation over time, the Parent Company uses output method. The Parent Company 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 project accomplishment reports prepared by the third party project managers for high-rise real estate developments and internal project engineers for mid-rise real estate development. The project technical head integrates, reviews and approves the surveys of performance to date of the construction activities of subcontractors.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables is included in the "contract assets" account in the asset section of the parent company statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the parent company statement of financial position.

In case of sales cancellation, the difference between the fair value of the repossessed property less cost to repossess and the outstanding receivable and related accounts at the time of cancellation is recognized in profit or loss.

CUSA charges and air conditioning dues (included as part of 'Rental services')
CUSA charges are recognized when the related services are rendered. The Parent Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, and electricity in its office leasing activities, wherein it is acting as agent. Income from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant and are presented gross of related cost and expenses.

Other dues
For the administration fees, electricity and water usage, the Parent Company determined that it is acting as an agent because the promise of the Parent Company to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Parent Company, are primarily responsible for the provisioning of the utilities while the Parent Company administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.



Theater and parking sales and snack bar sales (included as part of 'Rental services')
Revenue from theater and parking sales is recognized over time using output method when theater services are rendered. Revenue from snack bar sales is recognized at a point in time when goods are actually sold to customers.

Cost of real estate sales
The Parent Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, 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 costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Parent Company recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances
Contract receivables
A receivable represents the Parent Company'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).

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Parent Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Parent Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Parent Company transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Parent Company performs under the contract.

The contract liabilities also include payments received by the Parent Company from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract (Commission expenses)
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Parent Company expects to recover them. The Parent Company 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 marketing expenses" account in the parent company statement of 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 Parent Company firstly 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 Parent Company applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the 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) the costs are expected to be recovered. The assessment of these criteria requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Parent Company's contract fulfillment assets pertain to land acquisition costs.

Amortization, derecognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract
The Parent Company amortizes contract fulfillment assets and capitalized costs to obtain a contract over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization of contract fulfillment assets and cost to obtain a contract is included within "Cost of real estate sales" and "Selling and marketing expenses", respectively.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either 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 Parent Company determines whether there is an indication that the contract fulfillment asset or capitalized cost to obtain a contract may be impaired. If such indication exists, the Parent Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Parent Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Parent Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgment is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, the judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Revenue and Income Recognition
Rental income
Rental income arising from investment properties is recognized in the parent company statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.



Income from forfeited reservations and collections
Income from forfeited reservations and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest Income
Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Other Income
Other income, including service fees, processing fees, management fees, is recognized when services are rendered and when goods are delivered.

Cost and Expense Recognition
Costs and expenses are recognized in the parent company statement of 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 parent company statement of income as incurred based on the amounts paid or payable.

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

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets an any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information.

The Parent Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.



Termination benefits
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs.

Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve (12) months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Borrowing Costs
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. These are capitalized if directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the parent company statement of financial position.

The interest capitalized is calculated using the Parent Company's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment of those borrowings.

For investment properties, interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

For "Land and land development" under real estate inventories, interest is capitalized if the properties are currently undertaking activities necessary to prepare the assets for its intended sales, including but not limited to pre-construction activities such as permitting, design, planning and actual land development activities and are not ready to be sold in its current condition.

Borrowings originally made to develop a specific qualifying asset are transferred to general borrowings (a) when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete, and (b) the entity chooses to use its funds on constructing other qualifying assets rather than repaying the loan.



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 sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

Foreign Currency-Denominated Transactions

The functional and presentation currency of the Parent Company is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.

Equity

Common and preferred stock

The Parent Company records common and preferred stock at par value and additional paid-in capital as the excess of the total contributions received over the aggregate par values of the equity shares.

The Parent Company considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. When any member of the Parent Company purchases its capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity.

Treasury stock

Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained earnings

Retained earnings represent accumulated earnings of the Parent Company, and any other adjustments to it as required by other standards, less dividends declared. Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury.

Dividends on common and preferred shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Income Tax

Current income tax

Current income 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 at the reporting date.

Deferred income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or 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 profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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. Income tax relating to items recognized directly in other comprehensive income is recognized in parent company statement of comprehensive income and not in the parent company statement of income.

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

Leases

The Parent Company 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.

Parent Company as lessor

Leases where the Parent Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight line basis over the lease term. 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.



Parent Company as Lessee
Except for short-term leases and lease of low-value assets, the Parent Company applies a single recognition and measurement approach for all leases. The Parent Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use-assets
The Parent Company 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.

The Parent Company classifies its right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned. Unless the Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Useful life of right-of-use on land ranges from twenty (20) to fifty (50) years.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

ii) Lease liabilities
At the commencement date of the lease, the Parent Company 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 Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company 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 Parent Company uses the incremental borrowing rate 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.

iii) Short-term leases and leases of low-value assets
The Parent Company applies the short-term lease recognition exemption to its short-term leases (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. 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.

Segment Reporting
The Parent Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Two (2) or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects: (a) the nature of the products and services; (b) the nature of the production processes; (c) the type or class of customer for their products and services; (d) the methods used to distribute their products or provide their services; and, (e) if applicable, the nature of the regulatory environment. The Parent Company's mall retail spaces and office leasing activities are treated as one segment. Financial information on business segments is presented in Note 4 to the parent company financial statements.

Provisions
A provision is recognized when the Parent Company 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. When the Parent Company expects part or all of provision to be reimbursed or recovered, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

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

3. Significant Accounting Judgments, Assumptions and Estimates

The preparation of the parent company financial statements, in accordance with PFRS Accounting Standards, requires management to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the parent company financial statements as they become reasonably determinable.

Estimates and judgments 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 Parent Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the parent company financial statements:

Real estate revenue recognition

a. Existence of a contract

The Parent Company's primary document for a contract with a customer is a signed contract to sell. It is determined, however, that in cases wherein contract to sell is not signed by both parties, the combination of its other signed documentation such as purchase application form and official receipts evidencing collections from buyer, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Parent Company before revenue recognition is to assess the probability that the Parent Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price.

b. Collectability

This is also assessed by considering factors such as historical experience with customers and pricing of the property. Management regularly evaluates the historical cancellations if it would still support its current threshold of customers' equity before commencing revenue recognition.

c. Revenue recognition method and measure of progress

The Parent Company concluded that revenue for real estate sales is to be recognized over time because (a) the Parent Company's performance does not create an asset with an alternative use and; (b) the Parent Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Parent Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

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

Evaluation of impairment on nonfinancial assets

The Parent Company reviews its investments and advances in subsidiaries and associates, property and equipment, investment properties, BTO rights and other assets (excluding short-term deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends.

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



The recoverable amount is the asset's fair value less cost of disposal, except for investments in associates, which have recoverable value determined using value-in-use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investments in associates. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

As of December 31, 2025 and 2024, management assessed that there are no impairment indicators on its nonfinancial assets that would lead to recognition of impairment losses.

Contingencies
In the normal course of business, the Parent Company is currently involved in various legal proceedings and assessments. The assessment of probability and estimate of the probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Parent Company currently does not believe these proceedings will have material or adverse effect on the Parent Company's financial position and results of operations (see Note 31).

Use of Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation and 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:

Revenue recognition and measure of progress for real estate sales
The Parent Company's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Parent Company's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of real estate project.

For the years ended December 31, 2025 and 2024, real estate sales amounted to ₱15.89 billion and ₱15.33 billion, respectively (see Note 5).

Determining transaction price of sale of real estate
The Parent Company determines whether a contract contains a significant financing component by considering (1) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (2) the effect of the expected length of time between when the entity transfer the promised goods or service to the customer and when the customer pays for those goods or services and the prevailing effective interest rate. The Parent Company applied practical expedient by not adjusting the effect of financing component when the period when the entity transfers a promised good or service to a customer and when the customer pays for the good or service will be one year or less.

For the years ended December 31, 2025 and 2024, financing component recognized on sale of real estate amounted to ₱170.09 million and ₱199.17 million, respectively (see Note 24).

Evaluation of impairment of contract receivables and contract assets
The Parent Company uses the vintage analysis to calculate ECLs for contract receivables and contract assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, market segment and collateral type).

The vintage analysis (the model) is initially based on the Parent Company's historical observed default rates. The Parent Company will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Parent Company's contract receivables and contract assets is disclosed in Note 7.

The carrying values of contract receivables and contract assets are as follows:

	2025	2024
	(In Thousands)	
Contract receivables (Note 7)	**₱1,703,345**	₱2,178,282
Contract assets (Note 5)	**10,218,892**	8,418,466

Estimating NRV of real estate inventories
The Parent Company adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether the selling prices of those inventories have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale has increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In evaluating NRV, recent market conditions and current market prices have been considered.

As of December 31, 2025 and 2024, the carrying amount of real estate inventories amounted to ₱71.59 billion and ₱67.54 billion, respectively (see Note 9). No impairment losses were recognized since the costs are lower than NRV for the years ended December 31, 2025 and 2024.

Recognition of deferred income tax assets
The Parent Company reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Parent Company will generate sufficient future taxable profit to allow all or part of its deferred tax assets to be utilized.

As of December 31, 2025 and 2024, the Parent Company recognized gross deferred tax assets amounting to ₱4.31 billion and ₱1.85 billion, respectively (see Note 28).

4. Segment Reporting

For management purposes, the Parent Company is organized into the following business units:

Real Estate
This involves the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects and condominium buildings.

Leasing
This involves the operations of commercial, offices and industrial spaces located in various cities and municipalities, namely, Muntinlupa, Cavite, Calamba, Makati, Quezon City, Mandaluyong, Dumaguete and Cebu.

Management monitors the operating results of each of its business units for purposes of resource allocation and performance assessment. Performance of each segment is evaluated based on profit or loss or net income.

The chief operating decision-maker of the Parent Company is the Executive Committee. The Executive Committee reviews internal reports in order to assess performance and allocate resources. Based on the reports, it is also able to determine both the operating and non-operating segments. Reporting by geographical segments does not apply as the Parent Company currently operates and revenues are earned in the Philippines only.

No operating segments have been aggregated to form the above reportable segments. Transfer prices between segments are based on rates agreed upon by the parties and have terms equivalent to transactions entered into with third parties.
For the years ended December 31, 2025 and 2024, there were no revenue transactions with a single external customer which accounted for ten percent (10.0%) or more of the total revenue from external customers.

The financial information about the financial position and results of operations of these business segments for the years ended December 31, 2025 and 2024 are summarized below.

	2025		
	Real Estate Operations	Leasing Operations	Total
		(In Thousands)	
Revenue	**₱15,892,678**	**₱3,818,714**	**₱19,711,392**
Net income	**₱4,542,367**	**₱3,679,979**	**₱8,222,346**
EBITDA	**₱8,130,892**	**₱6,132,518**	**₱14,263,410**
Segment assets	**₱117,447,668**	**₱91,648,490**	**₱209,096,158**
Segment liabilities	**₱73,885,986**	**₱39,010,039**	**₱112,896,025**
Less deferred tax liabilities – net	**4,550,991**	**(422,766)**	**4,128,225**
Net segment liabilities	**₱69,334,995**	**₱39,432,805**	**₱108,767,800**
Cash flows provided by (used in):			
Operating activities	**2,149,122**	**1,531,878**	**3,681,000**
Investing activities	**(510,785)**	**(596,758)**	**(1,107,543)**
Financing activities	**(869,148)**	**(486,121)**	**(1,355,269)**

	2024		
	Real Estate Operations	Leasing Operations	Total
		(In Thousands)	
Revenue	₱15,328,275	₱3,486,260	₱18,814,535
Net income	₱5,296,428	₱120,297	₱5,416,725
EBITDA	₱8,595,947	₱1,792,391	₱10,388,338
Segment assets	₱108,274,126	₱77,678,919	₱185,953,045
Segment liabilities	₱84,594,138	₱12,275,496	₱96,869,634
Less deferred tax liabilities - net	4,934,104	61,893	4,995,997
Net segment liabilities	₱79,660,034	₱12,213,603	₱91,873,637
Cash flows provided by (used in):			
Operating activities	2,699,094	862,616	3,561,710
Investing activities	(901,357)	(2,733,944)	(3,635,301)
Financing activities	(3,433,072)	2,288,806	(1,144,266)

The following table shows a reconciliation of the total earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA) to total income before income tax in the parent company statements of income for the year:

	2025	2024
	(In Thousands)	
EBITDA	**₱14,263,410**	₱10,388,338
Depreciation and amortization (Notes 12, 13 and 15)	**(1,662,733)**	(1,311,622)
Operating profit	**12,600,677**	9,076,716
Interest and other finance charges (Note 24)	**(3,595,782)**	(2,706,779)
Income before income tax	**₱9,004,895**	₱6,369,937

5. Revenue from Contracts with Customers

Disaggregated Revenue Information

The Parent Company's disaggregation of each sources of revenue from contracts with customers are presented below:

	2025	2024
	(In Thousands)	
Real estate sales by market segment		
Medium income	**₱11,345,218**	₱11,336,019
Low affordable and affordable	**2,763,988**	1,863,213
High-end and others	**1,117,637**	1,460,119
Socialized	**665,835**	668,924
	15,892,678	15,328,275
Tenant dues		
Mall operations	**475,408**	397,110
Office leasing	**202,760**	179,347
	678,168	576,457
Rental and related services		
Mall operations	**2,059,172**	1,816,107
Office leasing	**1,081,374**	1,093,696
	3,140,546	2,909,803
Total Revenue	**₱19,711,392**	₱18,814,535

As of December 31, 2025, contract balances is as follows:

	Current	**Noncurrent**	**Total**
		(In Thousands)	
Contract receivables	**₱1,703,345**	**₱–**	**1,703,345**
Contract asset	**6,403,891**	**3,815,001**	**10,218,892**
Contract liabilities	**477,242**	**46,070**	**523,312**

As of December 31, 2024, contract balances is as follows:

	Current	Noncurrent	Total
		(In Thousands)	
Contract receivables	₱2,178,282	₱–	₱2,178,282
Contract asset	5,770,069	2,648,397	8,418,466
Contract liabilities	586,257	22,249	608,506

Real estate sales contracts are collectible in monthly principal installments with varying periods within 2 to ten (10) years. Interest rates per annum range from 11.5% to 19.0%. Titles to the residential units sold transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration that was already delivered by the Parent Company in excess of the amount recognized as contract receivables. These are reclassified as contract receivables when monthly amortization of customer is due for collection.

In 2025 and 2024 , the Parent Company entered into an Agreement for Purchase of Contract Assets with local banks. The banks agreed to buy the contract assets on a without recourse basis, and the Parent Company agreed to sell, assign, transfer and convey to the bank all its rights, titles, and interest in and to the contract assets. In 2025 and 2024, total proceeds from these transactions equivalent to the carrying value of the contract assets sold amounted to ₱15.14 billion and ₱11.69 billion, respectively.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred based on percentage of completion. The movement in contract liability arise mainly from revenue recognition of completed performance obligations. The amount of revenue recognized in 2025 and 2024 from amounts included in contract liabilities at the beginning of the year amounted to ₱406.80 million and ₱450.27 million, respectively.

Performance Obligation

Information about the Parent Company's performance obligations are summarized below:

Real estate sales

The Parent Company entered into contracts to sell with one (1) identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover either the (a) lot; (b) house and lot or (c) condominium unit. There is one performance obligation in each of these contracts. The Parent Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the purchase application form and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include down payment of 20.00% to 30.00% of the contract price spread over a certain period (e.g., 1 to 2 years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from 2 to 10 years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results in either a contract asset or contract liability.

After the delivery of the completed real estate unit, the Parent Company provides 1 year warranty to repair minor defects on the delivered house and lot and condominium unit. This is assessed by the Parent Company as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2025 and 2024 amounted to ₱1.06 billion and ₱3.05 billion, respectively. Performance obligation for the transaction price amounting to ₱1.00 billion and ₱2.78 billion will be satisfied within 1 year as of December 31, 2025 and 2024, respectively.

The remaining performance obligations expected to be recognized within 1 year and in more than 1 year relate to the continuous development of the Parent Company's real estate projects. The Parent Company's mid-rise condominium units and high-rise condominium units are completed within three (3) and five (5) years, respectively, from start of construction while house and lots are expected to be completed within 12 months.

Rental agreements
The Parent Company entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space; (b) provisioning of water and electricity; (c) provision of air-conditioning and CUSA services presented as tenant dues; and (d) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within seven (7) to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3.00% to 36.00% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to 3 months and a security deposit equivalent to three 3 months rental to cover any breakages after the rental period, with the excess returned to the tenant.

Cost to Obtain Contracts and Contract Fulfillment Assets
As at December 31, the rollforward of the cost to obtain contract included in the other current assets is as follows:

	2025	2024
	(In Thousands)	
Balance at beginning of year	**₱290,616**	₱367,514
Additions	**475,087**	734,410
Amortization (Note 23)	**(662,346)**	(811,308)
Balance at end of year (Note 10)	**₱103,357**	₱290,616

For the years ended December 31, 2025 and 2024, additions to contract fulfillment costs amounted to ₱458.66 million and ₱732.07 million, respectively. Amortization of contract fulfillment costs amounted to ₱1.18 billion and ₱1.00 billion for the years ended December 31, 2025 and 2024, respectively, presented as part of selling and marketing expense in the parent company statement of income. Contract fulfillment assets is included as part of real estate inventories.

The Parent Company reviews its major contracts to identify indicators of impairment of contract fulfilment assets by comparing the carrying amount of the asset to the remaining amount of consideration that the Parent Company expects to receive less the costs that relate to providing services under the relevant contract.

In determining the estimated amount of consideration, the Parent Company used the same principles as it does to determine the contract transaction price.

In line with the Parent Company's accounting policy, as set out in Note 2, if a contract or specific performance obligation exhibited marginal profitability or other indicators of impairment, judgement was applied to ascertain whether or not the future economic benefits from these contracts were sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

6. Cash and Cash Equivalents

This account consists of:

	2025	2024
	(In Thousands)	
Cash	**₱2,115,508**	₱1,535,425
Cash equivalents	**1,082,209**	444,104
	₱3,197,717	₱1,979,529

Cash includes cash on hand and in banks. Cash in bank earns 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 3 months or less from dates of placement and are subject to an insignificant risk of change in value.

Interest income earned on the Parent Company's cash and cash equivalents amounted to ₱117.65 million and ₱32.36 million in 2025 and 2024, respectively (see Note 24).

There is no restriction on the Parent Company's cash and cash equivalents as at December 31, 2025 and 2024.

7. Contract Receivables

This account consists of:

	2025	2024
	(In Thousands)	
Contract receivables	**₱1,456,250**	₱1,932,985
Receivables from government and financial institutions	**247,095**	245,297
	₱1,703,345	₱2,178,282

Real estate sales contracts are collectible over varying periods within 2 to 10 years. The receivables arising from real estate sales are collateralized by the corresponding real estate properties sold. The Parent Company records any excess of progress work over the right to an amount of consideration that is unconditional (i.e., contract receivables) as contract assets (see Note 5).

Receivables from government and financial institutions pertain to government and bank-financed real estate sales. Receivables from government and financial institutions are collectible within 1 year.

Interest income recognized on contract receivables amounted to ₱170.09 million and ₱199.17 million in 2025 and 2024, respectively (see Note 24). Interest rates per annum on contract receivables range from 11.50% to 19.00% for these years.

The Parent Company has a mortgage insurance contract with Philippine Guarantee Corporation (PhilGuarantee), a government insurance company for a retail guaranty line. As of December 31, 2025 and 2024, the contracts (comprise of both contract receivables and contract assets) covered by the guaranty line amounted to ₱116.05 million and ₱193.57 million, respectively. As of December 31, 2025 and 2024, the remaining unutilized guaranty line amounts to ₱1.37 billion.

As of December 31, 2025 and 2024, no impairment losses were recognized from contract receivables.

8. Other Receivables

This account consists of:

	2025	2024
	(In Thousands)	
Receivable from tenants	**₱940,125**	₱717,309
Advances to officers and employees	**481,103**	361,578
Receivables from homeowners' associations (HOAs)	**267,340**	174,596
Due from related parties (Note 20)	**104,402**	128,912
Others	**215,983**	46,009
	2,008,953	1,428,404
Less: Allowance for ECLs	**30,613**	25,655
	₱1,978,340	₱1,402,749

"Receivables from tenants" represent charges to tenants for rentals and utilities normally collectible within fifteen (15) to 20 days from billing date.

"Advances to officers and employees" represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

"Receivables from HOAs" represent claims from the homeowners' association of the Parent Company's projects for the payment of the expenses on behalf of the association.

"Others" represent advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

Set out below is the movement of the allowance for ECLs of other receivables:

	2025		
	Receivables from tenants	**Receivables from HOAs**	**Total**
		(In Thousands)	
Balance at beginning of year	**₱9,791**	**₱15,864**	**₱25,655**
Provision for ECLs	**4,958**	**–**	**4,958**
Balance at end of year	**₱14,749**	**₱15,864**	**₱30,613**

	2024		
	Receivables from tenants	Receivables from HOAs	Total
		(In Thousands)	
Balance at beginning of year	₱7,311	₱15,864	₱23,175
Provision for ECLs	2,480	–	2,480
Balance at end of year	₱9,791	₱15,864	₱25,655

9. Real Estate Inventories

This account consists of:

	2025	2024
	(In Thousands)	
Real estate inventories - at cost		
Lots, condominium and residential units for sale	**₱47,271,312**	₱43,396,341
Land and land development	**24,316,153**	24,146,667
	₱71,587,465	₱67,543,008

A summary of the movement in lots, condominium and residential units for sale is set out below:

	2025	2024
	(In Thousands)	
Balance at beginning of year	**₱43,396,341**	₱39,516,178
Construction/development costs incurred	**11,089,512**	10,457,108
Transferred from land and land development	**458,662**	732,071
Transfer from investment properties (Note 12)	**–**	42,952
Cost of real estate sales	**(7,673,203)**	(7,351,968)
Balance at end of year	**₱47,271,312**	₱43,396,341

A summary of the movement in land and land development is set out below:

	2025	2024
	(In Thousands)	
Balance at beginning of year	**₱24,146,667**	₱24,130,641
Site development and incidental costs	**1,037,829**	1,318,989
Land acquisitions	**80,021**	4,745
Net transfers (Notes 11 and 12)	**(489,702)**	(575,637)
Transferred to lots, condominium and residential units for sale	**(458,662)**	(732,071)
Balance at end of year	**₱24,316,153**	₱24,146,667

Borrowing costs capitalized as part of land and land development, where activities necessary to prepare it for its intended use is still ongoing amounted to ₱809.33 million and ₱766.21 million for the years ended December 31, 2025 and 2024, respectively. Capitalization rate is 6.25% and 5.47% in 2025 and 2024, respectively.

10. **Other Current Assets**

This account consists of

	2025	2024
	(In Thousands)	
Input taxes - net	**₱3,026,113**	₱3,478,873
Prepaid expenses	**517,936**	449,456
Advances to contractors and suppliers	**456,795**	456,795
Creditable withholding taxes	**437,112**	1,860,456
Construction materials and supplies	**406,143**	405,656
Cost to obtain contract (Note 5)	**103,357**	290,616
Short-term deposits	**45,995**	127,642
	₱4,993,451	₱7,069,494

"Input taxes - net" pertain to VAT passed on from purchases of goods and services, net of output VAT arising from net receipts from sale of goods and services.

"Prepaid expenses" consist of prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

"Advances to contractors and suppliers" pertain to down payments made for real estate inventories by Parent Company which are applied against future billings for development and construction contracts.

"Creditable withholding taxes" are the taxes withheld by the withholding agents from payments to the sellers which are creditable against the income tax payable.

"Construction materials and supplies" pertain to inventories to be used in the construction and maintenance of projects.

"Cost to obtain contract" include commissions paid to brokers relating to the sale of real estate inventories which did not qualify for revenue recognition.

"Short-term deposits" pertain to cash placements with maturity of more than 3 months up to 12 months and earn interest at prevailing market rates.

11. Investments and Advances in Subsidiaries and Associates

This account consists of:

	2025	2024
	(In Thousands)	
Investments in subsidiaries at cost:		
FILRT	**₱9,712,748**	₱3,452,636
FCMI	**2,100,000**	2,100,000
GPRDI	**1,944,857**	1,944,857
FCI	**1,750,000**	1,750,000
FLTI	**871,250**	871,250
FAPI	**863,414**	863,414
FCGCC	**775,550**	765,550
FAC	**714,050**	714,050
NPHI	**556,940**	544,440
FLC	**517,195**	517,195
PDDC	**210,000**	210,000
Homepro	**125,938**	125,938
CRC	**88,818**	88,818
CBRM (Note 9)	**80,058**	80,058
OSI	**70,000**	70,000
FFMI	**50,000**	50,000
NSI	**47,250**	47,250
CHC (Note 9)	**39,590**	39,590
CPMC	**25,000**	25,000
PPI	**20,000**	20,000
ProOffice	**17,163**	17,163
PLIL	**14,854**	14,854
RPI	**10,000**	10,000
FLMI	**6,250**	6,250
TSNC	**2,994**	2,994
FSI	**1,250**	1,250
SDI	**1,000**	1,000
Promax	**400**	400
Prosper	**100**	100
Leisurepro	**100**	100
Investments in associates at cost:		
FAI	**800,000**	800,000
DPI	**90,000**	90,000
FBSC	**51,300**	51,300
FMI	**37,829**	37,829
Pro-Excel	**28,462**	28,462
SPI	**11,250**	11,250
ProActive	**10,000**	10,000

(Forward)

	2025	2024
	(In Thousands)	
Investments in subsidiaries and associates at cost	**₱21,645,610**	₱15,362,998
Advances to subsidiaries and associates (Note 20)	**11,497,523**	10,248,690
	33,143,133	25,611,688
Allowance for impairment loss	**(22,368)**	(22,368)
	₱33,120,765	₱25,589,320

FILRT
On January 24, 2025, FLI's and FILRT's BOD approved the sale of FLI real property to FILRT under a tax-free property-for-share swap transaction in which FLI shall transfer its ownership over Festival Supermall Main Mall in favor of FILRT, in exchange for 1,626,003,316 primary common shares of FILRT at an issue price of ₱3.98 per share, with a total value of ₱6.26 billion. On March 5, 2025, the Parent Company and FILRT executed the Memorandum of Agreement and the Deed of Exchange. On May 27, 2025, the SEC issued the Certificate of Approval of Valuation for the Transaction and the related shares were issued on May 29, 2025. The transaction resulted to a gain on exchange amounting to ₱3.98 billion and reduced the noncontrolling interest in FILRT from 48.90% to 36.70%.

On December 11, 2024, the Parent Company settled its Capped Voluntary Tender Offer, which was filed on October 2, 2024. The Parent Company has reacquired a total of 1,866,000,000 common shares in exchange for 597,120,000 FILRT common shares. The shareholders were offered 0.32 FILRT shares for every 1.00 FLI shares tended. As a result of the voluntary tender offer, the Parent Company's interest in FILRT decreased to 51.10% and the costs of treasury shares amounted to ₱1.86 billion. The voluntary tender offer resulted in a gain amounting to ₱1.03 billion. (see Note 27).

FCGCC
In 2025, the Parent Company made an additional capital infusion of ₱10.00 million to FCGCC to support its operations and expansion.

In 2024, the Parent Company paid the subscription payable to FCGCC for 80 million preferred shares with a par value of ₱1.00 per share amounting to ₱80.00 million.

NPHI
In 2025, the Parent Company made an additional investment amounting to ₱12.50 million to support NPHI's operational and capital requirements.

FAI
FAI is involved primarily in the development of commercial buildings, residential condominiums and land. FAI is also involved in leasing of commercial real estate and marketing.

DPI
DPI is engaged in carrying on general construction business and/or project construction management for the Parent Company.

FBSC
FBSC (formerly Corporate Technologies, Inc.) is primarily involved in providing business process outsourcing services for the Parent Company.

FMI
In 2016, FMI was incorporated to enter into an agreement with Clark Development Corporation for the lease of the Mimosa Leisure Estate.

Pro-Excel
Pro-Excel is engaged in the business of administration, maintenance and management of real estate-controlled development projects and subdivision projects.

SPI
SPI handles the technical and project management services for the Parent Company.

Pro-Active
ProActive was incorporated to provide the business process outsourcing services for the Parent Company.

The associates have no contingent liabilities outside of the ordinary course of business or capital commitments as at December 31, 2025 and 2024.

Cash dividends
In 2025 and 2024, cash dividends received from FAC, FILRT, FAI, FAPI and FFMI amounted to ₱1.79 billion and ₱1.51 billion, respectively.

12. Investment Properties

The rollforward analysis of this account as of December 31 follows:

	2025					
	Land	**Buildings and Improvements**	**Machinery and Equipment**	**Construction in Progress**	**Right-of-use assets** (Note 14)	**Total**
			(In Thousands)			
Cost						
Balances at beginning of year	**₱14,999,921**	**₱24,544,547**	**₱379,324**	**₱23,027,031**	**₱4,330,546**	**₱67,281,369**
Additions	**196,226**	**485,601**	**532**	**2,091,498**	**11,048,495**	**13,822,352**
Transfers/reclassifications (Notes 9, 11 and 13)	**489,702**	**(5,125,590)**	**(59,616)**	**–**	**–**	**(4,695,504)**
Balances at end of year	**15,685,849**	**19,904,558**	**320,240**	**25,118,529**	**15,379,041**	**76,408,217**
Accumulated Depreciation						
Balances at beginning of year	**–**	**4,524,374**	**283,041**	**–**	**803,101**	**5,610,516**
Depreciation (Notes 21 and 22)	**–**	**1,083,053**	**378**	**–**	**348,453**	**1,431,884**
Transfers/reclassifications (Note 9, 11 and 13)	**–**	**(2,895,858)**	**(12,366)**	**–**	**–**	**(2,908,224)**
Balances at end of year	**–**	**2,711,569**	**271,053**	**–**	**1,151,554**	**4,134,176**
Net Book Value	**₱15,685,849**	**₱17,192,989**	**₱49,187**	**₱25,118,529**	**₱14,227,487**	**₱72,274,041**

	2024					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 14)	Total
			(In Thousands)			
Cost						
Balances at beginning of year	₱14,373,412	₱24,147,949	₱341,584	₱20,227,859	₱4,330,546	₱63,421,350
Additions	170,520	479,593	37,740	2,799,172	–	3,487,025
Reclassification (Note 9)	455,989	(82,995)	–	–	–	372,994
Balances at end of year	14,999,921	24,544,547	379,324	23,027,031	4,330,546	67,281,369
Accumulated Depreciation						
Balances at beginning of year	–	3,744,948	270,983	–	660,830	4,676,761
Depreciation (Notes 21 and 22)	–	819,469	12,058	–	142,271	973,798
Reclassification (Note 9)	–	(40,043)	–	–	–	(40,043)
Balances at end of year	–	4,524,374	283,041	–	803,101	5,610,516
Net Book Value	₱14,999,921	₱20,020,173	₱96,283	₱23,027,031	₱3,527,445	₱61,670,853

Construction in progress pertains to buildings under construction to be leased as retail and office spaces upon completion.

Borrowing costs capitalized as part of investment properties amounted to ₱1.33 billion and ₱1.16 billion in 2025 and 2024, respectively. The capitalization rate used is 5.40% and 5.46% in 2025 and 2024, respectively.

The aggregate fair value of the Parent Company's investment properties amounted to ₱111.26 billion and ₱110.20 billion as of December 31, 2025 and 2024, respectively based on management appraisal updated using current and year-end values and assumptions. The fair value of investment properties was determined using the income approach based on discounted cash flow analysis. Under the income approach, all expected cash flows from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations.

Rental income from investment properties amounted to ₱3.45 billion and ₱3.34 billion in 2025 and 2024, respectively. Cost of rental services from investment properties amounted to ₱1.81 billion and ₱1.55 billion in 2025 and 2024, respectively (see Note 21).

13. Property and Equipment

The rollforward analysis of this account as of December 31 follows:

	2025						
	Land, Buildings and Improvements	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress**	**Total**
				(In Thousands)			
Cost							
Balances at beginning of year	**₱724,767**	**₱2,898,235**	**₱235,680**	**₱121,972**	**₱81,531**	**₱27,294**	**₱4,089,479**
Additions	**–**	**87,718**	**–**	**15,454**	**1,276**	**90,304**	**194,752**
Disposals	**–**	**(98,616)**	**(22,149)**	**–**	**–**	**–**	**(120,765)**
Transfers (Note 12)	**–**	**(22,341)**	**(841)**	**(43,492)**	**–**	**–**	**(66,674)**
Balances at end of year	**724,767**	**2,864,996**	**212,690**	**93,934**	**82,807**	**117,598**	**4,096,792**
Accumulated Depreciation							
Balances at beginning of year	**243,424**	**926,052**	**182,778**	**100,106**	**80,943**	**–**	**1,533,303**
Depreciation (Notes 21 and 22)	**11,106**	**87,778**	**3,007**	**16,141**	**1,143**	**–**	**119,175**
Disposals	**–**	**–**	**(20,444)**	**–**	**–**	**–**	**(20,444)**
Transfers (Note 12)	**–**	**(5,904)**	**(782)**	**(30,609)**	**–**	**–**	**(37,295)**
Balances at end of year	**254,530**	**1,007,926**	**164,559**	**85,638**	**82,086**	**–**	**1,594,739**
Net Book Value	**₱470,237**	**₱1,857,070**	**₱48,131**	**₱8,296**	**₱721**	**₱117,598**	**₱2,502,053**

	2024						
	Land, Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
				(In Thousands)			
Cost							
Balances at beginning of year	₱724,269	₱2,821,713	₱217,913	₱103,474	₱80,396	₱21,586	₱3,969,351
Additions	498	76,522	17,767	18,498	1,135	5,708	120,128
Balances at end of year	724,767	2,898,235	235,680	121,972	81,531	27,294	4,089,479
Accumulated Depreciation							
Balances at beginning of year	232,436	745,337	166,593	74,614	80,083	–	1,299,063
Depreciation (Notes 21 and 22)	10,988	180,715	16,185	25,492	860	–	234,240
Balances at end of year	243,424	926,052	182,778	100,106	80,943	–	1,533,303
Net Book Value	₱481,343	₱1,972,183	₱52,902	₱21,866	₱588	₱27,294	₱2,556,176

14. **Leases**

The Parent Company entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space, (b) provision of water and electricity, (c) provision of air conditioning and CUSA services and (d) administration fee.

Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations is recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3.0% to 36.0% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to 3 months and a security deposit equivalent to 3 months rental to cover any breakages after the rental period, with the excess returned to the tenant.

Parent Company as lessee
The Parent Company has lease contracts for land. The Parent Company's obligations under its leases are secured by the lessor's title to the leased assets. The Parent Company has entered land lease arrangements with lease terms of between twenty-five (25) and 50 years. There are several leases that include extension option to lease the assets for additional 25 years based on mutual agreement of the parties.

On July 7, 2025, the Parent Company and FILRT entered into a Deed of Partial Assignment of Contract of Lease for the Festival Supermall Main Building (see Note 20). Additions to right-of-use asset and lease liability as a result of this transaction amounted to ₱11.05 billion in 2025.

The rollforward analysis of right-of-use assets on land as of December 31 follows:

	2025		
	Investment Properties (Note 12)	**BTO Rights** (Note 15)	**Total**
		(In Thousands)	
Cost			
Balances at beginning and end of year	**₱4,330,546**	**₱86,383**	**₱4,416,929**
Additions (Notes 11 and 33)	**11,048,495**	–	**11,048,495**
	15,379,041	**86,383**	**15,465,424**
Accumulated Depreciation			
Balances at beginning of year	**803,101**	**14,240**	**817,341**
Depreciation (Note 22)	**348,453**	**3,797**	**352,250**
Balances at end of year	**1,151,554**	**18,037**	**1,169,591**
Net Book Value	**₱14,227,487**	**₱68,346**	**₱14,295,833**

	2024		
	Investment Properties (Note 12)	BTO Rights (Note 15)	Total
		(In Thousands)	
Cost			
Balances at beginning and end of year	₱4,330,546	₱86,383	₱4,416,929
Accumulated Depreciation			
Balances at beginning of year	660,830	10,443	671,273
Depreciation (Note 22)	142,271	3,797	146,068
Balances at end of year	803,101	14,240	817,341
Net Book Value	₱3,527,445	₱72,143	₱3,599,588

The Parent Company renewed its lease agreement with FILRT for the office space located in Alabang. The lease term is 10 years, renewable for another 5 years or 10 years upon mutual agreement by the parties.

The following are the amounts recognized in the parent company statement of income for the years ended December 31:

	2025	2024
	(In Thousands)	
Depreciation expense of right-of-use assets (included in cost of rental services) (Note 21)	**₱352,250**	₱146,068
Interest expense on lease liabilities (included in interest and other finance charges) (Note 24)	**936,511**	432,222
Rent expense on low value assets (included in general and administrative expense) (Note 22)	**62,874**	16,220
	₱1,351,635	₱594,510

The rollforward analysis of lease liabilities as of December 31 follows:

	2025	2024
	(In Thousands)	
Balances at beginning of year	**₱5,134,906**	₱5,004,973
Additions (Notes 11 and 33)	**11,048,495**	–
Interest expense (Note 24)	**936,511**	432,222
Payments	**(640,801)**	(302,289)
Balances at end of year	**16,479,111**	5,134,906
Lease liabilities - current portion	**402,917**	175,650
Lease liabilities - net of current portion	**₱16,076,194**	₱4,959,256

The Parent Company also has certain lease for parking spaces considered as 'low-value assets'. The Parent Company applies the lease of 'low-value assets' recognition exemptions for these leases.

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

	2025	2024
	(In Thousands)	
1 year	**₱825,027**	₱260,457
more than 1 years to 2 years	**866,279**	273,480
more than 2 years to 3 years	**909,593**	287,154
more than 3 years to four (4) years	**955,072**	301,512
more than 5 years	**40,343,841**	18,180,236

Parent Company as lessor
As lessor, future minimum rental receivables under renewable operating leases as of December 31 are as follows:

	2025	2024
	(In Thousands)	
Within 1 year	**₱1,906,937**	₱954,910
After 1 year but not more than 5 years	**4,321,771**	2,325,220
After 5 years	**1,665,995**	1,087,594
	₱7,894,703	₱4,367,724

The Parent Company entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent or (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants with lease ranging from 5 to 15 years.

Rental income recognized based on a percentage of the gross revenue of mall tenants included in "Rental services" account in the parent company statement of income amounted to ₱555.67 million and ₱465.21 million in 2025 and 2024, respectively.

15. Build-Transfer-Operate (BTO) Rights

BTO rights pertain to the cost related to the BTO agreement with The Province of Cebu (Cebu Province) entered on March 26, 2012. The BTO project relates to the development, construction, and operation of the Business Process Outsourcing (BPO) Complex by the Parent Company at the land properties owned by Cebu Province located at Salinas, Lahug, Cebu City.

The rollforward analysis of BTO rights as of December 31 follows:

	2025		
	BTO Rights	**Right-of-Use Assets**	**Total**
		(In Thousands)	
Cost			
Balance at beginning of year	**₱5,605,979**	**₱86,383**	**₱5,692,362**
Additions	**643,630**	**–**	**643,630**
Balance at end of year	**6,249,609**	**86,383**	**6,335,992**
Accumulated Amortization			
Balance at beginning of year	**476,662**	**14,240**	**490,902**
Depreciation (Note 22)	**107,877**	**3,797**	**111,674**
Balance at end of year	**584,539**	**18,037**	**602,576**
Net Book Value	**₱5,665,070**	**₱68,346**	**₱5,733,416**

	2024		
	BTO Rights	Right-of-Use Assets	Total
		(In Thousands)	
Cost			
Balance at beginning of year	₱5,213,490	₱86,383	₱5,299,873
Additions	392,489	–	392,489
Balance at end of year	5,605,979	86,383	5,692,362
Accumulated Amortization			
Balance at beginning of year	376,875	10,443	387,318
Depreciation (Note 22)	99,787	3,797	103,584
Balance at end of year	476,662	14,240	490,902
Net Book Value	₱5,129,317	₱72,143	₱5,201,460

"Right-of-use assets" pertain to the related lease payments required under land lease contracts and the BTO agreement for the land where the buildings were constructed.

Interest incurred and capitalized amounted to ₱142.64 million and ₱64.80 million in 2025 and 2024, respectively.

In 2025 and 2024, related amortization recognized as part of "Cost of rental services" amounted to ₱107.88 million and ₱99.79 million, respectively. Rental income amounting to ₱270.18 million and ₱145.38 million in 2025 and 2024, respectively, was recognized as part of "Revenue from rental services". Tenant dues from BTO rights amounted to ₱97.54 million and ₱55.56 million in 2025 and 2024, respectively.

16. Other Noncurrent Assets

This account consists of:

	2025	2024
	(In Thousands)	
Advances to contractors and suppliers	**₱1,043,208**	₱1,677,273
Receivables from joint venture partners	**247,456**	256,914
Investment in bonds	**150,000**	150,000
Financial assets at FVOCI (Notes 29 and 30)	**15,535**	15,535
Other assets	**330,474**	243,986
	₱1,786,673	₱2,343,708

"Advances to contractors and suppliers" pertain to downpayments made by the Parent Company which are applied against future billings for development and construction contracts of investment properties and property and equipment.

"Receivables from joint venture partners" are advances (e.g., property taxes and permits) which are normally applied against the share of the joint venture partners from sale of the joint venture properties reported under "Other receivables" in parent company statements of financial position.

"Investment in bonds" consist of a 5-year, non-interest bearing, Class A Senior Notes with a face amount of ₱150.00 million issued by a third party special purpose trust fund duly registered with the Bangko Sentral ng Pilipinas invested by the Parent Company on December 19, 2022.

"Financial assets at FVOCI" consist of quoted and unquoted shares of stocks. Unquoted investments in shares of stock include unlisted preferred shares in a public utility company which the Parent Company will continue to carry out as part of the infrastructure that it provides for its real estate development projects.

"Other assets" include advances to sellers for the purchase of land prior to issuance of Contract to Sell. These also include utility and security deposits.

17. Accounts Payable and Accrued Expenses

This account consists of:

	2025			2024		
	Current	**Noncurrent**	**Total**	Current	Noncurrent	Total
			(In Thousands)			
Accounts payable	**₱3,538,881**	**₱3,612,245**	**₱7,151,126**	₱4,522,873	₱3,177,132	₱7,700,005
Retention fees payable	**1,977,721**	**1,009,989**	**2,987,710**	1,895,114	883,074	2,778,188
Accrued expenses	**1,145,180**	–	**1,145,180**	1,054,044	–	1,054,044
Accrued interest in bonds and loans (Notes 18 and 19)	**698,498**	–	**698,498**	298,881	–	298,881
Deposits from tenants	**695,918**	**977,011**	**1,672,929**	423,332	840,911	1,264,243
Deposits for registration	**263,332**	**1,902,228**	**2,165,560**	238,298	1,721,392	1,959,690
Other payables	**458,919**	**80,291**	**539,210**	858,627	143,083	1,001,710
	₱8,778,449	**₱7,581,764**	**₱16,360,213**	₱9,291,169	₱6,765,592	₱16,056,761

"Accounts payable" include the outstanding balance of the costs of land acquired by the Parent Company and is payable on scheduled due dates or upon completion of certain requirements (see Note 9, 12 and 13). This account also includes amount payable to contractors and suppliers for the construction and development costs and operating expenses incurred by the Parent Company.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

"Accrued expenses" pertain to various operating expenses incurred by the Parent Company in the course of business such as salaries and wages, unbilled construction cost related to ongoing projects, among others.

Accrued expenses account consists of:

	2025	2024
Suppliers and contractors	**₱1,139,240**	₱1,047,909
Payroll	**4,675**	5,172
Others	**1,265**	963
	₱1,145,180	₱1,054,044

"Deposits for registration" pertain to amounts collected from buyers for payment of registration of real estate properties.

"Deposits from tenants" are advance payments received for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Other payables" pertain mainly to withholding taxes and liabilities to government agencies which are generally settled/earned within 12 months.

18. **Loans Payable**

This account consists of:

	2025	2024
	(In Thousands)	
Short term loans	**₱6,800,000**	₱1,200,000
Long-term loans	**35,311,833**	32,585,804
Developmental loans from local banks	**42,111,833**	33,785,804
Less: Unamortized transaction costs	**215,931**	180,248
	41,895,902	33,605,556
Less: Current portion of loans payable	**14,718,334**	6,330,910
Long-term portion of loans payable	**₱27,177,568**	₱27,274,646

Developmental loans from local banks will mature on various dates up to 2027. These Peso-denominated loans bear floating interest rates, which are repriced quarterly, semi-annually or annually based on either 3-month, 6-month or 1-year Bloomberg Valuation (BVAL), plus margin, per annum, or fixed rates.

Additional loans availed by the Parent Company in 2025 and 2024 amounted to ₱16.65 billion and ₱31.02 billion, respectively. These include availment of short-term loans payable amounting to ₱8.65 billion and ₱11.17 billion in 2025 and 2024, respectively. Principal payments made in 2025 and 2024 amounted to ₱8.32 billion and ₱24.75 billion, respectively.

As of December 31, 2025 and 2024, short term loans payable, presented under current portion of loans payable amounted to ₱6.80 billion and ₱1.20 billion, respectively.

Interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱2.76 billion and ₱1.89 billion in 2025 and 2024, respectively.

Amortization of transaction costs amounted to ₱69.16 million and ₱94.89 million in 2025 and 2024, respectively and included under "Interest and other financing charges" (see Note 24). Deferred finance charges for new loans during the year amounted to ₱104.84 million and ₱189.53 million in 2025 and 2024, respectively.

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock if it would materially and adversely affect the Parent Company's ability to perform its obligations; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

The Parent Company's loans payable are unsecured and no assets are held as collateral for these debts. As of December 31, 2025 and 2024, the Parent Company complied with these contractual agreements and has not been cited in default on its outstanding loan obligations.

19. **Bonds Payable**

This account consists of:

	2025	2024
	(In Thousands)	
Bonds payable	**₱33,170,400**	₱36,095,400
Less: Unamortized transaction costs	**253,071**	238,813
	32,917,329	35,856,587
Less: Current portion of bonds payable	**1,752,262**	14,815,659
Long-term portion of bonds payable	**₱31,165,067**	₱21,040,928

a. On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion, 7-year fixed rate bonds with interest of 5.40% per annum due in 2021, and ₱1.70 billion, 10-year fixed rate bonds with interest of 5.64% per annum due in 2024. The Parent Company paid the remaining outstanding bonds payable amounting to ₱1.70 billion on December 4, 2024.

b. On August 20, 2015, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.00 billion comprising of ₱7.00 billion, 7-year fixed rate bonds with interest of 5.36% per annum due in 2022, and ₱1.00 billion, 10-year fixed rate bonds with interest of 5.71% per annum due in 2025. The Parent Company paid the remaining balance amounting to ₱1.00 billion on August 20, 2025. As of December 31, 2024, ₱1.00 billion of the related bonds payable remain outstanding (nil as of December 31, 2025).

c. On November 18, 2020, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.10 billion comprising of ₱6.34 billion, 3-year fixed rate bonds with interest of 3.34% per annum due in 2023, and ₱1.76 billion, 5.5-year fixed rate bonds with interest of 4.18% per annum due in 2026. As of December 31, 2025 and 2024, ₱1.76 billion of the related bonds payable remain outstanding.

d. On December 21, 2021, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱10.0 billion comprising of ₱5.00 billion, 4-year fixed rate bonds with interest of 4.5300% due in 2025, and ₱5.00 billion, 6-year fixed rate bonds with interest of 5.2579% per annum due in 2027. The Parent Company paid the ₱5.00 billion bonds on December 22, 2025. Outstanding balance of the related bonds payable as of December 31, 2025 and 2024 amounted to ₱5.00 billion and ₱10.00 billion, respectively.

e. On June 23, 2022, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.90 billion, comprising of ₱8.925 billion, 3-year fixed rate bonds with interest of 5.3455% per annum due in 2025, and ₱2.975 billion, 5-year fixed rate bonds with interest of 6.4146% per annum due in 2027. The Parent Company paid the ₱8.925 billion bonds payable on June 23, 2025. Outstanding balance of the related bonds payable as of December 31, 2025 and 2024 amounted to ₱2.98 billion and ₱11.90 billion, respectively.

f. On December 1, 2023, the Parent Company issued to the public unsecured 3.5-year fixed rate bonds with an interest rate of 6.9829% per annum and aggregate principal amount of ₱11.43 billion due in 2027. As of December 31, 2025 and 2024, outstanding balance from the related bonds payable amounted to ₱11.43 billion.

g. On March 12, 2025, the Parent Company issued to the public unsecured fixed rate bonds with an aggregated principal amount of ₱12.00 billion, comprising of ₱6.785 billion, 5-year fixed rate bonds with interest of 6.2916% per annum due in 2030, ₱2.661 billion, 7-year fixed rate bonds with interest of 6.6550% per annum due in 2032, and ₱2.553 billion, 10-year fixed rate bonds with interest of 6.8312% due in 2035. As of December 31, 2025, outstanding balance of the related bonds payable amounted to ₱12.00 billion.

Interest incurred on these bonds (gross of related capitalized borrowing costs) amounted to ₱2.44 billion and ₱2.11 billion for the years ended December 31, 2025 and 2024, respectively. Payments made on these bonds amounted to ₱14.93 billion and ₱1.70 billion in 2025 and 2024, respectively.

Transactions costs capitalized amounted to ₱151.22 million in 2025 (nil in 2024). Accretion in 2025, and 2024 included as part of "Interest and other finance charges" amounted to ₱136.96 million and ₱88.08 million, respectively (see Note 24).

The Parent Company's loans payable are unsecured and no assets are held as collateral for these debts. These bonds require the Parent Company to maintain certain financial ratios including debt-to-equity ratio ranging from 2.0x to 2.5x; minimum current ratio of 1.0x; and minimum debt service coverage ratio (DSCR) of 1.0x. As of December 31, 2025 and 2024, the Parent Company is not in breach of these covenants and has not been cited in default on any of its outstanding obligations.

20. **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the ultimate company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches ten percent (10.00%) of the Parent Company's total assets shall be subject to the review by the RPT Committee. Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions ("Policy"). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall subject it to the provisions of the Policy.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.

Outstanding balances at year-end are unsecured, interest free and require settlement in cash, unless otherwise stated. There have been no guarantees provided or received for any related party receivables or payables.

As of December 31, 2025 and 2024 the Parent Company has made provision for impairment loss relating to amounts owed by related parties amounting to ₱22.37 million. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Outstanding liabilities are unsecured and no impairment loss was recognized on any of the assets.



Significant related party transactions are as follows:.

	2025				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
			(In Thousands)		
Bank under common control of the ultimate parent					
Cash and cash equivalents	**₱2,063,901**	**₱2,063,901**	0.50% to 4.50%	No impairment	(a)
Interest income	**115,016**	–			
	2,178,917	**₱2,063,901**			
Dividend income					
Dividend income	**₱1,786,313**	**₱1,786,313**	Non-interest	Unsecured, no impairment	(d)
Ultimate Parent	**₱310**	**₱1,175**	Non-interest bearing, collectible on demand	Unsecured, no impairment	(b)
Subsidiaries					
Share in common expenses and others	**1,141,699**	**8,707,114**	Non-interest bearing, collectible on demand	Unsecured, no impairment	(d)
Development costs	–	**1,647,436**	Non-interest bearing, collectible on demand	Unsecured, no impairment	(d)
Payment for land acquisition	**15,465**	**746,892**	Non-interest bearing, collectible on demand	Unsecured, no impairment	(d)
Rental income	**264,157**	–	Non-interest bearing, collectible on demand	Unsecured, no impairment	(d)
Dividend income	**1,182,701**	–	Non-interest bearing, collectible on demand	Unsecured, no impairment	(d)
		11,101,442			
Associates					
Service fee	**23,126**	**57,593**	Non-interest bearing, collectible on demand	Unsecured, no impairment	(e)
Rent income	**891**	–	Non-interest bearing, collectible on demand	Unsecured, no impairment	(e)
Share in common expenses and others	**84,008**	**338,488**	Non-interest bearing, collectible on demand	Unsecured, no impairment	(e)
		396,081			
Affiliates					
Share in common expenses	**(24,819)**	**103,227**	Non-interest bearing, collectible on demand	Unsecured, no impairment	(f)
Development cost (Note 12)	–	–	Non-interest bearing, collectible on demand	Unsecured, no impairment	(f)
Due from related parties (Notes 8 and 11)		**₱11,601,925**			
Parent					
Share in group expenses	**₱18,996**	**(₱20,902)**	Non-interest bearing, collectible on demand	Unsecured, no impairment	(c)
Subsidiaries					
Share in common expenses	**975**	**(117)**	Non-interest bearing, collectible on demand	Unsecured, no impairment	(d)
Associate					
Share in common expenses	**(52,221)**	**(191,808)**	Non-interest bearing, collectible on demand	Unsecured, no impairment	(e)
Affiliates					
Share in other expenses expenses	**41,573**	**(16,205)**	Non-interest bearing, collectible on demand	Unsecured, no impairment	(f)
Due to related parties		**(₱229,032)**			

	2024				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	₱1,577,058	₱1,577,058	0.50% to 4.50%	No impairment	(a)
Interest income	29,114	–			
	1,606,172	₱1,577,058			
Dividend income					
Dividend income	₱1,506,886	₱1,506,886	Non-interest	Unrestricted, no impairment	(d)
Ultimate Parent	₱268	₱866	Non-interest bearing collectible on demand	Unrestricted, no impairment	(b)
Subsidiaries					
Share in common expenses and others	1,674,161	7,583,496	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Development costs	1,014,947	1,646,657	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Payment for land acquisition	14,694	729,591	Interest-bearing, collectible on demand	Unsecured, no impairment	(d)
Rental income	282,648	–	Interest-bearing, collectible on demand	Unsecured, no impairment	(d)
Dividend income	1,249,161	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
		9,959,744			
Associates					
Service fee	3,836	34,467	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Rent income	1,297	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Share in common expenses and others	(223,563)	254,479	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
		288,946			
Affiliates					
Share in common expenses	14,431	105,348	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(f)
Development costs (Note 12)	(30,195)	22,698	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(f)
Due from related parties (Notes 8 and 11)		₱10,377,602			
Parent					
Share in group expenses	(₱9,185)	(₱39,897)	Non-interest bearing payable on demand	Unrestricted, no Impairment	(c)
Subsidiaries					
Share in common expenses	7,572	(1,091)	Non-interest bearing payable on demand	Unrestricted, no Impairment	(d)
Associate					
Share in common expenses and others	(82,031)	(139,587)	Non-interest bearing payable on demand	Unrestricted, no Impairment	(e)
Affiliates					
Share in other expenses	(10,041)	(57,780)	Non-interest bearing payable on demand	Unrestricted, no impairment	(f)
Due to related parties		(₱238,355)			

Significant transactions with related parties follow:

a. *Transactions with bank under common control of the ultimate parent (EW)*
On January 3, 2012, the Parent Company entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the ultimate parent. The Parent Company agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contract receivables. The contract receivables sold to EW will be serviced by the Parent Company under an Accounts Servicing Agreement.

Under this agreement, the Parent Company shall be responsible for the monitoring and collection of contract receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month.

For the performance of the said services, the Parent Company will charge EW a service fee equivalent to a certain percentage of amounts actually received and collected. Although the Parent Company retains the contractual rights to receive cash flows from the contract receivables sold to EW, this will be subsequently distributed to EW under a 'pass-through arrangement'.

In this transaction, the risk of default and non-payment of buyers of contract receivables is assumed by EW and the Parent Company has no liability to EW for such events. Due to this, the Parent Company derecognized the contract receivables sold and did not recognize any liability in its parent company financial statements.

The Parent Company's plan assets in the form of cash equivalents amounting to ₱125.40 million and ₱196.60 million as of December 31, 2025 and 2024, respectively, are maintained with EW (see Note 26). The Parent Company also maintains cash and cash equivalents with EW.

b. *Transactions with ultimate parent (ALG)*
Transactions with the ultimate parent relates to sharing of common expenses.

c. *Transactions with parent company (FDC)*
The Parent Company charges FDC certain common and general administrative expenses paid by the Parent Company on its behalf.

d. *Transactions with subsidiaries*
Total payments made by the Parent Company in behalf of Homepro for land acquisition amounted to ₱15.5 million and ₱14.45 million in 2025 and 2024, respectively.

The Parent Company also has a Marketing Agency Agreement (the Marketing Agreement) each with its subsidiaries, Promax and Prosper whereby the subsidiaries are appointed as marketing agents to act for and on behalf of the Parent Company in promoting the marketing and sale of its middle-income and high-end real estate property development projects. In return, the Parent Company pays each subsidiary a marketing fee of a certain percentage of the net selling price, exclusive of commissions, discounts, value added tax and other government-imposed taxes and fees on all sales transactions closed by each subsidiary in accordance with the terms and conditions of the Marketing Agreement.

The Parent Company incurred service fees from PDDC for its district cooling system operations amounting to ₱49.40 million and ₱23.02 million in 2025 and 2024, respectively.



The Parent Company also charged the subsidiaries (i.e., PPI and Promax) for advances for working capital and for certain common expenses (i.e., rent) being paid by the Parent Company on its behalf.

The Parent Company charged FLTI for the development costs of Fora Mall.

In 2025 and 2024, cash dividends received from FAC, FILRT, FAPI, FFMI, PDDC, Promax and Pro-Office amounted to ₱1.18 billion and ₱1.25 billion, respectively.

e. Transactions with associates

Transactions with FAI include noninterest-bearing cash advances and various charges for rent, management fees, marketing fees, water services, share of expenses and commission charges.

The Parent Company, as lessee, entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

On January 1, 2025, certain employees from finance, corporate and administration and human resources services of the Group were transferred to FBSC. FBSC then entered into a service partnership agreement, whereby the Parent Company shall engage and pay the services rendered by the latter. Amount charged in 2025 to the Parent Company amounted to ₱115.69 million, was recognized as part of 'General and administrative expenses' in parent company statement of income (see Note 22). This also includes retirement benefits of certain employees of FLI that were transferred to FBSC and the corresponding payable to FBSC was reported under "Accounts payable and accrued expenses" (see Note 17).

The Parent Company entered into service agreement with FBSC related to the management of the computer information system. Amount charged to the Parent Company in 2025 and 2024 amounted to ₱91.36 million and ₱59.46 million, respectively, was recognized as part of 'General and Administrative Expense' in the parent company statement of income (see Note 22).

Transactions with SPI relate to sharing of common expenses and service fees for technical, project management and procurement. This also includes retirement benefits of certain employees of FLI that were transferred to SPI and the corresponding payable to SPI was reported under "Due to related parties" (see Note 26).

Transactions with DPI are related to sharing of common expenses and non-interest bearing cash advances.

Pro-Excel and DPI leases its office space from FLI while SPI leases its office space from FILRT. Revenue earned is recorded as part of rental revenues in the Statements of Comprehensive Income in 2025 and 2024 (see Note 5). Outstanding receivables are recorded as part of other receivables in the parent company statements of financial position as of December 31, 2025 and 2024 (see Note 8).

f. Transactions with affiliates

In 2025, the Parent Company continued its long-term lease agreement with Quest Restaurants, Inc., an entity under common control, covering designated portions of the Grand Cenia Residences. The lease remains in effect under a contractual term of twenty (20) years, expiring in 2040.



Other transactions with affiliate relate to sharing of common expenses paid by the Parent Company on their behalf.

g. *Leases with related parties*
Mall lease with FAI (as lessee)
The Parent Company entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. In 2025, the Parent Company and FILRT entered into a Deed of Partial Assignment of Contract of Lease for the Festival Supermall Main Building.

Land lease with FAI (as lessee)
The Parent Company entered into a lease agreement with FAI for a portion of land area occupied by a third party lessee. The lease term will expire on December 31, 2034.

Land lease with FILRT (as lessor)
On July 7, 2025, the Parent Company, as lessee, entered into Deed of Partial Assignment of Contract of Lease with FILRT, as lessor, covering the Festival Main Mall. The lease term will expire on September 30, 2056, and was executed in connection with the property-for-share swap between the Parent Company and FILRT, pursuant to which FILRT became the legal owner of Festival Main Mall.

Land lease with FILRT (as lessee)
The Parent Company entered into a lease agreement with FILRT on the location of the buildings currently leased to third parties by such subsidiary and on those still under construction. Rental is based on certain percentage of the subsidiary's gross rental income. On July 1, 2020, the Parent Company and FILRT amended their existing lease contract. The pertinent amendment provisions include the extension of the term of the lease for another 25 years and to set a minimum fixed rental rate.

Key management personnel compensation
The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱85.92 million and ₱63.37 million in 2025 and 2024, respectively. Post-employment benefits of key management personnel amounted to ₱21.24 million and ₱11.70 million in 2025 and 2024, respectively.

21. Cost of Rental Services

The account consists of:

	2025	2024
	(In Thousands)	
Depreciation (Notes 12, 13 and 14)	**₱1,034,709**	₱779,959
Mall operations	**880,478**	₱869,411
Rentals (Note 20)	**5,120**	4,779
	₱1,920,307	₱1,654,149

22. General and Administrative Expenses

The account consists of:

	2025	2024
	(In Thousands)	
Salaries, wages and employee benefits	**₱708,295**	₱698,795
Outside services	**490,628**	353,834
Taxes and licenses	**392,142**	280,488
Repairs and maintenance	**259,709**	280,876
Depreciation (Notes 12 and 13)	**211,614**	258,344
Electronic data processing charges (Note 20)	**102,856**	66,062
Entertainment, amusement and recreation	**69,368**	77,408
Transportation and travel	**68,413**	80,264
Rent (Note 14)	**62,874**	16,220
Communications, light and water	**48,436**	45,336
Retirement costs (Note 26)	**43,350**	54,234
Insurance	**26,557**	24,370
Office supplies	**16,282**	13,034
Others	**79,709**	81,816
	₱2,580,233	₱2,331,081

23. Selling and Marketing Expenses

The account consists of:

	2025	2024
	(In Thousands)	
Brokers' commissions (Note 5)	**₱662,346**	₱811,308
Selling, advertising and promotions	**414,020**	465,144
Salaries and wages	**134,605**	129,820
Sales office direct costs	**57,241**	59,180
Others	**8,089**	4,153
	₱1,276,301	₱1,469,605

24. Interest and Other Finance Charges

The following table shows the component of interest income and expense recognized in the parent company statement of income:

	2025	2024
	(In Thousands)	
Interest income on:		
Contract receivables (Note 7)	**₱170,085**	₱199,170
Cash and cash equivalents (Note 6)	**117,654**	32,364
Others	**832**	1,047
	₱288,571	₱232,581

	2025	2024
	(In Thousands)	
Interest and other finance charges:		
Interest expense on loans and bonds payable, net of interest capitalized (Notes 18 and 19)	**₱2,421,550**	₱2,012,310
Interest expense on lease liabilities (Note 14)	**936,511**	432,222
Amortization of transaction costs of loans and bonds (Notes 18 and 19)	**236,859**	182,958
Other finance charges (Note 26)	**862**	79,289
	₱3,595,782	₱2,706,779

Other finance charges include bank charges, debt issue costs for short-term loans, and other miscellaneous bank fees.

25. Other Income

The account consists of:

	2025	2024
	(In Thousands)	
Forfeited reservations and collections	**₱159,124**	₱117,610
Service fees	**53,729**	59,160
Processing fees	**52,426**	114,864
Foreign currency exchange gain - net	**1,526**	1,048
Others	**14,509**	4,982
	₱281,314	₱297,664

26. Retirement Costs

The Parent Company has a funded, noncontributory defined benefit retirement plan (the Plan) covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The retirement plan provides retirement benefits equivalent to 70% to 100% of the final monthly salary for every year of service. The funds are administered by the Parent Company's Treasurer under the supervision of the Board of Trustees of the Plan and is responsible for investment strategy of the plan.

The following tables summarize the components of retirement expense recognized in the parent company statements of income and pension liability recognized in the parent company statements of financial position for the existing retirement plan.

	2025		
	Present value of defined benefit obligation	**Fair value of plan asset**	**Net defined benefit liabilities**
		(In Thousands)	
Balance as at beginning of year	**₱519,495**	**₱146,529**	**₱372,966**
Net benefit costs in profit or loss			
Current service cost (Note 22)	**43,350**	–	**43,350**
Net interest (Note 24)	**29,321**	**8,435**	**20,886**
	72,671	**8,435**	**64,236**
Benefits paid	**(25,262)**	**(25,262)**	–
Contribution	–	**4,300**	**(4,300)**
Net transfer	**(46,582)**	–	**(46,582)**
Remeasurements loss (gain) in other comprehensive income			
Actuarial changes arising from:			
Experience adjustments	**(21,760)**	–	**(21,760)**
Change in financial assumptions	**(10,260)**	–	**(10,260)**
Return on plan assets, excluding amounts included in interest income	–	**(8,601)**	**8,601**
	(32,020)	**(8,601)**	**(23,419)**
Balance as at end of year	**₱488,302**	**₱125,401**	**₱362,901**

	2024		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liabilities
		(In Thousands)	
Balance as at beginning of year	₱390,565	₱60,687	₱329,878
Net benefit costs in profit or loss			
Current service cost (Note 22)	48,334	(5,900)	54,234
Net interest (Note 24)	29,457	350	29,107
	77,791	(5,550)	83,341
Benefits paid	(9,758)	(9,758)	–
Contribution	–	101,200	(101,200)
Net transfer	239	(3,705)	3,944
Remeasurements loss (gain) in other comprehensive income:			
Actuarial changes arising from:			
Experience adjustments	10,999	–	10,999
Change in financial assumptions	49,659	–	49,659
Return on plan assets, excluding amounts included in interest income	–	3,655	(3,655)
	60,658	3,655	57,003
Balance as at end of year	₱519,495	₱146,529	₱372,966

The Parent Company's plan assets comprise of cash equivalents with original maturities of 3 months or less from dates of placements and are subject to insignificant risk of changes in value. As of December 31, 2025 and 2024, these placements are with EW (see Note 20). As of December 31, 2025 and 2024, the carrying amount of the plan assets are carried at fair value.

In 2025, certain employees of FLI were transferred to FBSC. The related retirement benefits of these employees were also transferred with a corresponding payable to FBSC. As of December 31, 2025, the outstanding balance of the transferred retirement benefits amounted to ₱46.58 million. (see Note 20).

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The assumptions used in determining pension obligation for the defined benefit plan are as follows:

	2025	2024
Discount rate	**6.44%**	6.20%
Future salary increases	**6.00%**	6.00%

The sensitivity analysis that follow has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation.

Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level for the remaining life of the obligation. The sensitivity analyses below have been determined based on reasonably possible changes of the significant assumption on the DBO as of the end of the financial reporting period, assuming all other assumptions were held constant.

		Increase (decrease) on DBO	
Assumption	Increase (Decrease)	**2025**	2024
Salary rate	+1%	**₱45,142**	₱52,957
	-1%	**(39,455)**	(45,967)
Discount rate	+1%	**(38,959)**	(45,487)
	-1%	**(45,398)**	53,390

Shown below is the maturity analysis of the undiscounted benefit payments of the Parent Company:

	2025	2024
	(In Thousands)	
Less than 1 year	**₱122,878**	₱90,030
More than 1 year and up to 5 years	**103,831**	145,234
More than 5 years and up to 10 years	**359,825**	286,276

The Parent Company expects to contribute ₱100.00 million to its plan assets in the next 12 months.

The management does not perform a formal Asset-Liability Matching (ALM) Study. The overall investment policy and ALM strategy of the retirement plan is based on the client sustainability assessment, as provided by its trustee bank in compliance with the Bangko Sentral ng Pilipinas requirements.

27. **Equity**

Capital Stock

The Parent Company's common and preferred shares as of December 31, 2025 and 2024 follow (amounts in thousands, except for par value figures):

	Common	Preferred
Authorized shares	₱33,000,000	₱8,000,000
Par value per share	₱1.00	₱0.01
Issued and outstanding shares	24,470,708	8,000,000
Treasury shares	2,086,949	–

In 2025 and 2024, there were no issuances of additional common shares.

The movement in the Parent Company's treasury shares follows:

	2025		2024	
	Shares	**Amount**	Shares	Amount
		(In Thousands)		
Common				
Balance at beginning of year	**2,086,949**	**₱2,078,084**	220,949	₱221,041
Additions	–	–	1,866,000	1,857,043
Balance at end of year	**2,086,949**	**₱2,078,084**	2,086,949	₱2,078,084

Preferred Shares

As stated in the Parent Company's Amended Articles of Incorporation, the preferred shares may be issued from time to time in one or more series as the BOD may determine, and authority is expressly granted to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate and the issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares. Preferred shares of each and any sub-series shall not be entitled to any participation or share in the retained earnings remaining after dividend payments shall have been made on the preferred shares. To the extent not set forth in the Articles of Incorporation, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the BOD prior to the issuance of each of such series (the "Enabling Resolutions"), which resolutions shall thereupon be deemed a part of the Amended Articles of Incorporation.

In an Enabling Resolution approved and adopted by the BOD on October 6, 2006, it was clarified that the preferred shares are not convertible to common shares. In another Enabling Resolution approved and adopted by the BOD on January 5, 2007, the Board approved that preferred shares are entitled to cash dividend equal to 1.00% of the cash dividend declared and payable to common shares.

Thus, in a disclosure made by the Parent Company to the relevant government agency and regulatory body on January 18, 2007, it was clarified that the features of the issued and subscribed preferred shares, in addition to the features indicated in the Parent Company's Amended Articles of Incorporation so long as these features are not inconsistent with the Enabling Resolutions, are as follows: (i) voting, cumulative, and non-redeemable, (ii) par value is one centavo (₱0.01), (iii) entitled to cash dividend equal to 1.00% of the cash dividend declared and payable to common shares, and (iv) not convertible to common shares.

Treasury Shares

On December 20, 2007, the Parent Company's BOD approved the buyback of some of the issued shares of stock of the Parent Company over a period of 12 months up to an aggregate amount of ₱1.5 billion, in view of the strong financial performance of the Parent Company and the very large discrepancy that existed between the current share price and the net asset value of the Parent Company.

The Parent Company had acquired 220.95 million shares at total cost of ₱221.04 million in 2008.

On December 11, 2024, the Parent Company settled its Capped Voluntary Tender Offer, which was filed on October 2, 2024. The Parent Company has reacquired a total of 1,866,000,000 common shares in exchange for 597,120,000 FILRT common shares. The shareholders were offered

0.32 FILRT shares for every 1.00 FLI shares tended. As a result of the voluntary tender offer, the Parent Company's interest in FILRT decreased to 51.1% and the costs of treasury shares amounted to ₱1.86 billion (see Note 11).

There were no additional acquisitions in 2025. The retained earnings is restricted from dividend distribution to the extent of the cost of treasury shares.

Dividend Declarations
On April 24, 2025, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.05 per share or a total of ₱1.12 billion for all common stockholders and ₱0.0005 per share or a total of ₱4.00 million for all preferred stockholders of record as of May 14, 2025 payable on May 23, 2025.

On April 19, 2024, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.05 per share or a total of ₱1.22 billion for all common stockholders and ₱0.0005 per share or a total of P4.00 million for all preferred stockholders of record as of May 13, 2024 payable on June 5, 2024.

As of December 31, 2025 and 2024, the Parent Company's total dividends payable amounted to ₱21.41 million.

Retained Earnings
Retained earnings is further restricted for the payment of dividends to the extent of the cost of the shares held in treasury and deferred tax asset recognized in profit or loss as December 31, 2025 and 2024.

Retained earnings is being utilized to cover part of the annual expenditure requirements of the Parent Company for its expansion projects in the real estate and leasing segments. Furthermore, the retained earnings is also restricted for dividend declaration considering special circumstances as approved by the BOD.

On November 11, 2025, FLI's BOD approved the reversal of the retained earnings appropriation amounting to ₱1.87 billion and appropriation of retained earnings amounting to ₱11.09 billion out of its unrestricted retained earnings as of December 31, 2024. The appropriations will cover the following:

(a) Appropriation for future capital expenditures:

Project	Phase/Building	Amount (In Thousands)	Estimated Completion Date
The Glens	Phase 3	₱100,000	2027
Futura Rise – Mactan	Bldg. 1-8	340,000	2028
Maldives	Bldg. G	656,000	2029
Sorrento	Bldg. I	485,000	2029
Futura Mira	Phase 1	321,000	2029
Centro Spatial	Bldg. D	577,750	2030
Sandia Homes	Phase 2	433,350	2030
Futura East	Bldg. C	384,000	2030
One Oasis Cebu	Bldg. 6	2,257,000	2031
Futura Rise – San Rafael	Bldg. 1-26	980,000	2032
Futura Rise – Wood Estates	Bldg. 1-19	570,000	2032
		₱7,104,100	

(b) Appropriation under special circumstances amounting to ₱3.98 billion arising from gain on exchange of Festival Supermall Main Building on property for share swap transaction with FILRT (see Note 11).

On November 6, 2024, FLI's BOD approved appropriation of retained earnings amounting to ₱24.81 billion out of its unrestricted retained earnings as of December 31, 2023. The appropriations will cover the following:

(a) Appropriation for future capital expenditures:

Project	Phase/Building	Amount (In Thousands)	Estimated Completion Date
Filinvest Innovation Park	Industrial	₱2,894,000	2029
Celestia	Phase 1	2,042,500	2029
Panglao Oasis	Bldg. 2 - Elena	800,000	2029
Futura Rise Iloilo	Bldgs. A – E	223,300	2029
The Levels	Catalina	2,560,300	2030
Cebu Ciudad	Hotel	1,969,300	2030
Cebu Ciudad	Office	1,523,600	2030
Belize Oasis	Bella	821,700	2030
Sydney Oasis	Bldg. A	786,400	2030
Futura Shores	Bldg. A	625,000	2030
Futura Monte	Bldg. B	399,300	2030
		₱14,645,400	

(b) Appropriation under special circumstances:

	Project	Amount (In Thousands)
Under the required Reinvestment Plan	Various FLI Projects as to be contained in the Reinvestment Plan	₱1,866,000
Non-Distributable Capital Asset	Cebu SRP Lot, Filinvest Axis Towers 2, 3, and 4, Filinvest EDSA, IT School, Convergy's and Filinvest Cebu Tower 2	8,302,300
		₱10,168,300

On November 6, 2024, the BOD approved the reversal of the 2020 appropriated retained earnings amounting to ₱5.00 billion considering completion of related capital expenditures.

Capital Management

The Parent Company monitors its capital and cash positions and manages its expenditures and disbursements. Furthermore, the Parent Company may also, from time to time, seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

The primary objective of the Parent Company'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.

No changes were made in capital management objectives, policies or processes for the years ended December 31, 2025 and 2024.

The Parent Company monitors capital using interest-bearing debt-to-equity ratio, which is the long-term debt (loans payable and bonds payable) divided by total equity. The Parent Company's policy is to keep the debt-to-equity ratio not to exceed 2:1.

The following table shows how the Parent Company computes for its debt-to-equity ratio:

	2025	2024
	(In Thousands)	
Loans payable (Note 18)	**₱41,895,902**	₱33,605,556
Bonds payable (Note 19)	**32,917,329**	35,856,587
Total long-term debt	**74,813,231**	69,462,143
Total equity	**96,200,133**	89,083,411
Debt-to-equity ratio	**0.78 : 1.00**	0.78 : 1.00

The Parent Company is subject to externally imposed capital requirements due to loan covenants (see Notes 18 and 19).

On August 12, 1993, the SEC approved the registration of 2.0 billion common shares with issue price of ₱5.25 per share.

On December 15, 2006, the SEC approved the registration of 3.7 billion common shares with issue price of ₱1.60 per share.

Below is the summary of the outstanding number of shares and holders of security as of December 31, 2025:

Year	Number of Shares Registered (In Thousands)	Number of Holders of Securities as of Year End
January 1, 2024	24,249,759	**5,606**
Add/(deduct) movement	(1,866,000)	**(50)**
December 31, 2024	22,383,759	**5,556**
Add/(deduct) movement	–	**(6)**
December 31, 2025	**22,383,759**	**5,550**

**Exclusive of 2,086,949 treasury shares as of December 31, 2025 and 2024.*

28. Income Taxes

Provision for (benefit from) income tax consists of:

	2025	2024
	(In Thousands)	
Current	**₱1,808,723**	₱152,573
Deferred	**(1,026,199)**	800,619
Final	**25**	20
	₱782,549	₱953,212

The Parent Company's current income tax pertains to RCIT in 2025 and MCIT in 2024.

The components of the Parent Company's net deferred income tax liabilities follow:

	2025	2024
	(In Thousands)	
Deferred income tax liabilities on:		
Capitalized borrowing costs	**₱3,601,069**	₱3,040,846
Excess of real estate revenue based on financial accounting policy over real estate revenue based on tax rules	**1,168,382**	2,739,695
Right-of-use assets	**3,573,958**	899,897
Others	**94,282**	166,288
	8,437,691	6,846,726
Deferred income tax assets on:		
Pension expense	**(132,468)**	(122,725)
Lease liabilities	**(4,119,778)**	(1,283,727)
Remeasurement loss on retirement plan	**(2,912)**	(8,767)
Provision for expected credit loss	**(7,653)**	(8,123)
MCIT	**–**	(152,573)
NOLCO	**–**	(233,216)
Others	**(46,655)**	(41,598)
	(4,309,466)	(1,850,729)
	₱4,128,225	₱4,995,997

Provision for deferred income tax charged directly to other comprehensive income in 2025 and 2024 relating to remeasurement gain (loss) on defined benefit obligation amounted to ₱5.90 million and (₱14.25 million), respectively.

In 2025, The Parent Company's MCIT amounting to ₱152.57 million were claimed and offset against income tax due and the carryforward benefits of the NOLCO amounting to ₱932.86 million were claimed as credits against the RCIT.

The reconciliation of the income tax computed at the statutory tax rate to the actual provision for (benefit from) income tax follows:

	2025	2024
	(In Thousands)	
Income tax at statutory rate	**₱2,251,224**	₱1,592,484
Adjustments for the income tax effect of:		
Gain on property-for-share-swap	**(995,783)**	–
Dividend income subjected to final tax	**(446,578)**	(376,722)
Interest subjected to final tax	**(29,414)**	(8,091)
Interest on HGC-enrolled contract receivables	**(3,265)**	(4,819)
Gain on voluntary tender offer	**–**	(257,963)
Income covered by PEZA (Note 32)	**–**	1,103
Nondeductible expense and others	**6,365**	7,220
	₱782,549	₱953,212

29. Fair Value Measurement

The following table sets forth the fair value hierarchy of the Parent Company's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	2025				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI					
Quoted	**₱6,458**	**₱6,458**	**₱6,458**	**₱–**	**₱–**
Unquoted	**9,077**	**9,077**	**–**	**–**	**9,077**
	15,535	**15,535**	**6,458**	**–**	**9,077**
Assets for which fair values are disclosed					
Non-financial assets					
Investment properties	**58,046,554**	**111,259,027**	**–**	**–**	**111,259,027**
Total assets	**₱58,062,089**	**₱111,274,562**	**₱6,458**	**₱–**	**₱111,268,104**
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses					
Accounts payable	**₱7,151,126**	**₱6,744,291**	**₱–**	**₱–**	**₱6,744,291**
Retention fee payable	**2,987,710**	**2,817,736**	**–**	**–**	**2,817,736**
Deposits for registration	**2,165,560**	**2,042,359**	**–**	**–**	**2,042,359**
	12,304,396	**11,604,386**	**–**	**–**	**11,604,386**
Lease liabilities (Note 14)	**16,479,111**	**23,364,812**	**–**	**–**	**23,364,812**
Loans payable (Note 18)	**41,895,902**	**40,593,121**	**–**	**–**	**40,593,121**
Bonds payable (Note 19)	**32,917,329**	**31,193,464**	**–**	**–**	**31,193,464**
	₱103,596,738	**₱106,755,783**	**₱–**	**₱–**	**₱106,755,783**

	2024				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI					
Quoted	₱6,458	₱6,458	₱6,458	₱–	₱–
Unquoted	9,077	9,077	–	–	9,077
	15,535	15,535	6,458	–	9,077
Assets for which fair values are disclosed					
Non-financial assets					
Investment properties	58,143,408	110,203,814	–	–	110,203,814
Total assets	₱58,158,943	₱110,219,349	₱6,458	₱–	₱110,212,891
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses					
Accounts payable	₱7,700,005	₱7,174,280	₱–	₱–	₱7,174,280
Retention fee payable	2,778,188	2,588,504	–	–	2,588,504
Deposits for registration	1,959,690	1,825,890	–	–	1,825,890
	12,437,883	11,588,674	–	–	11,588,674
Lease liabilities (Note 14)	5,134,906	7,280,497	–	–	7,280,497
Loans payable (Note 18)	33,605,556	32,329,782	–	–	32,329,782
Bonds payable (Note 19)	35,856,587	34,125,491	–	–	34,125,491
	₱87,034,932	₱85,324,444	₱–	₱–	₱85,324,444

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, due from and to related parties, other receivables and other assets*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.

- *Contract receivables*: Estimated fair value of contract receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date. Interest rate used was 11.5% to 19.0% in 2025 and 2024, respectively. Due to the short-term nature of receivables from government and financial institutions, carrying amounts approximate fair values.

- *Financial assets at FVOCI*: Fair values were determined using quoted market prices at reporting date. Fair value of unquoted equity securities is based on the latest selling price available.

- *Accounts payable and accrued expenses*: On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rates used were 5.69% and 6.83% in 2025 and 2024.

- *Long-term debt:* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. Long-term debt subjected to quarterly repricing is not discounted since it approximates fair value. The discount rates used ranged from 4.21% to 5.50% and 4.21% to 5.50% as of December 31, 2025 and 2024.

During the years ended December 31, 2025 and 2024, 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.

30. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments are composed of cash and cash equivalents, contracts and other receivables, due from related parties, financial assets at FVOCI, accounts payable and accrued expenses, due to related parties and long-term debt (loans payable and bonds payable). The main purpose of these financial instruments is to raise financing for the Parent Company's operations.

The main objectives of the Parent Company'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 Parent Company's finance and treasury function operates as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Parent Company. The Parent Company's BOD reviews and approves the policies for managing each of these risks.

The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Parent Company's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Parent Company's financial instruments are liquidity risk, credit risk and interest rate risk. The Parent Company also monitors the foreign currency arising from all financial instruments.

Liquidity Risk
Liquidity risk is defined as the risk that the Parent Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Parent Company seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Parent Company uses combination of internally generated funds and available long-term and short-term credit facilities.

As of December 31, 2025 and 2024, the Parent Company has ₱25.80 billion and ₱28.17 billion, respectively, of undrawn short-term credit lines, and ₱28.50 billion and ₱35.34 billion of undrawn long-term credit facilities, respectively.

As part of its liquidity risk management, the Parent Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

The tables below summarize the maturity profile of the Parent Company's other financial liabilities as of December 31, 2025 and 2024 based on contractual undiscounted payments.

	2025						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts payable and accrued expenses							
Accounts payable	₱2,237,983	₱840,785	₱460,113	₱1,797,227	₱1,815,018	₱–	₱7,151,126
Retention fees payable	893,119	892,607	191,995	13,908	634,852	361,229	2,987,710
Deposits for registration	–	638	262,694	964,571	379,925	557,732	2,165,560
Accrued expenses	1,145,180	–	–	–	–	–	1,145,180
Accrued interest	698,498	–	–	–	–	–	698,498
	4,974,780	1,734,030	914,802	2,775,706	2,829,795	918,961	14,148,074
Due to related parties	229,032	–	–	–	–	–	229,032
Loans payable	–	4,328,346	12,985,039	14,689,374	11,434,577	6,887,532	50,324,868
Bonds payable	–	983,576	2,950,728	21,971,542	8,033,487	–	33,939,333
Lease liabilities	–	206,256	618,771	1,775,872	955,072	40,343,841	43,899,812
	₱5,203,812	₱7,252,208	₱17,469,340	₱41,212,494	₱23,252,931	₱48,150,334	₱142,541,119

	2024						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
	(In Thousands)						
Financial Liabilities at Amortized Cost							
Accounts payable and accrued expenses							
Accounts payable	₱2,860,258	₱1,074,567	₱588,048	₱1,580,741	₱1,596,391	₱–	₱7,700,005
Retention fees payable	855,814	855,324	183,976	12,160	555,077	315,837	2,778,188
Deposits for registration	–	577	237,721	872,874	343,807	504,711	1,959,690
Accrued expenses	1,054,044	–	–	–	–	–	1,054,044
Accrued interest	298,881	–	–	–	–	–	298,881
	5,068,997	1,930,468	1,009,745	2,465,775	2,495,275	820,548	13,790,808
Due to related parties	238,355	–	–	–	–	–	238,355
Loans payable	–	2,024,543	6,073,630	13,855,959	10,995,704	9,015,817	41,965,653
Bonds payable	–	4,190,002	12,570,006	23,156,497	–	–	39,916,505
Lease liabilities	–	65,114	195,343	560,634	301,512	18,180,236	19,302,839
	₱5,307,352	₱8,210,127	₱19,848,724	₱40,038,865	₱13,792,491	₱28,016,601	₱115,214,160

The tables below summarize the maturity profile of the Parent Company's financial assets and contract assets held to manage liquidity as of December 31, 2025 and 2024:

	2025						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
	(In Thousands)						
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	**₱2,115,508**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,115,508**
Cash equivalents	**–**	**1,082,209**	**–**	**–**	**–**	**–**	**1,082,209**
Contract receivables							
Contract receivables	**1,456,250**	**–**	**–**	**–**	**–**	**–**	**1,456,250**
Receivables from government and financial institutions	**247,095**	**–**	**–**	**–**	**–**	**–**	**247,095**
Other receivables							
Receivable from tenants-net	**940,125**	**–**	**–**	**–**	**–**	**–**	**940,125**
Due from related parties	**104,402**	**–**	**–**	**–**	**–**	**–**	**104,402**
Investment in Bonds	**150,000**	**–**	**–**	**–**	**–**	**–**	**150,000**
Receivable from HOAs-net	**267,340**	**–**	**–**	**–**	**–**	**–**	**267,340**
Others	**215,983**	**–**	**–**	**–**	**–**	**–**	**215,983**
Short-term deposits	**–**	**–**	**45,995**	**–**	**–**	**–**	**45,995**
	5,496,703	**1,082,209**	**45,995**	**–**	**–**	**–**	**6,624,907**
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	**–**	**–**	**–**	**6,458**	**–**	**–**	**6,458**
Unquoted	**–**	**–**	**–**	**9,077**	**–**	**–**	**9,077**
	–	**–**	**–**	**15,535**	**–**	**–**	**15,535**
Total financial assets	**5,496,703**	**1,082,209**	**45,995**	**15,535**	**–**	**–**	**6,640,442**
Contract assets	**–**	**1,600,974**	**4,802,917**	**2,655,700**	**667,146**	**492,155**	**10,218,892**
	₱5,496,703	**₱2,683,183**	**₱4,848,912**	**₱2,671,235**	**₱667,146**	**₱492,155**	**₱16,859,334**

	2024						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
	(In Thousands)						
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	₱1,535,425	₱–	₱–	₱–	₱–	₱–	₱ 1,535,425
Cash equivalents	–	444,104	–	–	–	–	444,104
Contract receivables							
Contract receivables	1,932,985	–	–	–	–	–	1,932,985
Receivables from government and financial institutions	245,297	–	–	–	–	–	245,297
Other receivables							
Receivable from tenants-net	717,309	–	–	–	–	–	717,309
Due from related parties	128,912	–	–	–	–	–	128,912
Investment in Bonds	150,000	–	–	–	–	–	150,000
Receivable from HOAs-net	174,596	–	–	–	–	–	174,596
Others	46,009	–	–	–	–	–	46,009
Short-term deposits	–	–	127,642	–	–	–	127,642
	4,930,533	444,104	127,642	–	–	–	5,502,279

(Forward)

	2024						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	–	–	6,458	–	–	6,458
Unquoted	–	–	–	9,077	–	–	9,077
	–	–	–	15,535	–	–	15,535
Total financial assets	4,930,533	444,104	127,642	15,535	–	–	5,517,814
Contract assets	–	1,442,518	4,327,551	1,843,603	463,137	341,657	8,418,466
	₱4,930,533	₱1,886,622	₱4,455,193	₱1,859,138	₱463,137	₱341,657	₱13,936,280

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Parent Company is exposed to credit risk from its operating activities, primarily for its contract receivables and other receivables.

It is the Parent Company's policy that buyers who wish to avail of the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, as discussed in Note 7, the Parent Company has a mortgage insurance contract with PhilGuarantee for a retail guaranty line.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Parent Company has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Parent Company, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Parent Company evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

An impairment analysis is performed at each reporting date using the vintage model to measure expected credit losses. The probability of default rates are based groupings of various customer segments with similar loss patterns (i.e., by market segment and collateral type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Parent Company's contract receivables and contract assets using a provision matrix:

	2025					
	Total	**Socialized**	**Low Affordable**	**Affordable**	**Middle Income**	**High-end**
				(In Thousands)		
Expected credit loss	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	**₱11,922,237**	**₱1,156,665**	**₱423,633**	**₱4,474,610**	**₱5,276,119**	**₱591,210**

	2024					
	Total	Socialized	Low Affordable	Affordable	Middle Income	High-end
			(In Thousands)			
Expected credit loss	₱–	₱–	₱–	₱–	₱–	₱–
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	₱10,596,748	₱998,096	₱927,492	₱3,333,569	₱4,345,773	₱991,818

With respect to credit risk arising from the other financial assets of the Parent Company, which comprise cash and cash equivalents and financial assets at FVOCI, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Based on the Parent Company's experience, the said assets are highly collectible or collectible on demand. The Parent Company holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Parent Company can repossess the collateralized properties and resell them at the prevailing market price.

Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Parent Company has not noted any extraordinary exposure which calls for a substandard grade classification.

As at December 31, 2025 and 2024, the analysis of contract receivables that were past due follows:

	Past due					
	Less than 30 days	30 to 60 days	61 days to 90 days	91 days to 120 days	Over 120 days	Total
			(In Thousands)			
2025	**₱160,005**	**₱177,854**	**₱73,484**	**₱74,910**	**₱969,997**	**₱1,456,250**
2024	₱1,096,522	₱277,554	₱211,176	₱99,212	₱248,521	₱1,932,985

There is no concentration risk on the Parent Company's financial assets as of December 31, 2025 and 2024.

Interest Rate Risk
The Parent Company's exposure to market risk for changes in interest rates relates primarily to the Parent Company's loans from various financial institutions. To manage interest rate risk, the Parent Company renegotiates the interest rates for certain long-term debts to convert them from fixed-rate debt to floating-rate debt as the Parent Company believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Parent Company's profit before tax (through the impact on floating rate borrowings). There is no other impact on the Parent Company's other comprehensive income other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax (In Thousands)
2025	**+200**	**(₱345,015)**
	−200	**345,015**
2024	+200	(₱184,395)
	−200	184,395

The assumed change in rate is based on the currently observable market environment. Effect on the Parent Company's income before tax is computed on the carrying amount of the Parent Company's floating rate loans payable as of December 31, 2025 and 2024.

The following table sets out the carrying amount, by maturity, of the Parent Company's long-term debts that are exposed to interest rate risk (amounts in thousands):

	91-day Treasury bill plus 1% to 2% margin					
Variable interest rate	**Below 1 Year**	**1-2 Years**	**2-3 Years**	**3-4 Years**	**Over 4 Years**	**Total**
As of December 31, 2025	**₱–**	**₱4,600,000**	**₱3,716,767**	**₱8,150,000**	**₱1,000,000**	**₱17,466,767**
As of December 31, 2024	₱200,000	₱–	₱1,000,000	₱50,000	₱8,150,000	₱9,400,000

31. Commitments and Contingencies

Contingencies
The Parent Company is involved in various legal actions, claims, and contingencies incidental to the ordinary course of the business. Management believes that any amount the Parent Company may have to pay in connection with any of these matters would not have a material adverse effect on its financial position or operating results. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed as they may prejudice the outcome of the ongoing proceedings.

Capital commitments and obligations
The Parent Company has contractual commitments and obligations for the construction and development costs to be incurred for investment properties and property and equipment items aggregating ₱5.46 billion and ₱3.07 billion as of December 31, 2025, and 2024, respectively. These will be recognized as liabilities in the Parent Company's financial statements when the related services are received.

Assignment of development rights under a BTO agreement
On June 26, 2015, the Parent Company and a third party entered into an agreement whereby the latter agreed to assign its project development rights and benefits under its BTO Agreement with Cebu Province to the Parent Company. In consideration of this assignment, the Parent Company paid upfront fee amounting to ₱150.00 million. January 30, 2024, the Parent Company and Cebu Province entered into an Amendment Agreement, recognizing the full assignment not only of the rights and benefits but also the obligation under the BTO Agreement in favor of the Parent Company as the successor proponent to the contemplated project development. As of December 31, 2025, project construction has not started due to pending approval from Cebu Province on cleared site and this upfront fee is recorded as part of 'Other noncurrent assets' in the parent company statement of financial position (see Note 16).

Development agreement with Bases Conversion Development Authority (BCDA)
In 2015, the Parent Company won the contract to develop a 288-hectare area in Clark Green City in Tarlac and paid 10% of the bid premium as bid security amounted to ₱16.00 million. On January 8, 2016, the Joint Venture Agreement with BCDA was signed and pursuant to the terms of the development of the project, the Parent Company paid the ₱160.00 million bid premium representing the right to own 55% of the equity on the joint venture company to be formed with BCDA.

On February 11, 2016, the Parent Company incorporated FCGCC, the entity that will handle the development of the New Clark City Project (formerly Clark Green City Project). The bid premium is presented as part of investment properties in the parent company financial statements (see Note 12).

32. Registration with PEZA

On February 13, 2002, the Parent Company was registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of the Republic Act (RA) No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (the "Ecozone") to be known as Filinvest Technology Park-Calamba.

Under the registration, the Parent Company shall enjoy 5% preferential tax privilege on income generated from the Ecozone in lieu of the regular income tax rate.

33. Notes to Statements of Cash Flows

Changes in liabilities arising from financing activities for the years ended December 31 follows:

	2025			
	January 1, 2025	**Cash flows**	**Noncash movement**	**December 31, 2025**
		(In Thousands)		
Loans payable	**₱33,605,555**	**₱8,326,030**	**(₱35,683)**	**₱41,895,902**
Bonds payable	**35,856,588**	**(2,925,000)**	**(14,259)**	**32,917,329**
Accrued interest	**298,881**	**(4,992,310)**	**5,391,927**	**698,498**
Dividends payable*	**21,413**	**(1,123,188)**	**1,123,188**	**21,413**
Lease liabilities	**5,134,906**	**(640,801)**	**11,985,006**	**16,479,111**
	₱74,917,343	**(₱1,355,269)**	**₱18,450,179**	**₱92,012,253**

**Dividends payable is presented as part of "Accounts payable and accrued expenses" (see Note 17).*

	2024			
	January 1, 2024	Cash flows	Noncash movement	December 31, 2024
		(In Thousands)		
Loans payable	₱27,432,585	₱6,267,621	(₱94,650)	₱33,605,556
Bonds payable	37,468,517	(1,700,000)	88,070	35,856,587
Accrued interest	87,359	(4,193,110)	4,404,632	298,881
Dividends payable*	21,413	(1,216,488)	1,216,488	21,413
Lease liabilities	5,004,973	(302,289)	432,222	5,134,906
	₱70,014,847	(₱1,144,266)	₱6,046,762	₱74,917,343

**Dividends payable is presented as part of "Accounts payable and accrued expenses" (see Note 17).*

The Parent Company's noncash investing activities are as follows:

a. Land and land developments previously presented under real estate inventories were reclassified to investment properties amounting to ₱489.70 million and ₱455.90 million in 2025 and 2024, respectively (see Notes 9 and 12).

b. Land and land developments previously presented under real estate inventories that were reclassified to investment and advances in subsidiaries and associate amounting to ₱119.65 million in 2024 (nil in 2025; see Notes 9 and 11).

c. Investment properties that were reclassified to real estate inventories amounting to ₱42.95 million in 2024 (nil in 2025).

d. Investment properties that were sold to FILRT under a tax-free property-for-share swap transaction amounting to ₱3.97 billion in 2025 (nil in 2024; see Note 12)

e. Additions to right-of-use assets and lease liabilities amounting to ₱11.05 billion as of December 31, 2025 (nil in 2024; see Notes 12 and 14)

f. Purchases of investment properties, property and equipment and BTO rights which remain unpaid amounted to ₱1,935.03 million, ₱10.06 million and ₱497.19 million, respectively, as of December 31, 2025 and ₱1,394.94 million, ₱34.78 million and ₱494.39 million, respectively, as of December 31, 2024 (see Notes 9, 12, 13 and 15).

g. The Parent Company has remaining unpaid cash dividend amounting to ₱21.41 million as of December 31, 2025 and 2024 (see Note 27).

34. **Subsequent Events**

On February 16, 2026, the BOD approved the issuance of the third tranche of the Parent Company's shelf registration with the SEC under MSRD Order No. 64, Series of 2023, of up to ₱11.57 billion worth of fixed-rate peso denominated bonds with a maturity of up to 10 years.

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

The following document has been received:

Receiving: ICTD ERMD
Receipt Date and Time: June 04, 2025 03:14:32 PM

Company Information

SEC Registration No.: 0000170957
Company Name: FILINVEST LAND INC.
Industry Classification: K70120
Company Type: Stock Corporation

Document Information

Document ID: OST10604202583461207
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2024
Submission Type: Consolidated
Remarks: None

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

FILINVEST
LAND, INC.

79 EDSA, Highway Hills, Mandaluyong City, Metro Manila 1550, Philippines
Trunk line: (632) 7918-8188 • Customer hotline: (632) 8588-1688 • Fax number: (632) 7918-8189

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FILINVEST LAND, INC. and SUBSIDIARIES** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2024, 2023 and 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditor, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JONATHAN T. GOTIANUN
Chairman of the Board

TRISTANEIL D. LAS MARIAS
President/CEO

ANA VENUS A. MEJIA
EVP - Treasurer and CFO

Name	Competent Evidence of Identity	Place of Issue/ Date Issued/ Date of Expiry
Jonathan T. Gotianun	Philippine Passport No. P5509919A	DFA Manila / 03 January 2018 / valid until 02 January 2028
Tristaneil D. Las Marias	Driver's License No. N01-91-124620	Land Transportation Office / valid until 27 March 2028
Ana Venus A. Mejia	Philippine Passport No. P3387436B	DFA NCR East / 30 September 2019 / valid until 29 September 2029

SUBSCRIBED AND SWORN to before me this FEB 26 2025 day of _____, at Makati City, affiant exhibited to ID No. _____

Signed this 26th day of February, 2025

Doc. No. 27
Page No. 44
Book No. XVI
Series of 2025

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2026
IBP No. 05729-Lifetime Member
MCLE Compliance No. VII-0022734
valid until April 14, 2025
Appointment No. M-807 (2025-2026)
PTR No. 10466005 Jan. 2, 2025/Makati
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	7	0	9	5	7					

COMPANY NAME

F	I	L	I	N	V	E	S	T		L	A	N	D	,		I	N	C	.		A	N	D		S	U	B	S	I
D	I	A	R	I	E	S																							

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

F	i	l	i	n	v	e	s	t		B	u	i	l	d	i	n	g	,		7	9		E	D	S	A	,		B
r	g	y	.		H	i	g	h	w	a	y		H	i	l	l	s	,		M	a	n	d	a	l	u	y	o	n
g		C	i	t	y																								

Form Type

A	A	C	F	S

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	7918-8188	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,556	Every 2nd to the last Friday of April Each Year	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	7918-8188	

CONTACT PERSON's ADDRESS

79 EDSA, Brgy. Highway Hills, Mandaluyong City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filinvest Land, Inc.
Filinvest Building, 79 EDSA,
Brgy. Highway Hills, Mandaluyong City

Opinion

We have audited the accompanying consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2024 and 2023, and its financial performance and its cash flows for the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) determination of the transaction price; and (3) application of the output method as the measure of progress in determining real estate revenue.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as history with the buyer, age of residential development receivables and 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.

Effective January 1, 2024, the Group adopted Philippine Interpretations Committee (PIC) Q&A 2018-12-D (as amended by PIC Q&A 2020-04) in assessing if the transaction price includes significant financing component. The Group applied the modified retrospective in its initial adoption.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's project engineers and third-party project managers.

The disclosures related to the real estate revenue are included in Note 6 to the consolidated financial statements.

Audit Response

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold.

For the determination of the transaction price, we obtained an understanding of the Group's process in implementing PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04), including the determination of the population of contracts with customers related to real estate sale, the selection of the transition approach and election of available practical expedient. We obtained the financing component calculation of the management which includes an analysis whether the financing component of the Group's contract with customers is significant. We selected sample contracts from the sales contract database and trace these selected contracts to the calculation prepared by management. For selected contracts, we traced the underlying data and assumptions used in the financing component calculation such as contract price, cash discount, payment scheme, payment amortization table and percentage of completion to the contract provision and projected percentage of completion schedule. We also recomputed the financing component for each sample selected.

For the application of the output method in determining real estate revenue, we obtained an understanding of the Group's processes for determining the percentage of completion (POC) and performed tests of the relevant controls. We inspected the certified POC reports prepared by the internal project engineers for mid-rise real estate development and third-party project managers for high-rise real estate development and assessed their competence, capabilities and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries and inspected the supporting details of POC reports showing the completion of the major activities of the project construction.

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wanessa G. Salvador.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-137-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10465379, January 2, 2025, Makati City

February 26, 2025

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands of Pesos)

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7 and 21)	**₱3,984,191**	₱5,732,008
Contracts receivables (Notes 6 and 8)	**2,178,282**	1,837,829
Contract assets (Notes 6)	**5,785,979**	4,745,827
Other receivables (Notes 9)	**3,563,392**	3,465,056
Real estate inventories (Note 10)	**69,967,114**	72,634,830
Other current assets (Notes 6 and 11)	**8,263,851**	7,192,434
Total Current Assets	**93,742,809**	95,607,984
Noncurrent Assets		
Contract assets - net of current portion (Notes 6)	**2,653,114**	5,037,942
Investments in associates (Note 12)	**5,321,210**	5,219,900
Investment properties (Note 13)	**85,041,035**	79,659,336
Property and equipment (Note 14)	**5,812,719**	5,673,012
Goodwill (Note 4)	**4,567,242**	4,567,242
Build-transfer-operate (BTO) rights (Note 16)	**6,329,162**	6,387,598
Deferred income tax assets (Note 29)	**96,032**	48,483
Other noncurrent assets (Note 17)	**3,316,328**	2,274,580
Total Noncurrent Assets	**113,136,842**	108,868,093
TOTAL ASSETS	**₱206,879,651**	₱204,476,077
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 18)	**₱10,947,076**	₱12,551,165
Contract liabilities (Note 6)	**586,257**	792,402
Current portion of lease liabilities (Note 15)	**155,891**	175,459
Due to related parties (Notes 21)	**244,141**	488,486
Income tax payable	**71,732**	21,557
Current portion of loans payable (Notes 19)	**6,876,639**	16,480,438
Current portion of bonds payable (Notes 20)	**14,815,944**	1,697,345
Total Current Liabilities	**33,697,680**	32,206,852

(Forward)

	December 31	
	2024	2023
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 19)	**₱35,156,005**	₱20,507,489
Bonds payable - net of current portion (Notes 20)	**21,040,644**	35,771,167
Contract liabilities - net of current portion (Note 6)	**24,156**	149,949
Lease liabilities - net of current portion (Note 15)	**6,774,447**	6,544,402
Net retirement liabilities (Note 26)	**398,736**	437,193
Deferred income tax liabilities - net (Note 29)	**4,817,004**	5,649,153
Accounts payable and accrued expenses - net of current portion (Note 18)	**11,635,467**	8,938,003
Total Noncurrent Liabilities	**79,846,459**	77,997,356
Total Liabilities	**113,544,139**	110,204,208
Equity		
Common stock (Note 27)	**24,470,708**	24,470,708
Preferred stock (Note 27)	**80,000**	80,000
Additional paid-in capital	**5,612,321**	5,612,321
Treasury stock (Note 27)	**(2,078,084)**	(221,041)
Retained earnings (Note 27)		
Unappropriated	**37,302,240**	57,061,525
Appropriated	**24,813,773**	5,000,000
Revaluation reserve on financial assets at fair value through other comprehensive income	**(2,619)**	(2,619)
Remeasurement gains on retirement plan - net of tax (Note 26)	**47,521**	47,521
Share in other components of equity of associates (Note 12)	**372,449**	372,449
Equity attributable to equity holders of the parent	**90,618,309**	92,420,864
Noncontrolling interests (Notes 1 and 32)	**2,717,203**	1,851,005
Total Equity	**93,335,512**	94,271,869
TOTAL LIABILITIES AND EQUITY	**₱206,879,651**	₱204,476,077

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands of Pesos, Except Earnings Per Share Figures)

	Years Ended December 31		
	2024	2023	2022
REVENUE			
Real estate sales (Note 6)	**₱15,392,761**	₱14,486,506	₱12,836,056
Rental and related services (Notes 6, 13, 15 and 16)	**7,848,093**	7,200,950	6,350,408
Total revenue	**23,240,854**	21,687,456	19,186,464
EQUITY IN NET EARNINGS OF ASSOCIATES (Note 12)	**359,036**	242,007	78,956
OTHER INCOME			
Interest income (Note 24)	**319,088**	283,978	367,052
Others - net (Notes 21 and 25)	**526,920**	340,893	311,874
	24,445,898	22,554,334	19,944,346
COSTS			
Real estate sales (Note 10)	**7,354,898**	8,101,485	7,354,689
Rental and related services (Notes 13 and 16)	**3,583,370**	3,122,342	2,583,493
OPERATING EXPENSES			
General and administrative expenses (Note 22)	**2,623,353**	2,584,596	2,313,062
Selling and marketing expenses (Note 23)	**1,558,159**	1,370,135	1,150,643
INTEREST AND OTHER FINANCE CHARGES (Note 24)	**3,685,747**	2,434,393	2,294,243
	18,805,527	17,612,951	15,696,130
INCOME BEFORE INCOME TAX	**5,640,371**	4,941,383	4,248,216
PROVISION FOR INCOME TAX (Note 29)	**1,004,635**	645,339	727,079
NET INCOME	**₱4,635,736**	₱4,296,044	₱3,521,137
Net income attributable to:			
Equity holders of the parent	**₱4,168,468**	₱3,765,388	₱2,889,915
Noncontrolling interest	**467,268**	530,656	631,222
	₱4,635,736	₱4,296,044	₱3,521,137
Basic/Diluted Earnings Per Share (Note 28)	**₱0.17**	₱0.16	₱0.12

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2024	2023	2022
NET INCOME	**₱4,635,736**	₱4,296,044	₱3,521,137
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss			
Remeasurement gains (loss) on retirement plan, net of tax (Notes 26 and 29)	–	(20,664)	84,354
TOTAL COMPREHENSIVE INCOME	**₱4,635,736**	₱4,275,380	₱3,605,491
Total comprehensive income attributable to:			
Equity holders of the parent	**₱4,168,468**	₱3,744,724	₱2,974,269
Noncontrolling interest	**467,268**	530,656	631,222
	₱4,635,736	₱4,275,380	₱3,605,491

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

	Attributable to Equity Holders of the Parent											
	Common Stock (Note 27)	**Preferred Stock** (Note 27)	**Additional Paid-in Capital**	**Treasury Stock** (Note 27)	**Unappropriated Retained Earnings** (Note 27)	**Appropriated Retained Earnings** (Note 27)	**Revaluation Reserve on Financial Assets at FVOCI** (Note 17)	**Remeasurement Gains (Losses) on Retirement Plan** (Note 26)	**Share in Other Components of Equity of an Associate** (Note 12)	**Total**	**Noncontrolling Interest** (Note 32)	**Total Equity**
	For the Year Ended December 31, 2024											
Balances as at January 1, 2024, as previously stated	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱57,061,525**	**₱5,000,000**	**(₱2,619)**	**₱47,521**	**₱372,449**	**₱92,420,864**	**₱1,851,005**	**₱94,271,869**
Effect of adoption of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) (Note 2)	–	–	–	–	**(3,720,934)**	–	–	–	–	**(3,720,934)**	–	**(3,720,934)**
Balances as at January 1, 2024, as restated	**24,470,708**	**80,000**	**5,612,321**	**(221,041)**	**53,340,591**	**5,000,000**	**(2,619)**	**₱47,521**	**372,449**	**88,699,930**	**1,851,005**	**90,550,935**
Net income	–	–	–	–	**4,168,468**	–	–	–	–	**4,168,468**	**467,268**	**4,635,736**
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	**4,168,468**	–	–	–	–	**4,168,468**	**467,268**	**4,635,736**
Reversal of appropriation (Note 27)	–	–	–	–	**5,000,000**	**(5,000,000)**	–	–	–	–	–	–
Appropriation during the year (Note 27)	–	–	–	–	**(24,813,773)**	**24,813,773**	–	–	–	–	–	–
Dividends declared (Note 27)	–	–	–	–	**(1,216,488)**	–	–	–	–	**(1,216,488)**	–	**(1,216,488)**
Change in noncontrolling interest (Note 27)	–	–	–	**(1,857,043)**	**823,442**	–	–	–	–	**(1,033,601)**	**1,033,601**	–
Dividend distribution to noncontrolling interest (Note 32)	–	–	–	–	–	–	–	–	–	–	**(634,671)**	**(634,671)**
Balances as at December 31, 2024	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱2,078,084)**	**₱37,302,240**	**₱24,813,773**	**(₱2,619)**	**₱47,521**	**₱372,449**	**₱90,618,309**	**₱2,717,203**	**₱93,335,512**

	Attributable to Equity Holders of the Parent											
	Common Stock (Note 27)	Preferred Stock (Note 27)	Additional Paid-in Capital	Treasury Stock (Note 27)	Unappropriated Retained Earnings (Note 27)	Appropriated Retained Earnings (Note 27)	Revaluation Reserve on Financial Assets at FVOCI (Note 17)	Remeasurement Gains (Losses) on Retirement Plan (Note 26)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest (Note 32)	Total Equity
	For the Year Ended December 31, 2023											
Balances as at January 1, 2023	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱54,172,008	₱5,000,000	(₱2,619)	₱68,185	₱372,449	₱89,552,011	₱1,950,730	₱91,502,741
Net income	–	–	–	–	3,765,388	–	–	–	–	3,765,388	530,656	4,296,044
Other comprehensive loss	–	–	–	–	–	–	–	(20,664)	–	(20,664)	–	(20,664)
Total comprehensive income	–	–	–	–	3,765,388	–	–	(20,664)	–	3,744,724	530,656	4,275,380
Dividends declared (Note 27)	–	–	–	–	(875,871)	–	–	–	–	(875,871)	–	(875,871)
Change in noncontrolling interest	–	–	–	–	–	–	–	–	–	–	30,000	30,000
Dividend distribution to noncontrolling interest (Note 32)	–	–	–	–	–	–	–	–	–	–	(660,381)	(660,381)
Balances as at December 31, 2023	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱57,061,525	₱5,000,000	(₱2,619)	₱47,521	₱372,449	₱92,420,864	₱1,851,005	₱94,271,869

	Attributable to Equity Holders of the Parent											
	Common Stock (Note 27)	Preferred Stock (Note 27)	Additional Paid-in Capital	Treasury Stock (Note 27)	Unappropriated Retained Earnings (Note 27)	Appropriated Retained Earnings (Note 27)	Revaluation Reserve on Financial Assets at FVOCI (Note 17)	Remeasurement Gains (Losses) on Retirement Plan (Note 26)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest (Note 32)	Total Equity
	For the Year Ended December 31, 2022											
Balances as at January 1, 2022	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱52,425,032	₱5,000,000	(₱2,619)	(₱16,169)	₱372,449	₱87,720,681	₱2,069,543	₱89,790,224
Net income	–	–	–	–	2,889,915	–	–	–	–	2,889,915	631,222	3,521,137
Other comprehensive income	–	–	–	–	–	–	–	84,354	–	84,354	–	84,354
Total comprehensive income	–	–	–	–	2,889,915	–	–	84,354	–	2,974,269	631,222	3,605,491
Dividends declared (Note 27)	–	–	–	–	(1,142,939)	–	–	–	–	(1,142,939)	–	(1,142,939)
Dividend distribution to noncontrolling interest (Note 32)	–	–	–	–	–	–	–	–	–	–	(750,035)	(750,035)
Balances as at December 31, 2022	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱54,172,008	₱5,000,000	(₱2,619)	₱68,185	₱372,449	₱89,552,011	₱1,950,730	₱91,502,741

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱5,640,371**	₱4,941,383	₱4,248,216
Adjustments for:			
Interest expense and amortization of transaction costs (Note 24)	**3,598,138**	2,294,148	2,272,368
Depreciation and amortization (Notes 13, 14 and 16)	**2,143,097**	1,593,382	1,630,038
Equity in net earnings of associates (Note 12)	**(359,036)**	(242,007)	(78,956)
Interest income (Note 24)	**(319,088)**	(283,978)	(367,052)
Pension expense, net of contribution and benefits paid (Note 26)	**(38,457)**	(21,667)	59,619
Operating income before changes in operating assets and liabilities	**10,665,025**	8,281,261	7,764,233
Changes in operating assets and liabilities			
Decrease (increase) in:			
Contracts receivable	**(340,453)**	291,052	3,209,050
Contract assets	**1,344,676**	699,187	(2,152,381)
Other receivables	**(98,336)**	(563,050)	(191,543)
Real estate inventories	**(3,645,527)**	(178,552)	(1,830,758)
Other assets	**(2,113,165)**	(620,751)	(1,180,817)
Increase (decrease) in:			
Accounts payable and accrued expense	**1,237,644**	1,929,113	1,209,113
Contract liabilities	**(331,938)**	(353,011)	(650,234)
Cash generated from operations	**6,717,926**	9,485,249	6,176,663
Income taxes paid, including creditable withholding taxes	**(22,487)**	(576,492)	(409,321)
Interest received	**319,088**	283,978	367,052
Net cash provided by operating activities	**7,014,527**	9,192,735	6,134,394
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment properties and property and equipment (Notes 13 and 14)	**(5,026,191)**	(3,645,532)	(7,618,103)
Build-transfer-operate (BTO) rights (Note 16)	**(19,947)**	(865,248)	(1,396,784)
Investment in associates (Note 12)	**–**	–	(10,972)
Investment in bonds (Note 17)	**–**	–	(150,000)
Dividends received from associate (Note 12)	**257,726**	167,125	–
Net cash used in investing activities	**(4,788,412)**	(4,343,655)	(9,175,859)

(Forward)

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES (Note 36)			
Proceeds from availment of:			
Loans payable (Note 19)	**₱38,095,000**	₱24,660,100	₱12,814,900
Bonds payable (Note 20)	**–**	11,430,800	11,900,000
Increase in noncontrolling interest (Notes 1 and 32)	**–**	30,000	–
Payments of:			
Loans payable (Note 19)	**(32,910,712)**	(20,528,712)	(12,160,435)
Bonds payable (Note 20)	**(1,699,995)**	(15,035,400)	(7,000,000)
Cash dividend (Note 27)	**(1,216,488)**	(875,871)	(1,140,525)
Interest and transaction costs	**(5,300,228)**	(4,118,521)	(3,851,408)
Lease liabilities (Note 15)	**(408,907)**	(372,444)	(360,103)
Dividends paid to noncontrolling interest (Note 32)	**(634,671)**	(660,381)	(750,035)
Increase (decrease) in amounts due to related parties	**102,069**	(265,778)	549,946
Net cash provided by (used in) financing activities	**(3,973,932)**	(5,736,207)	2,340
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,747,817)**	(887,127)	(3,039,125)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**5,732,008**	6,619,135	9,658,260
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱3,984,191**	₱5,732,008	₱6,619,135

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Filinvest Land, Inc. (the "Parent Company" or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and is domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989 and later changed to its present name on July 12, 1993. The Parent Company and its subsidiaries (collectively referred to as "the Group") offer a range of real estate products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, condotels, and condominium buildings. The Group also leases out commercial and office spaces in Muntinlupa City, Makati City, Pasay City, Cebu City, Tagaytay City, Cavite, and Clark Mimosa, its major locations for leasing.

The Group's parent company is Filinvest Development Corporation (FDC), a publicly listed entity. A.L. Gotianun, Inc. (ALG) is the Group's ultimate parent company. FDC and ALG were incorporated in the Philippines.

The Parent Company's registered business address is at Filinvest Building, 79 E. Delos Santos Ave. (EDSA), Brgy. Highway Hills, Mandaluyong City.

On July 14, 2023, FLI entered into a Share Purchase Agreement with Rizal Commercial Banking Corporation (RCBC) to purchase all outstanding shares of stock of Niyog Property Holdings, Inc. (NPHI) and Cajel Realty Corporation (CRC) for a total consideration of ₱633.26 million payable over until July 5, 2028, taking over the two latter companies' joint land development activities in Bacoor City, Cavite.

On December 28, 2022, Filinvest Alabang, Inc. (FAI) entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-Excel Property Managers, Inc. (Pro-Excel) to FLI for a total consideration of ₱10.97 million. The resulting ownership interest of FLI in Pro-Excel after the transfer is 47.5%. The primary purpose of Pro-Excel is to engage in the business of administration, maintenance and management of real estate development, controlled development projects and subdivision projects (Note 12).

On December 14, 2022, FLI entered into a Deed of Assignment to purchase 100% ownership in SJR Developers, Inc. (SDI). Total acquisition price amounted to ₱0.60 million. The primary purpose of SDI is to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartment and other structures. The acquisition of SDI has no material effect to the consolidated financial statements.

On May 26, 2022, OurSpace Solutions, Inc. (OSI), a wholly owned subsidiary of FLI, was incorporated with primary purpose of developing, operating, managing and maintaining commercial buildings to be used as coworking spaces. On May 22, 2023, OSI issued a resolution authorizing the issuance of additional shares out of its unissued authorized capital stock, pursuant to the provisions of the Joint Venture Agreement entered into by KMC Community, Inc. (KCI) and FLI.

On August 2, 2023, FLI subscribed to an additional 45 million common shares for a total consideration of ₱45.00 million. On the same date, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI, resulting in FLI's 70% ownership in OSI for a total consideration of ₱30.00 million. OSI has started commercial operations on November 1, 2023.

Approval of the Consolidated Financial Statements
The consolidated financial statements as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 were approved and authorized for issue by the Board of Directors (BOD) on February 26, 2025.

2. Material Accounting Policy Information

Basis of Preparation
The consolidated financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The Group's consolidated financial statements are presented in Philippine Peso (₱), which is also the functional currency of the Parent Company, its subsidiaries and associates. Amounts are in thousand ₱ except as otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024. The nature of business and the corresponding percentages of ownership over these entities are as follows. The voting rights held by the Group in these subsidiaries are in proportion to its ownership interest where:

Subsidiaries	Nature of Business	**2024**	2023	2022
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%	100%
FCGC Corporation (FCGCC)	Real estate developer	**100%**	100%	100%
Filinvest BCDA Clark, Inc. (FBCI)[1]	Real estate developer	**55%**	55%	55%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate developer	**100%**	100%	100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	**100%**	100%	100%
SJR Developers, Inc. (SDI)	Real estate developer	**100%**	100%	100%
Niyog Property Holdings, Inc, (NPHI)[2]	Real estate developer	**100%**	100%	–
Cajel Realty Corporation (CRC)[2]	Real estate developer	**100%**	100%	–
Crystal Ball Realty & Management, Inc. (CBRM)[3]	Real estate developer	**100%**	100%	100%
Cloverleaf Holdings Corporation (CHC)[3]	Real estate developer	**100%**	100%	100%

(Forward)

Subsidiaries	Nature of Business	**2024**	2023	2022
Filinvest REIT Corp. (FILRT) [4]	Leasing	**51%**	63%	63%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%	60%
Filinvest Cyberparks, Inc. (FCI)	Leasing	**100%**	100%	100%
Filinvest Clark Mimosa, Inc. (FCMI)	Leasing	**100%**	100%	100%
Festival Supermall, Inc. (FSI)	Property management	**100%**	100%	100%
Filinvest Lifemalls Corporation (FLC)	Property management	**100%**	100%	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	**100%**	100%	100%
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	**100%**	100%	100%
ProOffice Works Services, Inc. (ProOffice)	Property management	**100%**	100%	100%
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%	100%
Co-Living Pro Managers Corp. (CPMC)	Property management	**100%**	100%	100%
FSM Cinemas, Inc. (FSM Cinemas) [5]	Theater operator	**60%**	60%	60%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	**60%**	60%	60%
Timberland Sports and Nature Club, Inc. (TSNC)	Recreational Sports and Natures Club	**98%**	98%	98%
Nature Specialists, Inc. (NSI)	Recreational Sports and Natures Club	**75%**	75%	75%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%	100%
Proleads Philippines, Inc. (PPI)	Marketing	**100%**	100%	100%
Property Leaders International Limited (PLIL)	Marketing	**100%**	100%	100%
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%	100%
Realpros Philippines, Inc. (RPI)	Marketing	**100%**	100%	100%
FREIT Fund Managers, Inc. (FFMI)	Fund Manager	**100%**	100%	100%
OurSpace Solutions, Inc. (OSI) [6]	Coworking spaces	**70%**	70%	100%

Notes:

1. *FBCI is owned indirectly through FCGCC.*
2. *NPHI and CRC were acquired in 2023 (see Note 1).*
3. *CBRM and CHC were acquired in previous years and were accounted for as asset acquisitions and not as business combination. Acquisition cost amounted to ₱80.06 million and ₱39.59 million for CBRM and CHC, respectively.*
4. *FLI's ownership interest in FILRT was reduced to 51% in 2024 mainly as a result of FLI's voluntary tender offer (see Note 27).*
5. *FSM Cinemas is owned indirectly through FSI.*
6. *On August 2, 2023, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI, resulting to FLI's 70% ownership in OSI (see Note 1).*

Except PLIL which was incorporated in British Virgin Islands, all of the Parent Company's subsidiaries were incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

None of the foregoing subsidiaries has been a party to any bankruptcy, receivership or similar proceedings and has not undergone or entered into any material classification, merger, consolidation (except as disclosed elsewhere in this report), purchase or sale of a significant amount of assets outside the ordinary course of business.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognized the related assets (including goodwill), liabilities, noncontrolling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Noncontrolling Interest

Noncontrolling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity under "Retained Earnings" of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

Business Combinations Involving Entities under Common Control

The Group elected to account for its common control business combination using acquisition method and this is applied consistently for similar transactions. However, where the acquisition method of accounting is selected, the transaction must have commercial substance from the perspective of the reporting entity. Common control business combination without commercial substance is accounted using "pooling of interests" method wherein the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination and adjustments made are only those adjustments to harmonize accounting policies. No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. The effects of intercompany transactions on current assets, current liabilities, revenues, and cost of sales for the periods presented and on retained earnings at the date of acquisition are eliminated to the extent possible.

New Standards, Interpretations and Amendments

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 adoption of new standards effective in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- 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, *Disclosure: Supplier Finance Arrangements*
  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

- Adoption of the provisions of 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)

  On February 14, 2018, the Philippine Interpretations Committee (PIC) issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC Memorandum Circular (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.

  Starting January 1, 2024, the Group adopted the remaining provisions of PIC Q&A 2018-12, specifically on the: (i) significant financing component, (ii) exclusion of land in the determination of percentage-of-completion (POC), and (iii) implementing the IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*). The Group opted to adopt the changes using modified retrospective approach effective January 1, 2024 and the impact was recorded in the opening retained earnings. The comparative information is not restated.



The modified retrospective effects of the adoption of the above changes are detailed below:

i. The Group's adoption of significant financing component did not result to any adjustment to the Group's beginning retained earnings and thus, has no effect on the Group's statement of financial position as at January 1, 2024.

ii. The Group's adoption of the exclusion of land in the determination of POC did not have an impact as the Group does not consider land costs in the determination of its projects' POC.

iii. The Group recognized the impact of the implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost)* as follows:

Consolidated Statements of Financial Position as of January 1, 2024

	As previously stated	Decrease	As restated
		(In Thousands)	
Assets			
Current Assets			
Real estate inventories	₱72,634,830	(₱5,532,604)	₱67,102,226
Noncurrent Liabilities			
Deferred income tax liabilities - net	₱5,649,153	(₱1,811,670)	₱3,837,483
Equity			
Retained earnings	62,061,525	(3,720,934)	58,340,591
	₱67,710,678	(₱5,532,604)	₱62,178,074

Standards Issues but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2025

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

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
- Amendments to PFRS 7, *Gain or Loss on Derecognition*
- Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
- Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

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*

Material Accounting Policies

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.

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.

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.

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 reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments *(Date of recognition)*
Financial assets and liabilities are recognized in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Recognition and Measurement of Financial Instruments
Financial Assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at fair value through profit or loss (FVPL).

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 or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

As of December 31, 2024 and 2023, the Group's financial assets comprise of financial assets at amortized cost and financial assets at FVOCI.

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost
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 classified cash and cash equivalents, contracts receivables, other receivables, short-term deposits (included in other assets), and investment in bonds as financial assets at amortized cost.

Financial assets at FVOCI (equity instruments)
At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in "Revaluation reserve on financial assets at FVOCI" in the consolidated statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in "Revaluation reserve on financial assets at FVOCI" is not reclassified to profit or loss, but is reclassified to Retained earnings.



Included under this category are the Group's investments in quoted and unquoted shares of stocks (included in other noncurrent assets; see Note 17).

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, 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.

Subsequent measurement
Loans and borrowings (financial liabilities at amortized cost) is the category most relevant to the Group. Issued financial instruments or their components, which are not designated at FVPL, are classified as financial liabilities at amortized cost where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

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

As of December 31, 2024 and 2023, loans and borrowings consist primarily of accounts payable and accrued expenses, lease liabilities, loans payable, bonds payable and due to related parties (see Notes 15, 18, 19, 20 and 21).

Impairment of Financial Assets and Contract Assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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 effective interest rate. 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.

The Group applies a simplified approach in calculating ECLs for financial assets at amortized costs. 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 has established a provision matrix for other receivables and a vintage analysis for contracts receivable and contract assets that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments 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.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset is derecognized when:

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. 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.

Financial liabilities

A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.

Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Real Estate Inventories

Lots, Condominium and Residential Units for Sale

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition costs and expenses directly related to acquisition
- Amounts paid to contractors for development and construction
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

In case of sales cancellation, the Group can repossess the properties and hold it for sale in the ordinary course of business at the prevailing market price. The repossessed properties are accounted for as inventories and recognized at its fair value less cost to repossess at the time of cancellation. NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventory recognized in consolidated statement of income on disposal is determined with reference to the specific costs incurred on the property sold, including an allocation of any non-specific costs based on the relative size of the property sold.



Land and Land Development
Land and land development consists of properties with ongoing development that are intended for real estate projects for sale and are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Group such as transfer taxes and registration fees, (c) costs incurred on initial development of the raw land in preparation for future projects, and (d) borrowing costs. They are transferred to lots, condominium and residential units for sale under "Real estate inventories" when the project plans, development and construction estimates are completed and the necessary permits are secured.

Investments in Associates
The Group's investment in associates is accounted for under the equity method of accounting. Under the equity method, the investment in associates is carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the associates. The consolidated statement of income reflects the share of the results of operations of the associates. The Group recognizes its share of the losses of the associate until its share of losses equals or exceeds its interest in the associate, at which point the Group discontinues recognizing its share of further losses.

Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on investment in an associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in an associate is impaired.

If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognize the amount in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Investment Properties
Investment properties consist of commercial mall, land and other properties that are held for long term rental yields and capital appreciation and land held with undetermined future use. Investment properties also include right-of-use assets involving real properties that are subleased to other entities. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any. Initial cost of investment properties consists of cash paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction and directly attributable costs of bringing the investment properties to its intended location and working condition, including borrowing costs.



Constructions-in-progress are carried at cost (including borrowing costs) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete.

For those right-of-use assets that qualify as investment properties, i.e., those land that are subleased 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.

Investment properties built on rented properties are depreciated over their estimated useful lives or lease term, whichever is shorter.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives (EUL) of these assets as follows:

	Years
Buildings and improvement	20-50
Machinery and equipment	5-15

The EUL and the depreciation method is reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment properties also include prepaid commission representing incremental costs that are directly attributable to negotiating and arranging a lease. These are initially recognized at cost and are amortized over the related lease term.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost.

Construction-in-progress, is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the EUL of the assets, as follows:

	Years
Buildings	20-50
Machinery and equipment	5-20
Transportation equipment	5
Furniture and fixtures	3-5

Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease term, whichever is shorter.

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

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, is removed from the account. Any gain or loss arising from derecognition of the asset is included in the consolidated statement of income in the year the asset is derecognized.

Intangible Assets

Intangible assets include goodwill and BTO rights (including the related right-of-use asset). Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination or contracted arrangements is their fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill, are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives (i.e., BTO rights) are amortized over the economic useful life (i.e., 25 years) and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income.

Intangible assets with indefinite useful lives (i.e., goodwill) are not amortized, but are tested for impairment annually or more frequently, either individually or at the cash generating unit level.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Other Assets
Other current and noncurrent assets are carried at cost. These pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

Value-added Tax (VAT)
Revenues, expenses, and assets 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 statement 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 statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable and payable from the taxation authority is included as part of "Other assets" and "Accounts payable and accrued expenses", respectively, in the consolidated statement of financial position.

Impairment of Nonfinancial Assets
The carrying values of investments in associates, property and equipment, investment properties, and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost of disposal and value-in-use. 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 assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of income.

For nonfinancial assets, excluding goodwill, 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 Group estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually or more frequent if events or changes of circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating unit) is less than their carrying amount of cash-generating unit (or group of cash-generating unit) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment

losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Revenue Recognition

Revenue from Contracts with Customers

The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. 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 has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity in its mall retail spaces and office leasing activities, wherein it is acting as agent.

The Group recognize the difference between the consideration received from the customer and the transferred goods to the customer as contract assets in the consolidated statement of financial position.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales

The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of real estate projects under pre-completion stage 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.

Starting January 1, 2024, in determining the transaction price, the Group considers whether the selling price of the real estate property includes significant financing component.

In measuring the progress of its performance obligation over time, the Group uses 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 project accomplishment reports prepared by the third party project managers for high-rise real estate developments and internal project engineers for mid-rise real estate development. The project technical head integrates, reviews and approves the surveys of performance to date of the construction activities of subcontractors.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables is included in the "contract assets" account in the asset section of the consolidated statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the consolidated statement of financial position.

In case of sales cancellation, the difference between the fair value of the repossessed property less cost to repossess and the outstanding receivable and related accounts at the time of cancellation is recognized in profit or loss.

Common usage service area (CUSA) charges and air conditioning dues (included as part of 'Rental and related services')
CUSA charges are recognized when the related services are rendered. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, and electricity in its office leasing activities, wherein it is acting as` agent. Income from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant and are presented gross of related cost and expenses.

Other dues
For the administration fees, electricity and water usage, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Group, are primarily responsible for the provisioning of the utilities while the Group administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

Theater and parking sales and snack bar sales (included as part of 'Rental and related services')
Revenue from theater and parking sales is recognized over time using output method when theater services are rendered. Revenue from snack bar sales is recognized at a point in time when goods are actually sold to customers.

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 land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, 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 costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.
In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances
Contracts receivables
A 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).

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If 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 as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.



Costs to obtain contract (Commission expenses)
The incremental 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 marketing expense" account in the consolidated statement of income.

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

Contract fulfillment assets
Contract fulfillment assets 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 firstly 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) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the 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) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets pertain to land acquisition costs.

Amortization, de-recognition 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 over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization of contract fulfillment assets and cost to obtain a contract is included within "Cost of real estate sales" and "Selling and marketing expense", respectively.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either 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 the contract fulfillment asset or capitalized cost to obtain a contract may be impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant 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 will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits.



Where a contract is anticipated to make a loss, the judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Revenue and Income Recognition

Rental income

Rental income arising from investment properties are recognized in the consolidated statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.

Income from forfeited reservations and collections

Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest income

Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Other income

Other income, including service fees, processing fees, management fees, is recognized when services are rendered and when goods are delivered.

Cost and Expense Recognition

Costs and expenses are recognized in the consolidated statement of 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. Cost and expenses are recognized in the consolidated statement of income as incurred based on the amounts paid or payable

Retirement Costs

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

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets an any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs.

Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. These are capitalized if directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the consolidated statement of financial position.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment of those borrowings.

For investment properties, interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

For "Land and land development" under real estate inventories, interest is capitalized if the properties are currently undertaking activities necessary to prepare the assets for its intended sales, including but not limited to pre-construction activities such as permitting, design, planning and actual land development activities and are not ready to be sold in its current condition.

Prior to January 1, 2024, for "Lots, condominium and residential units for sale" under real estate inventories, interest is capitalized if the properties are currently undertaking activities necessary to prepare the assets for its intended use. Subsequent to January 1, 2024, these are no longer considered as a qualifying asset and thus, the related borrowing cost are expensed as incurred.

Borrowings originally made to develop a specific qualifying asset are transferred to general borrowings (a) when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete, and (b) the entity chooses to use its funds on constructing other qualifying assets rather than repaying the loan.

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 sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

Foreign Currency-Denominated Transactions

The functional and presentation currency of the Parent Company and its subsidiaries and associate is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.

Equity

Common and Preferred stock

The Group records common and preferred stock at par value and additional paid-in capital as the excess of the total contributions received over the aggregate par values of the equity shares.

The Group considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. When any member of the Group purchases the Parent Company's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in consolidated equity.

Treasury stock

Own equity instruments which are reacquired, are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained earnings

Retained earnings represent accumulated net earnings of the Group, and any other adjustments to it as required by other standards, less dividends declared. The individual accumulated earnings of the subsidiaries and accumulated equity earnings from an associate included in the consolidated retained



earnings are available for dividend declaration when these are declared as dividends by the subsidiaries and associate as approved by their respective BOD.

The partial disposal or acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interests is liabilities in equity under "Retained Earnings" of the parent in transactions where the noncontrolling interests are acquired or sold without loss of control.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury.

Dividends on common and preferred shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options and dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted would decrease the basic EPS, and then such convertible preferred shares would be deemed dilutive.

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

Income Tax
Current income tax
Current income 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 at the reporting date.

Deferred income tax
Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or 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 profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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. Income tax relating to items recognized directly in other comprehensive income is recognized in consolidated statement of comprehensive income and not in the consolidated statement of income.

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

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 Lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight-line basis over the lease term. 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.

Group as Lessee

Except for short-term leases and lease of low-value assets, the Group applies a single recognition and measurement approach for all leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use-assets

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.

The Group classifies its right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned.



Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Useful life of right-of-use on land ranges from 20 to 50 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of nonfinancial assets.

ii) 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 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.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (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. 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.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects: (a) the nature of the products and services; (b) the nature of the production processes; (c) the type or class of customer for their products and services; (d) the methods used to distribute their products or provide their services; and, (e) if applicable, the nature of the regulatory environment. The Group's mall retail spaces and office leasing activities are treated as one segment. Financial information on business segments is presented in Note 5 to the consolidated financial statements.

Provisions
A provision is 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.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They 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 are disclosed when an inflow of economic benefits is probable.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards, requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable.

Estimates and judgments 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 which have the most significant effect on the amounts recognized in the consolidated financial statements.

Real Estate Revenue Recognition

a. 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 are not signed by both parties, the combination of its other signed documentation such as purchase application form and official receipts evidencing collections from buyer, would contain all the criteria to qualify as contract with the customer under PFRS 15.

   In addition, part of the assessment process of the Group 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. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price.

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

c. Revenue recognition method 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 is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer 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.

Accounting for the acquisition of NPHI and CRC
In determining whether a transaction or an event is a business combination, the Group assessed whether the assets acquired and liabilities assumed constitute a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. Further, a business consists of inputs and processes applied to those inputs that have the ability to create outputs. Based on the provisions of the Share Purchase Agreement to acquire 100% shares of NPHI and CRC (see Note 1), the Parent Company assessed that the acquisition does not constitute a business. In making the judgment, the Parent Company considered that it lacks two (2) of the three (3) components required to meet the definition of a business (i.e., processes and output). While the Parent Company acquired inputs (i.e., land), FLI did not acquire any processes. As such, the transaction was accounted for as an acquisition of an asset and the entire consideration was recognized as part of land and land development costs in the consolidated statement of financial position (see Note 10).

Evaluation of impairment on nonfinancial assets
The Group reviews its investments in associates, property and equipment, investment properties, BTO rights and other assets (excluding short-term deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends.

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

The recoverable amount is the asset's fair value less cost of disposal, except for investments in associates, which have recoverable value determined using value-in-use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investments in associates. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

As of December 31, 2024 and 2023, management assessed that there are no impairment indicators on its non-financial assets that would lead to recognition of impairment losses.



Adoption of a 'no tax' regime for FILRT
As a Real Estate Investment Trust (REIT) entity, Filinvest REIT Corp. (FILRT) can choose to operate within one of two tax regimes (i.e., a 'full tax' regime or a 'no tax' regime). The REIT entity can effectively operate under a 'no tax' regime provided that it meets certain conditions (e.g., listing status, minimum required dividend payments). A REIT entity is required to distribute at least 90% of its annual income as dividends to its investors and is allowed to treat the dividend as deduction for tax purposes making it effectively an income tax-free entity.

As of December 31, 2024 and 2023, FILRT met the provisions of the REIT law and complies with the 90% dividend distribution requirement. FILRT has determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that it can effectively operate on a "no-tax" regime. FILRT did not recognize any deferred taxes in 2024 and 2023.

Contingencies
In the normal course of business, the Group is currently involved in various legal proceedings and assessments. The assessment of probability and estimate of the probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Group currently does not believe these proceedings will have material or adverse effect on the Group's financial position and results of operations (see Note 33).

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.

Revenue recognition and measure of progress for real estate sales
The Group's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of real estate project.

For the years ended December 31, 2024, 2023 and 2022, real estate sales amounted to ₱15.39 billion, ₱14.49 billion, and ₱12.84 billion, respectively (see Note 6).

Determining transaction price of sale of real estate
The Group determines whether a contract contains a significant financing component by considering (1) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (2) the effect of the expected length of time between when the entity transfer the promised goods or service to the customer and when the customer pays for those goods or services and the prevailing effective interest rate. The Group applied practical expedient by not adjusting the effect of financing component when the period when the entity transfers a promised good or service to a customer and when the customer pays for the good or service will be one year or less. The Group assessed that the significant financing component is not significant in determining the transaction price on sale of real estate.

Evaluation of impairment of contract receivables and contract assets
The Group uses the vintage analysis to calculate ECLs for contracts receivables and contract assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, market segment and collateral type).



The vintage analysis (the model) is initially based on the Group's historical observed default rates. The Group will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's contract receivables and contract assets is disclosed in Note 8.

The carrying values of contract receivables and contract assets are as follows:

	2024	2023
	(In Thousands)	
Contracts receivables (Note 8)	**₱2,178,282**	₱1,837,829
Contract assets (Note 6)	**8,439,093**	9,783,769

Estimating NRV of real estate inventories
The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether the selling prices of those inventories have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In evaluating NRV, recent market conditions and current market prices have been considered.

As of December 31, 2024 and 2023, the carrying amount of real estate inventories amounted to ₱69.97 billion and ₱72.63 billion, respectively (see Note 10). No impairment losses were recognized since the costs are lower than NRV for the years ended December 31, 2024, 2023 and 2022.

Evaluation of impairment on goodwill
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill on acquisition of FILRT, FAC and Festival Supermall structure is based on value-in-use calculation that uses a discounted cash flow model. The cash flows are derived from budget period of five (5) years and do not include restructuring activities that the Group is not yet committed to nor significant future investments that will enhance the asset base of the cash generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as revenue growth rates, gross margins and terminal growth rates used. The pre-tax discount rates used were 9.4% to 11% and 9.6% to 11.0% in 2024 and 2023, respectively. The growth rates used beyond the forecast period for different cash-generating units were 3.5% to 4.0% and 3.0% to 3.8% in 2024 and 2023, respectively.

As of December 31, 2024 and 2023, the Group has determined that its goodwill is not impaired. The carrying value of goodwill amounted to ₱4.57 billion as of December 31, 2024 and 2023 (see Note 4).

Recognition of deferred income tax assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Group will generate sufficient future taxable profit to allow all or part of its deferred income tax assets to be utilized.

The Group's recognized deferred tax assets amounted to ₱2.07 billion and ₱1.88 billion as of December 31, 2024 and 2023, respectively (see Note 29).

4. Goodwill

Goodwill arising from business combinations in the Group's consolidated statements of financial position as of December 31, 2024 and 2023 consists of (amounts in thousands):

Festival Supermall structure	₱3,745,945
FAC	494,744
FILRT	326,553
	₱4,567,242

In September 2006, the Group entered into a series of transactions pursuant to which it acquired: (1) 60% ownership interest in FAC from FDC; (2) 60% ownership interest in FILRT from FAI; and, (3) Festival Supermall structure from FAI. In exchange for acquiring these assets, the Group issued a total of 5.64 billion common shares to FDC and FAI and assumed ₱2.50 billion outstanding debts of FDC and FAI. The business combinations resulted in the recognition of goodwill amounting to ₱4.24 billion, which comprises the fair value of expected synergies arising from the acquisitions.

Subsequently in February 2010, the Parent Company acquired the remaining 40% interests in FILRT from Africa-Israel Properties (Phils.), Inc. to obtain full control of the then joint venture. The acquisition resulted in FILRT becoming wholly-owned subsidiary of the Parent Company. The acquisition of the joint venture partner's interests was accounted for as business combination and resulted in recognition of goodwill amounting to ₱326.55 million.

As of December 31, 2024 and 2023, the recoverable value of the cash generating units to which the goodwill pertains is in excess of the carrying value of the cash generating units, thus, no impairment has been recognized.

5. Segment Reporting

For management purposes, the Group is organized into the following business units:

Real Estate
This involves the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings.

Leasing
This involves the operations of Festival Supermall, Fora Tagaytay, Main Square and Il Corso, including its management and theater operations, and the leasing of commercial and office spaces in Makati City, Muntinlupa City, Pasay City, Bacoor City, Tagaytay City, Cebu City and Clark. This also includes the hotel operations of TSNC and NSI and the operations of PDDC of a district cooling system within existing and future buildings at Northgate Cyberzone Area, Filinvest City, Alabang, Muntinlupa City.

Management monitors the operating results of each of its business units for purposes of resource allocation and performance assessment. Performance of each segment is evaluated based on their profit and loss or net income.

The chief operating decision-maker of the Group is the Executive Committee. The committee reviews internal reports to assess performance and allocate resources. Based on the reports, it is also able to determine both the operating and non-operating segments. Reporting by geographical segments does not apply as the Group currently operates in the Philippines only. The Group's revenues are earned in the Philippines.

Transfer prices between segments are based on rates agreed upon by the parties and have terms equivalent to transactions entered into with third parties.

For the years ended December 31, 2024, 2023, and 2022, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

The financial information on the operations of these business segments as shown below are based on the measurement principles that are similar with those used in measuring the assets, liabilities, income and expenses in the consolidated financial statements which is in accordance with PFRS Accounting Standards, except for the Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).

The information about the financial position and results of operations of these business segments as of and for the years ended December 31 are summarized below (amounts in thousands).

	2024				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue					
External	**₱15,392,761**	**₱7,848,093**	**₱23,240,854**	**₱–**	**₱23,240,854**
Inter-segment	**229,632**	**–**	**229,632**	**(229,632)**	**–**
	15,622,393	**7,848,093**	**23,470,486**	**(229,632)**	**23,240,854**
Equity in net earnings of associates	**359,036**	**–**	**359,036**	**–**	**359,036**
Other income	**3,263,910**	**1,103,623**	**4,367,533**	**(3,521,525)**	**846,008**
	₱19,245,339	**₱8,951,716**	**₱28,197,055**	**(₱3,751,157)**	**₱24,445,898**
Net income	**₱5,437,301**	**₱1,330,564**	**₱6,767,865**	**(₱2,132,129)**	**₱4,635,736**
EBITDA	**₱8,426,129**	**₱4,847,174**	**₱13,273,303**	**(₱1,804,088)**	**₱11,469,215**
Segment assets	**₱100,016,795**	**₱117,217,097**	**₱217,233,892**	**(₱10,354,241)**	**₱206,879,651**
Less net deferred tax assets	**–**	**96,032**	**96,032**	**–**	**96,032**
Net segment assets	**₱100,016,795**	**₱117,121,065**	**₱217,137,860**	**(₱10,354,241)**	**₱206,783,619**
Segment liabilities	**₱56,063,647**	**₱57,818,979**	**₱113,882,626**	**(₱338,487)**	**₱113,544,139**
Less net deferred tax liabilities	**5,030,726**	**9,874**	**5,040,600**	**(223,596)**	**4,817,004**
Net segment liabilities	**₱51,032,921**	**₱57,809,105**	**₱108,842,026**	**(₱114,891)**	**₱108,727,135**
Cash flows provided by (used in):					
Operating activities	**₱3,062,854**	**₱3,843,080**	**₱6,905,934**	**₱108,593**	**₱7,014,527**
Investing activities	**(908,013)**	**(3,880,399)**	**(4,788,412)**	**–**	**(4,788,412)**
Financing activities	**(3,490,116)**	**(1,018,279)**	**(4,508,395)**	**534,463**	**(3,973,932)**

	2023				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue					
External	₱14,486,506	₱7,200,950	₱21,687,456	₱–	₱21,687,456
Inter-segment	40,039	–	40,039	(40,039)	–
	14,526,545	7,200,950	21,727,495	(40,039)	21,687,456
Equity in net earnings of associates	242,007	–	242,007	–	242,007
Other income	2,001,632	964,869	2,966,501	(2,341,630)	624,871
	₱16,770,184	₱8,165,819	₱24,936,003	(₱2,381,669)	₱22,554,334
Net income	₱3,603,769	₱1,742,686	₱5,346,455	(₱1,050,411)	₱4,296,044
EBITDA	₱5,401,034	₱4,797,774	₱10,198,808	(₱1,229,650)	₱8,969,158
Segment assets	₱110,882,971	₱104,057,871	₱214,940,842	(₱10,464,765)	₱204,476,077
Less net deferred tax assets	–	48,483	48,483	–	48,483
Net segment assets	₱110,882,971	₱104,009,388	₱214,892,359	(₱10,464,765)	₱204,427,594
Segment liabilities	₱63,140,179	₱47,438,064	₱110,578,243	(₱374,035)	₱110,204,208
Less net deferred tax liabilities	5,802,647	56,068	5,858,715	(209,562)	5,649,153
Net segment liabilities	₱57,337,532	₱47,381,996	₱104,719,528	(₱164,473)	₱104,555,055
Cash flows provided by (used in):					
Operating activities	₱5,368,606	₱3,979,320	₱9,347,926	(₱155,191)	₱9,192,735
Investing activities	(616,726)	(3,726,929)	(4,343,655)	–	(4,343,655)
Financing activities	(4,306,123)	(2,071,602)	(6,377,725)	641,518	(5,736,207)

	2022				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue					
External	₱12,836,056	₱6,350,408	₱19,186,464	₱–	₱19,186,464
Inter-segment	340,942	–	340,942	(340,942)	–
	13,176,998	6,350,408	19,527,406	(340,942)	19,186,464
Equity in net earnings of associates	78,956	–	78,956	–	78,956
Other income	1,854,110	1,099,670	2,953,780	(2,274,854)	678,926
	₱15,110,064	₱7,450,078	₱22,560,142	(₱2,615,796)	₱19,944,346
Net income	₱3,522,460	₱1,588,870	₱5,111,330	(₱1,590,193)	₱3,521,137
EBITDA	₱5,024,557	₱4,466,521	₱9,491,078	(₱1,318,581)	₱8,172,497
Segment assets	₱113,610,862	₱98,669,097	₱212,279,959	(₱12,164,780)	₱200,115,179
Less net deferred tax assets	–	91,383	91,383	–	91,383
Net segment assets	₱113,610,862	₱98,577,714	₱212,188,576	(₱12,164,780)	₱200,023,796
Segment liabilities	₱69,622,905	₱44,627,867	₱114,250,772	(₱5,638,334)	₱108,612,438
Less net deferred tax liabilities	5,547,080	19,612	5,566,692	58,518	5,625,210
Net segment liabilities	₱64,075,825	₱44,608,255	₱108,684,080	(₱5,696,852)	₱102,987,228
Cash flows provided by (used in):					
Operating activities	(₱1,051,285)	₱4,070,795	₱3,019,510	₱3,114,884	₱6,134,394
Investing activities	(1,369,354)	(3,836,569)	(5,205,923)	(3,969,936)	(9,175,859)
Financing activities	(1,221,205)	962,387	(258,818)	261,158	2,340

The following table shows a reconciliation of the adjusted earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA), after adjustments and eliminations, to income before income tax in the consolidated statement of income for the year:

	2024	2023	2022
		(In Thousands)	
EBITDA	**₱11,469,215**	₱8,969,158	₱8,172,497
Depreciation and amortization (Notes 13, 14 and 16)	**(2,143,097)**	(1,593,382)	(1,630,038)
Operating profit	**9,326,118**	7,375,776	6,542,459
Interest and other finance charges (Note 24)	**(3,685,747)**	(2,434,393)	(2,294,243)
Income before income tax	**₱5,640,371**	₱4,941,383	₱4,248,216

6. Revenue from Contracts with Customers

Disaggregated Revenue Information

The Group's disaggregation of each sources of revenue is presented below:

	2024	2023	2022
		(In Thousands)	
Real estate sales by market segment			
Medium income	**₱11,336,019**	₱9,835,600	₱8,915,046
Low affordable and affordable	**1,863,213**	3,367,527	2,661,307
High-end and others	**1,524,605**	855,169	1,026,177
Socialized	**668,924**	428,210	233,526
	15,392,761	14,486,506	12,836,056
Cinema operations by type of goods or services (included as part of rental and related services)			
Theater and parking sales	**248,461**	214,452	163,853
Snack bar sales	**15,188**	14,066	8,871
	263,649	228,518	172,724
Tenant dues			
Office leasing (Note 21)	**1,176,240**	1,149,383	1,158,229
Mall and other leasing operations	**415,697**	379,197	344,514
	1,591,937	1,528,580	1,502,743
Total revenue from contracts with customers	**17,248,347**	16,243,604	14,511,523
Rental revenues			
Office leasing (Note 21)	**3,633,481**	3,511,044	3,425,457
Mall operations	**1,856,071**	1,605,302	1,161,326
Others	**502,955**	327,506	88,158
	5,992,507	5,443,852	4,674,941
Total Revenue	**₱23,240,854**	₱21,687,456	₱19,186,464

The Group's real estate sales and theater sales are revenue from contracts with customers which are recognized over time while revenue from snack bar sales is recognized at a point in time.

Others from rental revenues includes rent from co-living units, industrial park, co-working spaces and hospitality business operations.

As of December 31, 2024, contract balances are as follows:

	Current	Noncurrent	Total
		(In Thousands)	
Contracts receivable	**₱2,178,282**	**₱–**	**₱2,178,282**
Contract assets	**5,785,979**	**2,653,114**	**8,439,093**
Contract liabilities	**586,257**	**24,156**	**610,413**

As of December 31, 2023, contract balances are as follows:

	Current	Noncurrent	Total
		(In Thousands)	
Contracts receivable	₱1,837,829	₱–	₱1,837,829
Contract assets	4,745,827	5,037,942	9,783,769
Contract liabilities	792,402	149,949	942,351

Real estate sales contracts are collectible in equal monthly principal installments in varying periods of two (2) to ten 10 years. Interest rates per annum range from 11.5% to 19.0%. Titles to the residential units sold transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration for assets already delivered by the Group in excess of the amount recognized as contracts receivable. Contract assets is reclassified to contracts receivable when monthly amortization of customer is due for collection.

In 2024 and 2023, the Parent Company entered into an Agreement for Purchase of Contract Assets with local banks. The banks agreed to buy the contract assets on a without recourse basis, and the Parent Company agreed to sell, assign, transfer and convey to the bank all its rights, titles, and interest in and to the contract assets. In 2024 and 2023, total proceeds from these transactions equivalent to the carrying value of the contract assets sold amounted to ₱11.69 billion and ₱5.43 billion, respectively.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred based on percentage of completion. The movement in contract liability arise mainly from revenue recognition of completed performance obligations. The amount of revenue recognized in 2024 and 2023 from amounts included in contract liabilities at the beginning of the year amounted to ₱450.27 million and ₱767.44 million, respectively.

Performance Obligation

Information about the Group's performance obligations are summarized below:

Real estate sales

The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of a real estate unit may cover either (a) a lot; (b) house and lot or (c) condominium unit. There is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the purchase application form and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include downpayment of 20% to 30% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to 10 years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results in either a contract asset or contract liability.

After the delivery of the completed real estate unit, the Group provides one year warranty to repair minor defects on the delivered house and lot and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2024 and 2023 amounted to ₱3.05 billion and ₱2.91 billion, respectively. Performance obligation for the transaction price amounting to ₱2.78 billion and ₱2.45 billion will be satisfied within one year as of December 31, 2024 and 2023, respectively.

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Group's real estate projects. The Group's mid-rise condominium units and high-rise condominium units are completed within three (3) and five (5) years, respectively, from start of construction while house and lots are expected to be completed within 12 months.

Rental agreements
The Group entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space; (b) provisioning of water and electricity; (c) provision of air conditioning and CUSA services presented as tenant dues; and, (d) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within seven (7) to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

Cost to Obtain Contracts and Contract Fulfillment Assets
The rollforward of the cost to obtain contract included in the other current assets is as follows:

	2024	2023
	(In Thousands)	
Balance at beginning of year	**₱367,514**	₱473,852
Additions	**734,410**	632,296
Amortization (Note 23)	**(811,308)**	(738,634)
Balance at end of year (Note 11)	**₱290,616**	₱367,514

Amortization of cost to obtain contract is recognized in the consolidated statements of comprehensive income under selling and marketing expenses.

For the years ended December 31, 2024 and 2023, additions of contract fulfillment assets amounted to ₱732.07 million and ₱648.65 million, respectively (see Note 10). Amortization of contract fulfillment costs amounted to ₱1.00 billion and ₱1.07 billion for the years ended December 31, 2024 and 2023, respectively. Contract fulfilment assets is included as part of real estate inventories.

The Group reviews its major contracts to identify indicators of impairment of contract fulfilment assets by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract.

In determining estimated amount of consideration, the Group uses the same principles in determining contract transaction price.

It is the Group's accounting policy, as set out in Note 2, that if a contract or specific performance obligation has exhibited marginal profitability or other indicators of impairment, judgement is applied to ascertain whether the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

7. Cash and Cash Equivalents

This account consists of:

	2024	2023
	(In Thousands)	
Cash	**₱3,011,408**	₱4,604,987
Cash equivalents	**972,783**	1,127,021
	₱3,984,191	₱5,732,008

Cash includes cash on hand and in banks. Cash in banks 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 (3) months or less from dates of placement and are subject to an insignificant risk of change in value.

Interest income earned on the Group's cash and cash equivalents amounted to ₱98.70 million, ₱80.39 million and ₱71.20 million in 2024, 2023 and 2022, respectively (see Note 24).

There is no restriction on the Group's cash and cash equivalents as at December 31, 2024 and 2023.

8. Contracts Receivables

This account consists of:

	2024	2023
	(In Thousands)	
Contracts receivable	**₱1,932,985**	₱1,582,486
Receivables from government and financial institutions	**245,297**	255,343
	₱2,178,282	₱1,837,829

Real estate sales contracts are collectible over varying periods within 2 to 10 years. The receivables arising from real estate sales are collateralized by the corresponding real estate properties sold. The Group records any excess of progress work over the right to an amount of consideration that is unconditional (i.e., contracts receivable) as contract assets (see Note 6).

Receivables from government and financial institutions pertain to government and bank-financed real estate sales. Receivables from government and financial institutions are collectible within one (1) year.

Interest income recognized on contracts receivable amounted to ₱199.50 million, ₱174.03 million and ₱276.49 million in 2024, 2023 and 2022, respectively (see Note 24). Interest rates per annum on contracts receivable range from 11.5% to 19.0% for these years.

The Group has a mortgage insurance contract with Philippine Guarantee Corporation (PhilGuarantee), a government insurance company for a retail guaranty line. As of December 31, 2024 and 2023, the contracts (comprise of both contract receivables and contract assets) covered by the guaranty line amounted to ₱193.57 million and ₱361.45 million, respectively. As of December 31, 2024 and 2023, the remaining unutilized guaranty line amounted to ₱1.37 billion.

As of December 31, 2024 and 2023, no impairment losses were recognized from contracts receivables.

9. Other Receivables

This account consists of:

	2024	2023
	(In Thousands)	
Receivables from tenants	**₱2,302,942**	₱2,038,850
Due from related parties (Note 21)	**434,428**	695,344
Advances to officers and employees	**418,147**	422,954
Receivables from homeowners' associations (HOAs)	**174,596**	227,671
Others	**292,037**	139,383
	3,622,150	3,524,202
Less: Allowance for ECLs	**58,758**	59,146
	₱3,563,392	₱3,465,056

"Receivables from tenants" represent charges to tenants for rentals and utilities normally collectible within 15-20 days from billing date.

"Advances to officers and employees" represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

"Receivables from homeowners' associations" represent claims from the homeowners' association of the Group's projects for the payment of the expenses on behalf of the association.

"Others" represent advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

Set out below is the movement of the allowance for ECLs of other receivables:

	2024		
	Receivables from tenants	**Receivables from HOAs**	**Total**
		(In Thousands)	
Balance at beginning of year	**₱43,282**	**₱15,864**	**₱59,146**
Reversal of ECLs	**(388)**	**–**	**(388)**
Balance at end of year	**₱42,894**	**₱15,864**	**₱58,758**

	2023		
	Receivables from tenants	Receivables from HOAs	Total
		(In Thousands)	
Balance at beginning of year	₱34,803	₱15,864	₱50,667
Provision for ECLs	8,479	–	8,479
Balance at end of year	₱43,282	₱15,864	₱59,146

10. Real Estate Inventories

This account consists of:

	2024	2023
		(In Thousands)
Real estate inventories – at cost		
Lots, condominium and residential units for sale	**₱43,991,685**	₱45,642,483
Land and land development	**25,975,429**	26,992,347
	₱69,967,114	₱72,634,830

A summary of the movement in lots, condominium and residential units for sale is set out below:

	2024	2023
		(In Thousands)
Balance at beginning of year	**₱45,642,483**	₱44,623,160
Effect of adoption of IFRIC Agenda Decision on PAS 23 (Note 2)	**(5,532,604)**	–
Balance as at January 1, as adjusted	**40,109,879**	44,623,160

(Forward)

	2024	2023
	(In Thousands)	
Construction/development costs incurred	**₱10,461,681**	₱7,319,735
Transferred from land and land development (Note 6)	**732,071**	648,649
Transfer from investment properties (Note 13)	**42,952**	–
Capitalized borrowing costs	–	699,846
Additions thru asset acquisition (Notes 1 and 3)	–	452,578
Cost of real estate sales	**(7,354,898)**	(8,101,485)
Balance at end of year	**₱43,991,685**	₱45,642,483

Capitalization rate for the capitalized borrowing costs is nil, 5.15% and 4.70% in 2024, 2023 and 2022, respectively.

A summary of the movement in land and land development is set out below:

	2024	2023
	(In Thousands)	
Balance at beginning of year	**₱26,992,347**	₱26,703,327
Site development and incidental costs	**1,300,203**	886,558
Land acquisitions (Notes 1 and 3)	**4,745**	51,111
Transferred to lots, condominium and residential units for sale	**(732,071)**	(648,649)
Transfer to investment properties (Note 13)	**(1,589,795)**	–
Balance at end of year	**₱25,975,429**	₱26,992,347

Borrowing costs capitalized as part of land and land development, where activities necessary to prepare it for its intended use is ongoing, amounted to ₱766.21 million, ₱620.18 million and ₱430.55 million for the years ended December 31, 2024, 2023 and 2022, respectively. Capitalization rate is 5.47%, 5.15% and 4.7% in 2024, 2023 and 2022, respectively.

11. **Other Current Assets**

This account consists of:

	2024	2023
	(In Thousands)	
Input taxes -net	**₱3,921,006**	₱3,842,624
Creditable withholding taxes	**2,136,391**	1,231,664
Prepaid expenses	**829,717**	807,382
Advances to contractors and suppliers	**454,622**	445,383
Construction materials and supplies	**451,749**	401,535
Cost to obtain contract (Note 6)	**290,616**	367,514
Short-term deposits	**179,750**	96,332
	₱8,263,851	₱7,192,434

"Input taxes" pertains to VAT passed on from purchases of goods or services which is applied against output VAT.

"Creditable withholding taxes" are the taxes withheld by the withholding agents from payments to the sellers which is creditable against the income tax payable.

"Prepaid expenses" consist of prepayments for commissions on leases, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

"Advances to contractors and suppliers" pertain to down payments made by the Group which are applied against future billings for development and construction contracts of real estate inventories.

"Construction materials and supplies" pertain to inventories to be used in the construction and maintenance of projects.

"Cost to obtain contract" includes accrued commissions net of amount paid to brokers relating to the sale of real estate inventories which qualify for revenue recognition.

12. Investments in Associates

This account consists of:

	2024	2023
		(In Thousands)
At equity:		
Acquisition cost		
Balance at beginning of year	**₱1,028,841**	₱1,018,841
ProActive Professionals Corp. (ProActive)	–	10,000
Balance at end of year	**1,028,841**	1,028,841
Accumulated equity in net earnings:		
Balance at beginning of year	**1,808,158**	1,733,276
Equity in net earnings for the year	**359,036**	242,007
Dividend declaration	**(257,726)**	(167,125)
Balance at end of year	**1,909,468**	1,808,158
Share in revaluation increment on land at deemed cost	**2,010,452**	2,010,452
Share in other components of equity	**372,449**	372,449
	₱5,321,210	₱5,219,900

The carrying value of the Group's investments in associates as of December 31 follows:

	2024	2023
		(In Thousands)
FAI	**₱4,969,569**	₱4,908,516
Dreambuilders Pro, Inc. (DPI)	**94,294**	93,119
Filinvest Mimosa, Inc. (FMI)	**84,228**	81,629
SharePro, Inc. (SPI)	**59,418**	31,040
Corporate Technologies, Inc. (CTI)	**53,958**	52,190
Pro-Excel	**49,743**	43,406
ProActive	**10,000**	10,000
	₱5,321,210	₱5,219,900

FAI
The Parent Company has a 20% interest in FAI which is involved primarily in the development of commercial buildings, residential condominiums and land. FAI is also involved in leasing of commercial real estate and marketing.

Dividends declared by FAI and the corresponding share of the Group for the year ended December 31, 2024 amounted to ₱1,253.00 million and ₱250.60 million, respectively, and for the year ended December 31, 2023 amounted to ₱800.00 million and ₱160.00 million, respectively.

Summarized financial information and reconciliation of investment in FAI is as follows:

	2024	2023
		(In Thousands)
Current assets	**₱16,185,757**	₱15,185,721
Noncurrent assets	**24,288,735**	22,398,234
Total assets	**40,474,492**	37,583,955
Current liabilities	**2,685,551**	2,327,477
Noncurrent liabilities	**9,636,696**	7,233,433
Total liabilities	**12,322,247**	9,560,910
Equity	**₱28,152,245**	₱28,023,045
Proportion of the Group's ownership	**20%**	20%
Equity in net assets of associate	**₱5,630,449**	₱5,604,609
Less upstream sales	**660,880**	696,093
Carrying amount of the investment	**₱4,969,569**	₱4,908,516
Revenue and other income	**₱4,724,114**	₱3,633,405
Cost and other expenses	**(2,253,671)**	(1,933,204)
Depreciation	**(217,601)**	(218,825)
Interest expense	**(96,278)**	(67,134)
Interest income	**24,019**	17,592
Income before tax	**2,180,583**	1,431,834
Income tax expense	**622,308**	363,482
Net income for the year	**₱1,558,275**	₱1,068,352
Group's equity in net earnings of associate	**₱311,655**	₱213,670

Share in net earnings of FAI amounted to ₱72.70 million for the year ended December 31, 2022.

DPI
In 2020, the Parent Company's 45% interest in DPI was classified as investments in associate. Share in net earnings (losses) of DPI amounted to ₱1.17 million, (₱2.38 million) and (₱3.39 million) for the years ended December 31, 2024, 2023 and 2022, respectively.

FMI
In 2016, FMI was incorporated to enter into an agreement with Clark Development Corporation (CDC) for the lease of the Mimosa Leisure Estate. The Parent Company subscribed for 47.5% of FMI's capital stock amounting to ₱37.83 million. Share in net earnings of FMI amounted to ₱2.60 million, ₱1.28 million and ₱5.77 million for the years ended December 31, 2024, 2023 and 2022, respectively.

SPI
SPI was incorporated and operating in the Philippines and handles the technical and project management services for the Group. In December 2021, the Parent Company subscribed for 45.0% of SPI's capital stock amounting to ₱11.25 million. Share in net earnings of SPI amounted to ₱28.38 million, ₱16.99 million and ₱2.81 million for the years ended December 31, 2024, 2023 and 2022, respectively.

CTI
In 2019, the 30% interest in CTI of the Parent Company was classified as investments in associate. CTI is primarily involved in information technology service management. Share in net earnings (losses) of CTI amounted ₱1.77 million, ₱1.97 million and (₱2.94 million) for the years ended December 31, 2024, 2023 and 2022, respectively.

Pro-Excel
On December 28, 2022, FAI entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-Excel to FLI for a total consideration of ₱10.97 million. The resulting ownership interest of FLI in Pro-Excel after the transfer is 47.5%. Share in net earnings of Pro-Excel amounted to ₱13.46 million, ₱10.49 million and ₱4.01 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Dividends declared by Pro-Excel and the corresponding share of the Group amounted to ₱15.00 million and ₱7.13 million for both years ended December 31, 2024 and 2023.

ProActive
ProActive was incorporated to provide business process outsourcing services for the Group. On August 9, 2023, the Parent Company subscribed to 40.0% of ProActive's capital stock amounting to ₱10.00 million. ProActive has not started commercial operations as of December 31, 2024.

Aggregate financial information on the associates with immaterial interest (FMI, CTI, Pro-Excel, DPI, SPI and ProActive) follows:

	2024	2023
	(In Thousands)	
Carrying amount of investments	**₱351,641**	₱311,384
Share in net income/total comprehensive income	**47,381**	28,337

The Group does not restrict profit distribution of its associates. The associates have no contingent liabilities outside of the ordinary course of business or capital commitments as at December 31, 2024 and 2023.

13. Investment Properties

The rollforward analysis of this account as of December 31 follows:

	2024					
	Land	**Buildings and Improvements**	**Machinery and Equipment**	**Construction in Progress**	**Right-of-use assets** (Note 15)	**Total**
	(In Thousands)					
Cost						
Balances at beginning of year	**₱16,575,680**	**₱32,104,793**	**₱407,782**	**₱35,545,897**	**₱5,376,136**	**₱90,010,288**
Additions	**287,535**	**1,356,651**	**42,171**	**3,749,956**	–	**5,436,313**
Transfers (Note 10)	**1,589,795**	**(82,995)**	–	–	–	**1,506,800**
Balances at end of year	**18,453,010**	**33,378,449**	**449,953**	**39,295,853**	**5,376,136**	**96,953,401**
Accumulated Depreciation						
Balances at beginning of year	–	**9,199,751**	**396,712**	–	**754,489**	**10,350,952**
Depreciation (Note 22)	–	**1,431,050**	**18,111**	–	**152,296**	**1,601,457**
Transfers (Note 10)	–	**(40,043)**	–	–	–	**(40,043)**
Balances at end of year	–	**10,590,758**	**414,823**	–	**906,785**	**11,912,366**
Net Book Value	**₱18,453,010**	**₱22,787,691**	**₱35,130**	**₱39,295,853**	**₱4,469,351**	**₱85,041,035**

	2023					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 15)	Total
	(In Thousands)					
Cost						
Balances at beginning of year	₱16,533,276	₱29,538,271	₱382,015	₱34,327,269	₱5,376,136	₱86,156,967
Additions	42,404	2,566,522	25,767	1,218,628	–	3,853,321
Balances at end of year	16,575,680	32,104,793	407,782	35,545,897	5,376,136	90,010,288
Accumulated Depreciation						
Balances at beginning of year	–	8,150,458	377,477	–	607,636	9,135,571
Depreciation (Note 22)	–	1,049,293	19,235	–	146,853	1,215,381
Balances at end of year	–	9,199,751	396,712	–	754,489	10,350,952
Net Book Value	₱16,575,680	₱22,905,042	₱11,070	₱35,545,897	₱4,621,647	₱79,659,336

The additions to buildings and improvements are mainly due to improvements made for office and commercial buildings to be leased out.

Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion.

Borrowing costs capitalized as part of investment properties amounted to ₱1.43 billion, ₱944.83 million and ₱812.02 million in 2024, 2023 and 2022, respectively. Capitalization rates used are 4.27% to 6.64%, 4.33% to 6.68% and 3.6% to 6.12% in 2024, 2023 and 2022, respectively.

The aggregate fair value of the Group's investment properties amounted to ₱215.34 billion and ₱214.64 billion as of December 31, 2024 and 2023, respectively, based on third party appraisals performed for certain assets by an SEC accredited independent appraiser and management appraisal updated using current and year-end values and assumptions. The fair value of buildings was determined using the income approach based on discounted cash flow analysis. The fair value of land was determined using the income approach based on discounted cash flow analysis.

Under the income approach, all expected cash flow from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations. The valuation of investment property is categorized as Level 3 in the fair value hierarchy since valuation is based on unobservable inputs. The significant unobservable inputs used in the valuation pertains to lease income growth rate and discount rate. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement while a change in the assumption used for the

lease income growth rate is accompanied by a directionally similar change in the fair value of the Group's investment properties.

The Group has no restrictions on the realizability of its investment properties.

Revenue from rental and related services from investment properties amounted to ₱7.38 billion, ₱6.75 billion and ₱6.06 billion in 2024, 2023 and 2022, respectively (see Note 6). Cost of rental and related services arising from investment properties is as follows:

	2024	2023	2022
		(In Thousands)	
Mall operations	**₱2,141,178**	₱1,822,415	₱1,410,754
Depreciation	**1,282,590**	1,201,601	993,133
Others	**18,914**	27,721	6,477
	₱3,442,682	₱3,051,737	₱2,410,364

"Others" pertain to cost of ticket sales and snack bar sales.

The Group classifies the depreciation of fit out cost and machinery and equipment related to the common area and air-conditioning as part of the maintenance and air-conditioning dues that are collected from the tenants. In 2024, 2023 and 2022, depreciation expense recognized as part of "Rental and related services" revenue amounted to ₱166.57 million, ₱179.20 million and ₱13.42 million, respectively.

14. Property and Equipment

The rollforward analysis of this account as of December 31 follows:

	2024						
	Land and Buildings	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress**	**Total**
				(In Thousands)			
Cost							
Balances at beginning of year	**₱3,699,958**	**₱3,340,297**	**₱223,602**	**₱190,607**	**₱322,297**	**₱277,210**	**₱8,053,971**
Additions	**54,830**	**394,541**	**15,708**	**47,595**	**13,861**	**11,659**	**538,194**
Balances at end of year	**3,754,788**	**3,734,838**	**239,310**	**238,202**	**336,158**	**288,869**	**8,592,165**
Accumulated Depreciation and Amortization							
Balances at beginning of year	**797,291**	**1,106,310**	**170,430**	**149,062**	**157,866**	–	**2,380,959**
Depreciation and amortization (Note 22)	**98,036**	**227,524**	**16,185**	**42,860**	**13,882**	–	**398,487**
Balances at end of year	**895,327**	**1,333,834**	**186,615**	**191,922**	**171,748**	–	**2,779,446**
Net Book Value	**₱2,859,461**	**₱2,401,004**	**₱52,695**	**₱46,280**	**₱164,410**	**₱288,869**	**₱5,812,719**

	2023						
	Land and Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
				(In Thousands)			
Cost							
Balances at beginning of year	₱3,613,237	₱3,166,765	₱185,075	₱166,739	₱213,023	₱220,898	₱7,565,737
Additions	86,721	173,532	38,527	23,868	109,274	56,312	488,234
Balances at end of year	3,699,958	3,340,297	223,602	190,607	322,297	277,210	8,053,971
Accumulated Depreciation and Amortization							
Balances at beginning of year	699,238	966,089	155,299	123,207	136,625	–	2,080,458
Depreciation and amortization (Note 22)	98,053	140,221	15,131	25,855	21,241	–	300,501
Balances at end of year	797,291	1,106,310	170,430	149,062	157,866	–	2,380,959
Net Book Value	₱2,902,667	₱2,233,987	₱53,172	₱41,545	₱164,431	₱277,210	₱5,673,012

There are no property and equipment items pledged to secure the obligations of the Group as of December 31, 2024 and 2023.

15. Leases

Group as lessee
The Group has lease contracts on land where the buildings are situated. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group has entered into land lease arrangements with lease terms ranging from 25 and 50 years. Several leases include extension option to lease the assets for additional 25 years based on mutual agreement of the parties.

The rollforward analysis of right-of-use assets on land as of December 31 follows:

	2024		
	Investment Properties (Note 13)	**BTO Rights** (Note 16)	**Total**
	(In Thousands)		
Cost			
Balances at beginning and end of year	**₱5,376,136**	**₱112,424**	**₱5,488,560**
Accumulated Depreciation			
Balances at beginning of year	**754,489**	**21,037**	**775,526**
Depreciation (Note 22)	**152,296**	**2,465**	**154,761**
Balances at end of year	**906,785**	**23,502**	**930,287**
Net Book Value	**₱4,469,351**	**₱88,922**	**₱4,558,273**

	2023		
	Investment Properties (Note 13)	BTO Rights (Note 16)	Total
	(In Thousands)		
Cost			
Balances at beginning and end of year	₱5,376,136	₱112,424	₱5,488,560
Accumulated Depreciation			
Balances at beginning of year	607,636	14,142	621,778
Depreciation (Note 22)	146,853	6,895	153,748
Balances at end of year	754,489	21,037	775,526
Net Book Value	₱4,621,647	₱91,387	₱4,713,034

The rollforward analysis of lease liabilities as of December 31 follows:

	2024	2023
	(In Thousands)	
Balances at beginning of year	**₱6,719,861**	₱6,508,490
Interest expense (gross of related capitalized borrowing costs)	**619,384**	583,815
Payments	**(408,907)**	(372,444)
Balances at end of year	**6,930,338**	6,719,861
Lease liabilities - current portion	**155,891**	175,459
Lease liabilities - net of current portion	**₱6,774,447**	₱6,544,402

The Group also has certain lease of land with variable rental payments and lease of office space considered as 'low-value assets'. The Group applies the lease of 'low-value assets' recognition exemptions for these leases.

The following are the amounts recognized in the consolidated statement of income for the years ended December 31:

	2024	2023	2022
		(In Thousands)	
Interest and other finance charges on lease liabilities (Note 24)	**₱520,667**	₱487,174	₱425,148
General and administrative expenses (Note 22)			
Depreciation expense of right-of-use assets	**154,761**	153,748	158,424
Variable lease payments and expenses relating to leases of low-value assets (Note 22)	**16,019**	10,464	19,837
	₱691,447	₱651,386	₱603,409

Interest expense capitalized as part of investment properties and BTO Rights amounted to ₱98.72 million, ₱96.64 million and ₱95.43 million in 2024, 2023 and 2022, respectively.

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

	2024	2023
		(In Thousands)
1 year	**₱478,337**	₱456,582
more than 1 years to 2 years	**496,959**	478,337
more than 2 years to 3 years	**520,292**	496,959
more than 3 years to 4 years	**540,138**	520,292
more than 5 years	**27,210,871**	27,756,008

Group as lessor
Future minimum rental receivables under renewable operating leases as of December 31 are as follows:

	2024	2023
		(In Thousands)
Within one year	**₱4,220,818**	₱4,172,360
After one year but not more than five years	**10,500,606**	9,252,477
After five years	**5,011,914**	2,165,805
	₱19,733,338	₱15,590,642

The Group entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants with lease ranging from five (5) to 15 years.

Rental income recognized based on a percentage of the gross revenue of mall tenants included in "Rental and related services" account in the consolidated statement of income amounted to ₱502.29 million, ₱457.26 million and ₱391.64 million in 2024, 2023 and 2022, respectively.

The Group granted rental concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱70.76 million and ₱314.84 million in 2023 and 2022, respectively. These rent concessions did not qualify as a lease modification, thus, were accounted for as negative variable lease payments and reported as reduction of lease income in 2023 and 2022.

16. Build-Transfer-Operate (BTO) Rights

BTO rights pertain to the cost related to the BTO agreement with The Province of Cebu (Cebu Province) entered on March 26, 2012. The BTO project relates to the development, construction, and operation of the Business Process Outsourcing (BPO) Complex by the Group at the land properties owned by Cebu Province located at Salinas, Lahug, Cebu City.

The rollforward analysis of BTO rights is as follows:

	December 31, 2024		
	BTO Rights	**Right-of-Use Assets**	**Total**
		(In Thousands)	
Cost			
Balance at beginning of year	**₱6,863,079**	**₱112,424**	**₱6,975,503**
Additions	**84,717**	–	**84,717**
Balance at end of year	**6,947,796**	**112,424**	**7,060,220**
Accumulated Amortization			
Balance at beginning of year	**566,868**	**21,037**	**587,905**
Depreciation (Note 22)	**140,688**	**2,465**	**143,153**
Balance at end of year	**707,556**	**23,502**	**731,058**
Net Book Value	**₱6,240,240**	**₱88,922**	**₱6,329,162**

	December 31, 2023		
	BTO Rights	Right-of-Use Assets	Total
		(In Thousands)	
Cost			
Balance at beginning of year	₱5,997,831	₱112,424	₱6,110,255
Additions	865,248	–	865,248
Balance at end of year	6,863,079	112,424	6,975,503
Accumulated Amortization			
Balance at beginning of year	496,263	14,142	510,405
Depreciation	70,605	6,895	77,500
Balance at end of year	566,868	21,037	587,905
Net Book Value	₱6,296,211	₱91,387	₱6,387,598

"Right-of-use assets" pertain to the related lease payments required under land lease contracts and the BTO agreement for the land where the buildings were constructed.

Interest incurred capitalized amounted to ₱64.80 million, ₱90.71 million and ₱46.25 million in 2024, 2023 and 2022, respectively.

In 2024, 2023 and 2022, related amortization recognized as part of "Cost of rental and related services" amounted to ₱140.69 million, ₱70.61 million and ₱173.13 million, respectively. Rental income amounting to ₱466.11 million, ₱455.50 million and ₱290.56 million in 2024, 2023 and 2022, respectively, was recognized as part of "Revenue from rental and related services".

17. Other Noncurrent Assets

This account consists of:

	2024	2023
		(In Thousands)
Advances to contractors and suppliers (Note 11)	**₱2,147,019**	₱1,249,226
Advances to joint venture partners	**258,718**	311,157
Creditable withholding taxes - net of current portion (Note 11)	**239,031**	178,626
Input taxes - net of current portion	**230,170**	230,170
Deposits	**223,616**	72,057
Investment in bonds	**150,000**	150,000
Financial assets at FVOCI	**15,535**	15,535
Other assets	**52,239**	67,809
	₱3,316,328	₱2,274,580

"Advances to joint venture partners" are advances (e.g., property taxes and permits) which are normally applied against the share of the joint venture partners from sale of the joint venture properties reported under "Other receivables" in consolidated statements of financial position.

"Deposits" includes advances to sellers for the purchase of land prior to issuance of Contract to Sell These also includes security deposits and rental deposits.

"Investment in bonds" consist of a 5-year, non-interest bearing, Class A Senior Notes with a face amount of ₱150.0 million issued by a third party special purpose trust fund duly registered with the Bangko Sentral ng Pilipinas invested by the Parent Company on December 19, 2022.

"Financial assets at FVOCI" consist of quoted and unquoted shares of stock (see Note 31). Unquoted investments in shares of stock include unlisted preferred shares in a public utility company which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects. The Group did not receive dividends from unquoted shares in 2024, 2023 and 2022.

"Other assets" includes utility deposits such as electric meter deposit and water meter deposit.

18. Accounts Payable and Accrued Expenses

This account consists of:

	2024			2023		
	Current	**Noncurrent**	**Total**	Current	Noncurrent	Total
			(In Thousands)			
Accounts payable	**₱2,855,109**	**₱7,094,749**	**₱9,949,858**	₱5,579,664	₱5,017,658	₱10,597,322
Deposits from tenants	**1,976,364**	**1,805,810**	**3,782,174**	1,630,033	1,645,028	3,275,061
Retention fees payable	**2,264,555**	**889,104**	**3,153,659**	2,082,442	499,537	2,581,979
Deposits for registration	**239,726**	**1,731,707**	**1,971,433**	217,825	1,573,499	1,791,324
Accrued expenses	**1,964,763**	–	**1,964,763**	1,712,947	–	1,712,947
Accrued interest on bonds and loans (Notes 19 and 20)	**535,049**	–	**535,049**	674,345	–	674,345
Other payables (Note 21)	**1,111,510**	**114,097**	**1,225,607**	653,909	202,281	856,190
	₱10,947,076	**₱11,635,467**	**₱22,582,543**	₱12,551,165	₱8,938,003	₱21,489,168

"Accounts payable" includes the outstanding balance of the costs of land acquired by the Group and is payable on scheduled due dates or upon completion of certain requirements (see Notes 10, 13 and 14). This account also includes dividends payable and amount payable to contractors and suppliers for the construction and development costs and operating expenses incurred by the Group.

"Deposits from tenants" are advance payments received for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

"Deposits for registration" pertain to amounts collected from buyers for payment of registration of real estate properties. This account is charged for costs incurred related to transfer of title to buyers.

"Accrued expenses" pertain to various operating expenses incurred by the Group in the course of business such as salaries and wages, professional fees, unbilled construction cost related to ongoing projects, and utilities expense, among others. These are noninterest-bearing and are normally settled within one year.

Accrued expenses account consists of:

	2024	2023
		(In Thousands)
Suppliers and contractors	**₱1,907,970**	₱1,658,604
Professional fees	**39,077**	35,975
Payroll	**10,908**	12,917
Utilities	**1,860**	4,355
Other accruals	**4,948**	1,096
	₱1,964,763	₱1,712,947

"Other payables" pertain mainly to withholding taxes, output VAT payables and deferred income which are generally settled/earned within 12 months.

19. **Loans Payable**

This account consists of:

	2024	2023
		(In Thousands)
Short term loans	**₱1,200,000**	₱4,440,000
Long-term loans	**41,069,337**	32,645,048
Developmental loans from local banks	**42,269,337**	37,085,048
Less unamortized transaction costs	**236,693**	97,121
	42,032,644	36,987,927
Less current portion of loans payable	**6,876,639**	16,480,438
Long-term portion of loans payable	**₱35,156,005**	₱20,507,489

Developmental loans from local banks will mature on various dates up to 2028. These Peso-denominated loans bear floating interest rates, which are repriced quarterly, semi-annually or annually based on either 3-month, 6-month or 1-year Bloomberg Valuation (BVAL), or Reverse Repurchase Rate (RRP), plus margin, per annum.

The Group availed additional loans amounted to ₱38.10 billion, ₱24.66 billion and ₱12.81 billion in 2024, 2023, and 2022, respectively. These include availment of short-term loans payable amounting to ₱11.52 billion, ₱16.51 billion and ₱10.33 billion in 2024, 2023 and 2022, respectively.

Principal payments made amounted to ₱32.91 billion, ₱20.53 billion and ₱12.16 billion in 2024, 2023 and 2022, respectively.

As of December 31, 2024 and 2023, short term loans payable, presented under current portion of loans payable amounted to ₱1.2 billion and ₱4.44 billion, respectively.

Interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱3.06 billion, ₱2.20 billion and ₱1.59 billion for the years ended December 31, 2024, 2023, and 2022, respectively.

Transactions costs capitalized amounted to ₱242.36 million and ₱102.49 million in 2024 and 2023, respectively. Amortization of transaction costs amounted to ₱102.79 million, ₱109.55 million and ₱54.92 million in 2024, 2023 and 2022, respectively, and included under "Interest and other finance charges" (see Note 24).

The Group's loans payable is unsecured and no assets are held as collateral for these debts. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.0x and minimum interest coverage ratio of 1.0x.

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock if it would materially and adversely affect the Group's ability to perform its obligations; sale or transfer and disposal of all or a substantial part of its capital assets other than in the ordinary course of business; restrictions on use of funds other than the purpose it was approved for; and entering into any partnership, merger, consolidation or reorganization except in the ordinary course of business and except when the Group maintains controlling interest. As of December 31, 2024 and 2023, the Group has not been cited in default on any of its outstanding obligations.

20. **Bonds Payable**

This account consists of:

	2024	2023
		(In Thousands)
Bonds payable	**₱36,095,400**	₱37,795,395
Less unamortized transaction costs	**238,812**	326,883
	35,856,588	37,468,512
Less current portion of bonds payable	**14,815,944**	1,697,345
Long-term portion of bonds payable	**₱21,040,644**	₱35,771,167

a. On November 8, 2013, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱7.00 billion comprised of ₱4.30 billion, 7-year bonds with interest of 4.86% per annum due in 2020 and ₱2.70 billion, 10-year bonds with interest of 5.43% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014. On November 8, 2023, the Parent Company paid the remaining balance amounting to ₱2.70 billion.

Unamortized debt issuance cost on bonds payable amounted to ₱2.16 million as of December 31, 2022 (nil as of December 31, 2023). Accretion in 2023 and 2022 included as part of 'Interest and other finance charges' amounted to ₱2.16 million and ₱2.53 million (nil as of December 31, 2024), respectively (see Note 24).

b. On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion, 7-year fixed rate bonds due in 2021 and ₱1.70 billion, 10-year fixed rate bonds due in 2024. The 7-year bonds carry a fixed rate of 5.40% per annum, while the 10-year bonds have a fixed interest rate of 5.64% per annum. The Parent Company paid the ₱1.70 billion on December 4, 2024. As of December 31, 2023, ₱1.70 billion of the related bonds payable remain outstanding.

Unamortized debt issuance cost on bonds payable amounted to ₱2.65 million as of December 31, 2023 (nil as of December 31, 2024). Accretion in 2024, 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱2.65 million, ₱0.29 million and ₱1.53 million, respectively (see Note 24).

c. On August 20, 2015, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.00 billion comprising of ₱7.00 billion, 7-year fixed rate bonds due in 2022 and ₱1.00 billion, 10-year fixed rate bonds due in 2025. The 7-year bonds carry a fixed rate of 5.36% per annum, while the 10-year bonds have a fixed rate of 5.71% per annum. The Parent Company paid the ₱7.0 billion bonds on August 20, 2022. As of December 31, 2024 and 2023, ₱1.0 billion of the related bonds payable remain outstanding.

Unamortized debt issuance cost on bonds payable amounted to ₱2.76 million and ₱3.07 million as of December 31, 2024 and 2023, respectively. Accretion in 2024, 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱0.31 million, ₱0.34 million and ₱9.54 million, respectively (see Note 24).

d. On July 7, 2017, FILRT issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱6.00 billion and term of five and a half (5.5) years due in 2023. The bonds carry a fixed rate of 5.05% per annum, payable quarterly in arrears starting on October 7, 2017. On January 9, 2023, FILRT paid the outstanding bonds payable balance amounting to ₱6.00 billion.

Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱0.24 million, and ₱12.71 million respectively (nil in 2024) (see Note 24).

e. On November 18, 2020, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.10 billion comprising of ₱6.34 billion, 3-year fixed rate bonds due in 2023 and ₱1.76 billion, 5.5-year fixed rate bonds due in 2026. The 3-year bonds carry a fixed rate of 3.34% per annum, while the 5.5-year bonds have a fixed rate of 4.18% per annum. On November 18, 2023, the Parent Company paid ₱6.30 billion of the outstanding bonds payable. As of December 31, 2024 and 2023, ₱1.76 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱6.08 million and ₱7.44 million as of December 31, 2024 and 2023, respectively. Accretion in 2024, 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱1.36 million, ₱17.21 million and ₱20.32 million respectively (see Note 24).

f. On December 21, 2021, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱10.0 billion comprising of ₱5.0 billion, 4-year fixed rate bonds due in 2025 and ₱5.0 billion, 6-year fixed rate bonds due in 2027. The 4-year bonds carry a fixed rate of 4.5300% per annum, while the 6-year bonds have a fixed rate of 5.2579% per annum. As of December 31, 2024 and 2023, ₱10.0 billion of these bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱65.45 million and ₱82.26 million as of December 31, 2024 and 2023, respectively. Accretion in 2024, 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱16.81 million, ₱21.33 million and ₱27.44 million, respectively (see Note 24).

g. On June 23, 2022, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.90 billion comprising of ₱8.925 billion, 3-year fixed rate bonds due in 2025 and ₱2.975 billion, 5-year fixed rate bonds due in 2027. The 3-year bonds carry a fixed rate of 5.3455% per annum, while the 5-year bonds have a fixed rate of 6.4146% per annum. As of December 31, 2024 and 2023, ₱11.90 billion of these bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱64.60 million and ₱91.45 million as of December 31, 2024 and 2023, respectively. Accretion in 2024, 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱26.85 million, ₱38.76 million and ₱24.22 million, respectively (see Note 24).

h. On December 1, 2023, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.43 billion which are 3.5-year fixed rate bonds due in 2027. The bonds carry a fixed rate of 6.9829% per annum. As of December 31, 2024 and 2023, ₱11.43 billion of these bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱99.92 million and ₱140.01 million as of December 31, 2024 and 2023, respectively. Accretion in 2024 and 2023 included as part of "Interest and other finance charges" amounted to ₱40.10 million and ₱3.45 million, respectively (see Note 24).

Interest incurred on these bonds (gross of related capitalized borrowing costs) amounted to ₱2.11 billion, ₱1.77 billion and ₱1.97 billion for the years ended December 31, 2024, 2023 and 2022, respectively. Payments made on these bonds amounted to ₱1.7 billion, ₱15.04 billion and ₱7.0 billion in 2024, 2023 and 2022, respectively.

The Group's bonds payable are unsecured and no assets are held as collateral for these debts. These bonds require the Group to maintain certain financial ratios which include maximum debt-to-equity ratio ranging from 2.0x to 2.5x; minimum current ratio ranging from 1.0x to 2.0x ; and minimum debt service coverage ratio (DSCR) of 1.0x (except for FILRT bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x). As of December 31, 2024 and 2023, the Group has not been cited in default on any of its outstanding obligations.

21. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the Group's ultimate parent company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches ten percent (10%) of the Group's total consolidated assets shall be subject to the review by the RPT Committee.

Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions ("Policy"). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall be subjected to the provisions of the Policy.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.

Outstanding balances at year-end are unsecured, interest free and require settlement in cash, unless otherwise stated. The transactions are made at terms and prices agreed upon by the parties. As of December 31, 2024 and 2023, the Group has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant related party transactions are as follows. Outstanding balances are unsecured and no impairment loss was recognized on any of the assets.

	2024				
	Amount/ Volume	**Due from / (Due to)**	**Terms**	**Conditions**	**Note**
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	**₱3,533,791**	**₱3,533,791**	0.50% to 4.50%	No impairment	(a)
Interest income	**40,964**	–			
	₱3,574,755	**₱3,533,791**			
Ultimate Parent	**₱268**	**₱866**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Parent	**(3,123)**	–	Noninterest-bearing, payable on demand	Unsecured, no impairment	(c)
Associate - CTI					
Share in other expenses	**5,200**	**19,388**	Due within 30 days	Unsecured, no impairment	(d)

(Forward)

	2024				
	Amount/ Volume	**Due from / (Due to)**	**Terms**	**Conditions**	**Note**
Associate - Pro-Excel					
Share in other expenses	**(₱1,347)**	**₱15,096**	Due within 30 days	Unsecured, no impairment	(d)
Associate – DPI					
Other income	**(235,770)**	**236,542**	Due within 30 days	Unsecured, no impairment	(d)
Associate – FMI					
Other income	**(645)**	**463**	Due within 30 days	Unsecured, no impairment	(d)
Associate – FAI					
Rent income	–	**99**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(g)
Share in other expenses	**22,838**	**30,412**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Affiliates					
Rental income	**7,191**	–	Noninterest-bearing	Unsecured, no impairment	(g)
Share in common expenses	**(48,337)**	**131,562**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties (Note 9)		**₱434,428**			
Parent					
Share in Group expenses	**(₱20,067)**	**(₱36,775)**	Noninterest-bearing, payable on demand	Unsecured	(c)
Asset acquisition	**346,414**	–	Noninterest-bearing, collectible quarterly up to December 2024	Unsecured	(c)
Associate – SPI					
Share in other expenses	**120,716**	**(139,587)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – ProActive					
Share in other expenses	–	**(10,000)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Affiliates	**(5,033)**	**(57,779)**	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties		**(₱244,141)**			

	2023				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	₱3,562,314	₱3,562,314	0.50% to 4.50%	No impairment	(a)
Interest income	19,594	–			
	₱3,581,908	₱3,562,314			
Ultimate Parent	₱132	₱598	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Parent		3,123	Noninterest-bearing, payable on demand	Unsecured, no impairment	(c)
Associate – CTI					
Share in other expenses	1,142	14,188	Due within 30 days	Unsecured, no impairment	(d)
Associate - Pro-Excel					
Share in other expenses	512	16,443	Due within 30 days	Unsecured, no impairment	(d)
Associate – DPI					
Other Income	243	472,312	Due within 30 days	Unsecured, no impairment	(d)
Associate – FMI					
Other income	34	1,108	Due within 30 days	Unsecured, no impairment	(d)

(Forward)

	2023				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
Associate – FAI					
Rent Income	₱–	₱99	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(g)
Share in other expenses	6,260	7,574	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Affiliates					
Rental income	7,191	–	Noninterest-bearing	Unsecured, no impairment	(g)
Share in common expenses	6,614	179,899	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties (Note 9)		₱695,344			
Parent					
Share in Group expenses	(₱1,634)	(₱36,777)	Noninterest-bearing, payable on demand	Unsecured	(c)
Asset acquisition	274,862	(346,414)	Noninterest-bearing, collectible quarterly up to December 2024	Unsecured	(c)
Associate – SPI					
Share in other expenses	120,716	(42,549)	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – FMI					
Share in other expenses	–	(848)	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – FAI					
Share in other expenses	–	(11,511)	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – DPI					
Share in other expenses	–	(2,648)	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – ProActive					
Share in other expenses	–	(10,000)	Noninterest-bearing, payable on demand	Unsecured	(d)
Affiliates	(1,122)	(37,739)	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties		(₱488,486)			

a. Transactions with bank under common control of the ultimate parent (EW)
On January 3, 2012, the Group entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the Group's parent company. The Group agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EW will be serviced by the Group under an Accounts Servicing Agreement.

Under this agreement, the Group shall be responsible for the monitoring and collection of contracts receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month.

For the performance of the said services, the Group charges EW a service fee equivalent to a certain percentage of the amounts actually received and collected. Although the Group retains the contractual rights to receive cash flows from the contracts receivables sold to EW, the same will be subsequently distributed to EW under a "pass-through arrangement".

In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and the Group has no liability to EW for such events. Due to this, the Group derecognized the contracts receivables sold and did not recognize any liability in its consolidated financial statements.

The Group's plan assets in the form of cash equivalents amounting to ₱196.60 million and ₱96.60 million as of December 31, 2024 and 2023, respectively, are maintained with EW (see Note 26). The Group also maintains cash and cash equivalents with EW.

As of December 31, 2021, the amounts payable to EW related to a purchase of land amounted to ₱2.14 billion and are presented as part of Accounts Payable under accounts payable and accrued expenses in the consolidated statement of financial position (see Note 18). The purchase was fully paid in 2022.

b. Transactions with Ultimate Parent (ALG)
Transactions with the Group's ultimate parent company relates to sharing of common expenses.

c. Transactions with the Group's parent company (FDC)
The Parent Company charged FDC certain common expenses paid by the Parent Company on its behalf.

On December 12, 2022, FILRT entered into a Deed of Sale for the purchase of three (3) parcels of land with a total area of 29,086 sq.m. owned by FDC, located in Boracay, Aklan. The parties agreed to a total purchase price of ₱1,047.10 million, ₱314.10 million, representing 30% of purchase price, payable upon signing of the agreement and the remaining 70% amounting to ₱732.90 million payable in equal quarterly installment up to December 2024. The land and related liability were carried at present value of future cash flow amounting to ₱1,021.80 million and ₱683.30 million, respectively.

In 2009, Promax was appointed by FDC as the marketing agent to act for and on behalf of FDC in promoting the marketing and sale of the Beaufort project. Accordingly, FDC pays Promax a marketing fee equivalent to a certain percentage of the net selling price (see Note 23).

d. Transactions with Associates

FAI
'Due from Associate' include noninterest-bearing cash advances and various charges for management fees, marketing fees, share of expenses and commission charges. FAI is also the provider of water services within the Filinvest City where majority of the office buildings of the Parent Company are located

FMI
Transactions with FMI relates to sharing of common expenses.

CTI
Transactions with CTI relates to sharing of common expenses and service fee for information and technology services.

Pro-Excel
Transactions from Pro-Excel relates to sharing of common expenses and management fee for managing the buildings of FLI.

DPI
Transactions from DPI relates to sharing of common expenses and noninterest-bearing cash advances.

SPI
Transactions with SPI relates to sharing of common expenses and service fees for technical, project management and procurement. This also includes retirement benefits of certain employees of FLI that were transferred to SPI and the corresponding payable to SPI was reported under "Due to related parties" (see Note 26).

Pro-Excel and DPI rents its office space from FLI while SPI rents its office space from FILRT. Revenue earned is recorded as part of Rental Revenues in the Statements of Comprehensive Income in 2024, 2023 and 2022 (see Note 6). Outstanding receivables are recorded as part of Other Receivables in the Statements of Financial position as of December 31, 2024 and 2023 (see Note 9).

ProActive
Transactions relates to subscription of ProActive's capital stock amounting to ₱10.00 million.

e. Transactions with Affiliates

Transactions with affiliates relates to sharing of common expenses paid by the Parent Company on their behalf.

FILRT entered into a service agreement with FDC Retail Electricity Sales whereby FILRT shall engage and pay the services rendered by the latter to provide the electricity requirements of its facilities.

FILRT also entered into a service agreement with Professional Operations Maintenance Experts Incorporated whereby FILRT shall pay the services rendered by the latter to operate and maintain its equipment and premises.

FILRT and FLI also entered into a service agreement with its affiliate, Parking Pro, Inc., to operate and maintain the FILRT's and FLI's parking facilities.

f. The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱63.37 million, ₱48.74 million and ₱28.40 million in 2024, 2023 and 2022, respectively. Post-employment benefits of key management personnel amounted to ₱11.70 million, ₱8.26 million and ₱9.88 million in 2024, 2023 and 2022, respectively.

g. Leases with related parties - Group as lessor
Chroma Hospitality, Inc., Filinvest Hospitality Corp., Boracay Seascapes, Inc., FDC, CTI, SPI, and FAI lease its office spaces from FILRT. Pro-Excel and DPI lease its office spaces from FLI. The lease term is 10 years, renewable by another five (5) years upon mutual agreement by the parties. Revenue from rental and related services amounted to ₱303.49 million and ₱271.40 million in 2024 and 2023, respectively (see Note 6). The related outstanding receivables amounting to ₱26.39 million and ₱9.52 million as of December 31, 2024 and 2023, respectively, are presented as part of 'Receivable from tenants' under Other receivables line item in the statement of financial position (see Note 9).

h. Leases with related parties - Group as lessee
The Group has several land lease transactions with related parties:

1. Mall lease with FAI
   The Parent Company, as lessee, entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

2. Land lease with FAI
   The Parent Company, as lessee, entered into a lease agreement with FAI for a portion of land area occupied by a third party lessee. The lease term will expire on December 31, 2034.

3. FCMI lease with FMI
   FCMI, a wholly owned subsidiary of the Parent Company, subleases the Mimosa Leisure Estate from FMI, an associate of the Parent Company. The original lessor is CDC. The lease term is 50 years, renewable by another 25 years upon mutual agreement by parties.

4. PDDC lease with FAI
   PDDC, a 60% owned subsidiary of the Parent Company, leases Block 50 Lot 3-B-2, Northgate District from FAI. The lease term is 20 years from the date on which the Chilled Water production plants starts supplying chilled water.

As of December 31, 2024 and 2023, the amount included in lease liabilities payable to related parties amounted to ₱6,260.0 million and ₱5,952.3 million, respectively (see Note 15).

22. General and Administrative Expenses

The account consists of:

	2024	2023	2022
		(In Thousands)	
Salaries, wages and employee benefits	**₱973,947**	₱787,916	₱638,921
Taxes and licenses	**457,298**	438,209	334,907
Depreciation and amortization (Notes 13, 14, 15 and 16)	**272,172**	264,988	388,694
Repairs and maintenance	**238,525**	401,137	357,447
Outside services	**200,485**	153,558	191,061
Transportation and travel	**85,561**	81,650	73,354
Entertainment, amusement and recreation	**79,101**	82,684	69,518
Electronic data processing charges	**72,673**	106,848	72,122
Communications, light and water	**48,532**	54,357	43,084
Insurance	**39,779**	38,675	45,933
Retirement costs (Note 26)	**36,761**	33,542	40,532
Office supplies	**18,166**	16,757	14,447
Rent (Notes 15 and 21)	**16,019**	10,464	19,837
Others	**84,334**	113,811	23,205
	₱2,623,353	₱2,584,596	₱2,313,062

"Others" mainly consists of postage and dues and subscription, parking operations, freight charges, provision for ECLs and other miscellaneous expenses.

23. Selling and Marketing Expenses

The account consists of:

	2024	2023	2022
		(In Thousands)	
Brokers' commissions (Note 6)	**₱822,537**	₱745,289	₱704,281
Selling, advertising and promotions	**285,388**	263,845	121,010
Service fees	**239,895**	180,031	192,163
Salaries and wages	**144,696**	116,533	117,599
Sales office direct costs	**61,455**	59,496	15,074
Others	**4,188**	4,941	516
	₱1,558,159	₱1,370,135	₱1,150,643

24. Interest and Other Finance Charges

The following table shows the component of interest income, interest expense and other financing charges recognized in the consolidated statements of income:

	2024	2023	2022
		(In Thousands)	
Interest income on:			
Contracts receivable (Note 8)	**₱199,507**	₱174,029	₱276,494
Cash and cash equivalents (Notes 7 and 21)	**98,695**	80,387	71,203
Others (Note 26)	**20,886**	29,562	19,355
	₱319,088	₱283,978	₱367,052
Interest and other finance charges:			
Loans and bonds payable, net of interest capitalized (Notes 19 and 20)	**₱2,886,610**	₱1,613,633	₱1,694,005
Lease liabilities, net of interest capitalized (Note 15)	**520,667**	487,174	425,148
Amortization of transaction costs of loans and bonds (Notes 19 and 20)	**190,861**	193,341	153,215
Other finance charges (Note 26)	**87,609**	140,245	21,875
	₱3,685,747	₱2,434,393	₱2,294,243

Other finance charges include bank charges, debt issue costs for short-term loans, and other miscellaneous bank fees.

25. Other Income

The account consists of:

	2024	2023	2022
		(In Thousands)	
Forfeited reservation and collections	**₱206,591**	₱92,854	₱114,937
Processing fees	**166,844**	94,748	107,013
Service fees (Note 21)	**114,506**	155,339	68,484
Management, leasing and other fees (Note 21)	**32,945**	1,588	6,809
Foreign currency exchange gain (loss)	**1,053**	(6,909)	10,644
Others	**4,981**	3,273	3,987
	₱526,920	₱340,893	₱311,874

26. Retirement Costs

The Group has a funded, noncontributory defined benefit retirement plan (the "Plan") covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The retirement plan provides retirement benefits equivalent to 70% to 125% of the final monthly salary for every year of service. The funds are administered by the Group's Treasurer under the supervision of the Board of Trustees of the Plan and are responsible for investment strategy of the Plan.

The following tables summarize the components of retirement expense recognized in the consolidated statements of income and pension liability recognized in the consolidated statements of financial position for the existing retirement plan.

	2024		
	Present value of defined benefit obligation	**Fair value of plan asset**	**Net defined benefit liabilities**
		(In Thousands)	
Balance as at beginning of year	**₱533,793**	**₱96,600**	**₱437,193**
Net benefit costs in profit or loss			
Current service cost (Note 22)	**36,761**	–	**36,761**
Net interest (Note 24)	**24,782**	–	**24,782**
	61,543	–	**61,543**
Contribution	–	**100,000**	**(100,000)**
Balance as at end of year	**₱595,336**	**₱196,600**	**₱398,736**

	2023		
	Present value of defined benefit Obligation	Fair value of plan asset	Net defined benefit liabilities
		(In Thousands)	
Balance as at beginning of year	₱452,647	₱21,339	₱431,308
Net benefit costs in profit or loss			
Current service cost (Note 22)	33,542	–	33,542
Net interest (Note 24)	27,152	261	26,891
	60,694	261	60,433
Benefits paid	(7,100)	–	(7,100)
Contribution	–	75,000	(75,000)
Remeasurements loss in other comprehensive income	27,552	–	27,552
Balance as at end of year	₱533,793	₱96,600	₱437,193

The Group's plan assets comprise of cash equivalents with original maturities of three months or less from dates of placements and are subject to insignificant risk of changes in value. As of December 31, 2024 and 2023, these placements are with EW (see Note 21). As of December 31, 2024 and 2023, the Group's plan assets are carried at fair value.

In 2022 and 2021, certain employees of FLI were transferred to SPI. The related retirement benefits of these employees were also transferred with a corresponding payable to SPI. As of December 31, 2024 and 2023, the outstanding balance of the transferred retirement benefits amounted to ₱144.11 million (see Note 21).

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The discount rate used in determining pension obligation for the defined benefit plan were 5.10% to 6.20% and 5.10% to 7.30% in 2024 and 2023, respectively. The future salary increases rate used is 6.00% in 2024 and 2023.

The sensitivity analysis that follows has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming if all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation.

Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level throughout the remaining life of the obligation.

The sensitivity analyses below have been determined based on reasonably possible changes of the significant assumption on the DBO as of the end of the financial reporting period, assuming all other assumptions were held constant.

	Increase	Increase (decrease) on DBO	
Assumption	(Decrease)	**2024**	2023
Salary rate	+1%	**₱61,234**	₱47,610
	-1%	**(54,332)**	(42,671)
Discount rate	+1%	**(53,757)**	(41,894)
	-1%	**61,668**	47,492

Shown below is the maturity analysis of the undiscounted benefit payments of the Group:

	2024	2023
	(In Thousands)	
Less than one year	**₱97,060**	₱32,253
More than one year and up to five years	**177,794**	160,957
More than five years and up to 10 years	**350,342**	307,553

The Group expects to contribute ₱100.0 million to its plan assets in the next 12 months.

The management does not perform a formal Asset-Liability Matching (ALM) Study. The overall investment policy and ALM strategy of the retirement plan is based on the client sustainability assessment, as provided by its trustee bank in compliance with the Bangko Sentral ng Pilipinas requirements.

27. Equity

The details of the Parent Company's common and preferred shares as of December 31, 2024 and 2023 follow:

	2024		2023	
	Common Shares	**Preferred Shares**	Common Shares	Preferred Shared
	(In Thousands, except par value figures)			
Authorized shares	**33,000,000**	**8,000,000**	33,000,000	8,000,000
Par value per share	**1.00**	**0.01**	1.00	0.01
Issued and subscribed shares	**24,470,708**	**8,000,000**	24,470,708	8,000,000
Treasury shares	**2,086,949**	**–**	220,949	–

In 2024 and 2023, there was no issuance of additional common shares.

The movement in the Parent Company's treasury shares follows:

	2024		2023	
	Shares	**Amount**	Shares	Amount
	(In Thousands)			
Common				
Balance at beginning of year	**220,949**	**₱221,041**	220,949	₱221,041
Additions	**1,866,000**	**1,857,043**	–	–
Balance at end of year	**2,086,949**	**₱2,078,084**	220,949	₱221,041

Preferred Shares

As stated in the Parent Company's Amended Articles of Incorporation, the preferred shares may be issued from time to time in one or more series as the BOD may determine, and authority is expressly granted to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate and the issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares. Preferred shares of each and any sub-series shall not be entitled to any participation or share in the retained earnings remaining after dividend payments shall have been made on the preferred shares. To the extent not set forth in the Articles of

Incorporation, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the BOD prior to the issuance of each of such series (the "Enabling Resolutions"), which resolutions shall thereupon be deemed a part of the Amended Articles of Incorporation.

In an Enabling Resolution approved and adopted by the BOD on October 6, 2006, it was clarified that the preferred shares are not convertible to common shares. In another Enabling Resolution approved and adopted by the BOD on January 5, 2007, the Board approved that preferred shares are entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares.

Thus, in a disclosure made by the Parent Company to the relevant government agency and regulatory body on January 18, 2007, it was clarified that the features of the issued and subscribed preferred shares, in addition to the features indicated in the Parent Company's Amended Articles of Incorporation so long as these features are not inconsistent with the Enabling Resolutions, are as follows: (i) voting, cumulative, and non-redeemable, (ii) par value is one centavo (₱0.01), (iii) entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares, and (iv) not convertible to common shares.

Treasury Shares

On December 20, 2007, the Parent Company's BOD approved the buy-back of some of the issued shares of stock of the Parent Company over a period of 12 months up to an aggregate amount of ₱1.50 billion, in view of the strong financial performance of the Parent Company and the very large discrepancy that existed between the current share price and the net asset value of the Parent Company.

The Parent Company had acquired 220.95 million shares at total cost of ₱221.04 million in 2008. There were no additional acquisitions in 2023 and 2022. The retained earnings is restricted from dividend distribution to the extent of the cost of treasury shares.

On December 11, 2024, the Parent Company settled its Capped Voluntary Tender Offer, which was filed on October 2, 2024. The Parent Company has reacquired a total of 1,866,000,000 common shares in exchange for 597,120,000 FILRT common shares. The shareholders were offered 0.32 FILRT shares for every 1.00 FLI shares tended. As a result of the voluntary tender offer, the Parent Company's interest in FILRT decreased to 51.1% and the costs of treasury shares amounted to ₱1.86 billion (Note 32).

Dividend Declarations

On April 19, 2024, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.05 per share or a total of ₱1.22 billion for all common stockholders and ₱0.0005 per share or a total of P4.00 million for all preferred stockholders of record as of May 13, 2024 payable on June 5, 2024.

On April 24, 2023, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.03600 per share or a total of ₱872.99 million for all common stockholders of record as of May 12, 2023 payable on June 6, 2023.

On April 24, 2023, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.00036 per share or a total of ₱2.88 million for all preferred stockholders of record as of May 12, 2023 payable on June 6, 2023.

On April 22, 2022, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.04700 per share or a total of ₱1.14 billion for all common stockholders of record as of May 11, 2022 payable on June 02, 2022.

On April 22, 2022, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.0004 per share or a total of ₱3.2 million for all preferred stockholders of record as of May 11, 2022 payable on June 02, 2022.

As of December 31, 2024 and 2023, the Group's total dividends payable amounted to ₱21.41 million.

Retained Earnings

Retained earnings include undistributed earnings amounting to ₱1.31 billion as of December 31, 2024 and 2023, representing accumulated equity in net earnings of subsidiaries, which are not available for dividend declaration until declared as dividends by the subsidiaries.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury and deferred tax asset recognized in profit or loss as of December 31, 2024 and 2023.

Retained earnings is being utilized to cover part of the annual expenditure requirements of the Parent Company for its expansion projects in the real estate and leasing segments. Furthermore, the retained earnings was also restricted for dividend declaration considering special circumstances as approved by the BOD.

On November 6, 2024, FLI's BOD approved appropriation of retained earnings amounting to ₱24.81 billion out of its unrestricted retained earnings as of December 31, 2023. The appropriations will cover the following:

(a) Appropriation for future capital expenditures:

Project	Phase/Building	Location	Segment	Amount (In Thousands)	Estimated Completion Date
Filinvest Innovation Park	Industrial	Laguna	Industrial	₱2,894,000	2029
Celestia	Phase 1	Rizal	Residential	2,042,500	2029
Panglao Oasis	Bldg. 2 - Elena	Taguig City	Residential	800,000	2029
Futura Rise Iloilo	Bldgs. A - E	Iloilo	Residential	223,300	2029
Cebu Ciudad	Hotel	Cebu	Hotel	1,969,300	2030
Cebu Ciudad	Office	Cebu	Office	1,523,600	2030
Belize Oasis	Bella	Quezon City	Residential	821,700	2030
Sydney Oasis	Bldg. A	Cavite	Residential	786,400	2030
Futura Shores	Bldg. A	Dumaguete	Residential	625,000	2030
Futura Monte	Bldg. B	Naga City	Residential	399,300	2030
				₱14,645,400	

(b) Appropriation under special circumstances:

	Project	Amount (In Thousands)
Under the required Reinvestment Plan	Various FLI Projects as to be contained in the Reinvestment Plan	₱1,866,000
Non-Distributable Capital Asset	Cebu SRP Lot, Filinvest Axis Towers 2, 3, and 4, Filinvest EDSA, IT School, Convergy's and Filinvest Cebu Tower 2	8,302,300
		₱10,168,300

Capital Management

The Group monitors its capital and cash positions and manages its expenditures and disbursements. Furthermore, the Group may also, from time to time seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

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.

No changes were made in capital management objectives, policies or processes for the years ended December 31, 2024, 2023 and 2022.

The Group monitors capital using interest-bearing debt-to-equity ratio, which is the long-term debt (loans payable, bonds payable) divided by total equity. The Group's policy is to keep the debt-to-equity ratio not to exceed 2:1. The following table shows how the Group computes for its interest-bearing debt-to-equity ratio:

	2024	2023
	(In Thousands)	
Loans payable (Note 19)	**₱42,032,644**	₱36,987,927
Bonds payable (Note 20)	**35,856,588**	37,468,512
Long-term debt	**77,889,232**	74,456,439
Total equity	**93,335,512**	94,271,869
Interest-bearing debt-to-equity ratio	**0.83:1.00**	0.79 : 1.00

The Group is subject to externally imposed capital requirements due to loan covenants (see Notes 19 and 20).

On August 12, 1993, SEC approved the registration of ₱2.0 billion common shares with issue price of ₱5.25 per share.

On December 15, 2006, SEC approved the registration of ₱3.7 billion common shares with issue price of ₱1.60 per share.

Below is the summary of the outstanding number of common shares and holders of security:

Year	Number of Shares Registered (In Thousands)	Number of Holders of Securities
January 1, 2023	24,249,759	5,625
Add/(deduct) movement	–	(19)
December 31, 2023	24,249,759	5,606
Add/(deduct) movement	(1,866,000)	(50)
December 31, 2024	**22,383,759**	**5,556**

**Exclusive of 2,086,949 and 220,949 treasury shares as of December 31, 2024 and 2023, respectively.*

28. Earnings Per Share

	2024	2023	2022
	(In Thousands, Except EPS Figures)		
a. Net income attributable to the equity holder of the parent*	**₱4,164,482**	₱3,762,508	₱2,886,525
b. Weighted average number of outstanding common shares (after considering treasury shares)	**24,094,259**	24,249,759	24,249,759
Basic/Diluted EPS (a/b)	**₱0.17**	₱0.16	₱0.12

**After deducting the dividends for preferred shareholders (see Note 27) - 2024: ₱4.00 million, 2023: ₱2.90 million, 2022: ₱3.20 million.*

There were no potential dilutive shares in 2024, 2023 and 2022.

29. Income Tax

Provision for income tax consists of:

	2024	2023	2022
		(In Thousands)	
Current	**₱72,663**	₱578,496	₱442,539
Deferred	**931,972**	66,843	284,540
	₱1,004,635	₱645,339	₱727,079

The components of the Group's deferred income tax assets follow:

	2024	2023
		(In Thousands)
Advance rentals	**₱49,359**	₱1,089
Accrued retirement benefits	**45,032**	45,753
NOLCO	**1,641**	1,641
	₱96,032	₱48,483

The components of the Group's net deferred income tax liabilities follow:

	2024	2023
		(In Thousands)
Deferred income tax liabilities on:		
Capitalized borrowing costs (Note 2)	**₱3,120,527**	₱4,525,162
Excess of real estate revenue based on financial accounting policy over real estate revenue based on tax rules	**2,739,695**	1,893,872
Right-of-use-assets	**933,007**	1,056,544
	6,793,229	7,475,578

(Forward)

	2024	2023
	(In Thousands)	
Deferred income tax assets on:		
Lease liabilities	**(₱1,094,074)**	(₱1,171,652)
NOLCO	**(523,985)**	(323,611)
MCIT	**(152,573)**	(149,457)
Accrued retirement benefits charged to profit or loss	**(114,863)**	(127,345)
Remeasurement losses on retirement plan	**(25,287)**	(25,287)
Advance rentals	**(23,923)**	(12,666)
Allowance for expected credit losses	**(10,243)**	(10,243)
Others	**(31,277)**	(6,164)
	(1,976,225)	(1,826,425)
	₱4,817,004	₱5,649,153

Provision for deferred income tax charged directly to other comprehensive income in 2023 and 2022 relating to remeasurement gain (loss) on defined benefit obligation amounted to (₱6.89 million) and ₱5.48 million, respectively (nil in 2024).

The Group did not recognize deferred income tax assets on NOLCO of certain subsidiaries amounting to ₱877.15 million and ₱679.70 million as of December 31, 2024 and 2023, respectively, since management believes that their carryforward benefits may not be realized before they expire.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of the Bayanihan 2 Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next three (3) years immediately following the year of such loss.

As of December 31, 2024, the MCIT recognized amounting to ₱152.57 million can be claimed as deduction from income tax due until December 31, 2027.

The carryforward benefits of the NOLCO, which can be claimed by the Group as credits against the RCIT, are as follows (amounts in thousands):

Year Incurred	Amount	Expiry Date
2024	₱1,021,900	December 31, 2027
2023	451,559	December 31, 2026
2022	209,018	December 31, 2025
2021	301,509	December 31, 2026
2020	989,104	December 31, 2025
	₱2,973,090	

The following are the movements in NOLCO:

	2024	2023
	(In Thousands)	
Balance as at beginning of year	**₱1,978,515**	₱1,614,042
Addition	**1,021,900**	451,559
Applied/expired	**(27,325)**	(87,086)
Balance as at end of year	**₱2,973,090**	₱1,978,515

The reconciliation of the provision for income tax at statutory tax rate to the actual provision for income tax follows:

	2024	2023	2022
		(In Thousands)	
Income tax at statutory tax rate	**₱1,410,093**	₱1,235,346	₱1,062,054
Adjustments for:			
Nondeductible interest expense	**7,219**	5,024	5,777
Deductible expense - Optional Standard Deduction	**(228,851)**	(168,833)	(38,537)
Equity in net earnings of associates	**(89,579)**	(60,502)	(19,739)
Income covered by PEZA (Note 34)	**(44,674)**	(287,678)	(136,828)
Income subjected to final tax	**(19,739)**	(16,054)	(16,082)
Interest on HGC-enrolled contracts receivables	**(19,274)**	(8,986)	(673)
Change in unrecognized deferred tax	**(2,679)**	21,771	(66,342)
Tax-exempt net income on socialized housing units	**–**	9,344	(10,761)
Income tax holiday incentive on sales of BOI-registered projects (Note 34)	**–**	(84,093)	(51,663)
Others - net	**(7,881)**	–	(127)
	₱1,004,635	₱645,339	₱727,079

30. Fair Value Measurement

The following table sets forth the fair value hierarchy of the Group's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	2024				
		Fair Value			
	Carrying Value	**Total**	**Quoted Prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI (Note 17)					
Quoted	**₱6,458**	**₱6,458**	**₱6,458**	**₱–**	**₱–**
Unquoted	**9,077**	**9,077**	**–**	**–**	**9,077**
	₱15,535	**₱15,535**	**₱6,458**	**₱–**	**₱9,077**

	2024				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses (Note 18)					
Accounts payable	**₱9,949,858**	**₱9,250,532**	**₱–**	**₱–**	**₱9,250,532**
Retention fees payable	**3,153,659**	**2,983,339**	**–**	**–**	**2,983,339**
Deposits for registration	**1,971,433**	**1,836,831**	**–**	**–**	**1,836,831**
	15,074,950	**14,070,702**	**–**	**–**	**14,070,702**
Lease liabilities (Note 15)	**6,930,338**	**9,826,141**	**–**	**–**	**9,826,141**
Loans payable (Note 19)	**42,032,644**	**40,328,382**	**–**	**–**	**40,328,382**
Bonds payable (Note 20)	**35,856,588**	**34,125,491**	**–**	**–**	**34,125,491**
	₱99,894,520	**₱98,350,716**	**₱–**	**₱–**	**₱98,350,716**

	2023				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI (Note 17)					
Quoted	₱6,458	₱6,458	₱6,458	₱–	₱–
Unquoted	9,077	9,077	–	–	9,077
	₱15,535	₱15,535	₱6,458	₱–	₱9,077
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses (Note 18)					
Accounts payable	₱10,597,322	₱9,942,407	₱–	₱–	₱9,942,407
Retention fees payable	2,581,979	2,422,413	–	–	2,422,413
Deposits for registration	1,791,324	1,680,620	–	–	1,680,620
	14,970,625	14,045,440	–	–	14,045,440
Lease liabilities (Note 15)	6,719,861	9,527,716	–	–	9,527,716
Loans payable (Note 19)	36,987,927	37,173,908	–	–	37,173,908
Bonds payable (Note 20)	37,468,512	35,426,365	–	–	35,426,365
	₱96,146,925	₱96,173,429	₱–	₱–	₱96,173,429

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, due from and to related parties, other receivables and other current assets*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.

- *Contract receivables*: Estimated fair value of contract receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date. Interest rates used was 11.5% - 19.0% in 2024 and 2023.

  Due to the short-term nature of receivables from government and financial institutions, carrying amounts approximate fair values.

- *Financial assets at FVOCI*: Fair values were determined using quoted market prices at reporting date. Fair value of unquoted equity securities are based on the latest selling price available.

- *Accounts payable and accrued expenses*: On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rate used was 6.83% and 6.18% in 2024 and 2023, respectively.

- *Long-term debt (lease liabilities, loans payable and bonds payable):* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date.

  Long term debt subjected to quarterly repricing is not discounted since it approximates fair value. The discount rates used range from 4.18% to 6.98% and 4.46% to 7.20% as of December 31, 2024 and 2023, respectively.

During the years ended December 31, 2024, 2023 and 2022, 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.

31. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are composed of cash and cash equivalents, contracts and other receivables, due from related parties, financial assets at FVOCI, accounts payable and accrued expenses, due to related parties and long-term debt (loans payable and bonds payable). The main purpose of these financial instruments is to raise financing for the Group's operations.

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 Group's finance and treasury functions operate as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Group. The Group's BOD reviews and approves the policies for managing each of these risks. The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Group's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk.

Liquidity Risk
Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. In order to cover its financing requirements, the Group uses both internally generated funds and available long-term and short-term credit facilities.



As of December 31, 2024 and 2023, the Group has undrawn short-term credit lines amounting ₱28.17 billion and ₱25.78 billion, respectively, and undrawn long-term credit facilities amounting ₱35.34 billion and ₱31.18 billion, respectively.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

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

	2024						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
			(In Thousands)				
Financial liabilities at amortized cost							
Accounts payable and accrued expenses							
Accounts payable	**₱1,805,567**	**₱678,331**	**₱371,211**	**₱3,529,903**	**₱3,564,846**	**₱–**	**₱9,949,858**
Retention fees payable	**1,022,650**	**1,022,064**	**219,841**	**12,243**	**558,867**	**317,994**	**3,153,659**
Deposits for registration	**–**	**581**	**239,145**	**878,104**	**345,867**	**507,736**	**1,971,433**
Accrued expenses	**1,964,763**	**–**	**–**	**–**	**–**	**–**	**1,964,763**
Accrued interest on bonds and loans	**535,049**	**–**	**–**	**–**	**–**	**–**	**535,049**
	5,328,029	**1,700,976**	**830,197**	**4,420,250**	**4,469,580**	**825,730**	**17,574,762**
Other payables	**1,111,510**	**–**	**–**	**114,097**	**–**	**–**	**1,225,607**
Due to related parties	**244,141**	**–**	**–**	**–**	**–**	**–**	**244,141**
Loans payable	**–**	**2,292,934**	**6,878,801**	**16,115,255**	**15,444,491**	**12,397,500**	**53,128,981**
Bonds payable	**–**	**4,190,002**	**12,570,006**	**23,156,497**	**–**	**–**	**39,916,505**
Lease liabilities	–	**119,584**	**358,753**	**1,017,251**	**540,138**	**27,210,871**	**29,246,597**
	₱6,683,680	**₱8,303,496**	**₱20,637,757**	**₱44,823,350**	**₱20,454,209**	**₱40,434,101**	**₱141,336,593**

	2023						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
			(In Thousands)				
Financial liabilities at amortized cost							
Accounts payable and accrued expenses							
Accounts payable	₱3,528,570	₱1,325,645	₱725,449	₱2,496,472	₱2,521,186	₱–	₱10,597,322
Retention fees payable	940,410	939,871	202,161	6,879	313,996	178,662	2,581,979
Deposits for registration	–	528	217,297	797,881	314,269	461,349	1,791,324
Accrued expenses	1,712,947	–	–	–	–	–	1,712,947
Accrued interest on bonds and loans	674,345	–	–	–	–	–	674,345
	6,856,272	2,266,044	1,144,907	3,301,232	3,149,451	640,011	17,357,917
Other payables	–	–	–	202,281	–	–	202,281
Due to related parties	488,486	–	–	–	–	–	488,486
Loans payable	–	4,615,811	13,847,432	18,976,679	2,282,655	–	39,722,577
Bonds payable	–	977,953	2,933,860	18,524,610	20,094,336	–	42,530,759
Lease liabilities	–	114,146	342,436	975,296	520,292	27,756,008	29,708,178
	₱7,344,758	₱7,973,954	₱18,268,635	₱41,980,098	₱26,046,734	₱28,396,019	₱130,010,198

The tables below summarize the maturity profile of the Group's financial assets and contract assets held to manage liquidity as of December 31:

	2024						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Financial assets at amortized cost							
Cash and cash equivalents							
Cash on hand and in banks	**₱3,011,408**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱3,011,408**
Cash equivalents	**–**	**972,783**	**–**	**–**	**–**	**–**	**972,783**

(Forward)

	2024						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Contracts receivable							
Contracts receivable	**₱₱1,932,985**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,932,985**
Receivables from government and financial institutions	**245,297**	**–**	**–**	**–**	**–**	**–**	**245,297**
Other receivables							
Receivable from tenants - net	**2,302,942**	**–**	**–**	**–**	**–**	**–**	**2,302,942**
Due from related parties	**434,428**	**–**	**–**	**–**	**–**	**–**	**434,428**
Investment in bonds	**–**	**–**	**–**	**–**	**150,000**	**–**	**150,000**
Receivable from homeowners' associations - net	**174,596**	**–**	**–**	**–**	**–**	**–**	**174,596**
Others	**292,037**						**292,037**
Short-term deposits	**–**	**–**	**179,750**	**–**	**–**	**–**	**179,750**
	8,393,693	**972,783**	**179,750**	**–**	**150,000**	**–**	**9,696,226**
Financial assets at FVOCI							
Investments in shares of stocks:							
Quoted	**–**	**–**	**–**	**6,458**	**–**	**–**	**6,458**
Unquoted	**–**	**–**	**–**	**9,077**	**–**	**–**	**9,077**
	–	**–**	**–**	**15,535**	**–**	**–**	**15,535**
Total financial assets	**8,393,693**	**972,783**	**179,750**	**15,535**	**150,000**	**–**	**9,711,761**
Contract assets	**–**	**1,446,495**	**4,339,484**	**1,846,887**	**463,962**	**342,265**	**8,439,093**
	₱8,393,693	**₱2,419,278**	**₱4,519,234**	**₱1,862,422**	**₱613,962**	**₱342,265**	**₱18,150,854**

	2023						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial assets at amortized cost							
Cash and cash equivalents							
Cash on hand and in banks	₱4,604,987	₱–	₱–	₱–	₱–	₱–	₱4,604,987
Cash equivalents	–	1,127,021	–	–	–	–	1,127,021
Contracts receivable							
Contracts receivable	1,582,486	–	–	–	–	–	1,582,486
Receivables from government and financial institutions	255,343	–	–	–	–	–	255,343
Other receivables							
Receivable from tenants - net	2,038,850	–	–	–	–	–	2,038,850
Due from related parties	695,344	–	–	–	–	–	695,344
Investment in bonds	–	–	–	–	150,000	–	150,000
Receivable from homeowners' associations - net	227,671	–	–	–	–	–	227,671
Others	139,383	–	–	–	–	–	139,383
Short-term deposits	–	–	96,332	–	–	–	96,332
	9,544,064	1,127,021	96,332	–	150,000	–	10,917,417
Financial assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	6,458	–	–	–	–	6,458
Unquoted	–	9,077	–	–	–	–	9,077
	–	15,535	–	–	–	–	15,535
Total financial assets	9,544,065	1,142,556	367,514	–	150,000	–	11,204,135
Contract assets	–	1,186,457	3,559,370	991,671	440,571	3,605,700	9,783,769
	₱9,544,065	₱2,329,013	₱3,926,884	₱991,671	₱590,571	₱3,605,700	₱20,987,904

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily for its contract receivables and other receivables.

It is the Group's policy that buyers who wish to avail the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, as discussed in Note 8, the Group has a mortgage insurance contract with Home Guaranty Corporation for a retail guaranty line.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based groupings of various customer segments with similar loss patterns (i.e., by market segment and collateral type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract receivables and contract assets using a provision matrix:

		2024				
	Total	**Socialized**	**Low Affordable**	**Affordable**	**Middle Income**	**High-end**
				(In Thousands)		
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Estimated total gross carrying amount at default	**₱10,617,375**	**₱998,096**	**₱927,492**	**₱3,333,568**	**₱4,364,922**	**₱993,297**

		2023				
	Total	Socialized	Low Affordable	Affordable	Middle Income	High-end
				(In Thousands)		
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	₱11,621,598	₱520,811	₱1,695,400	₱3,894,430	₱4,520,571	₱990,386

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and financial assets at FVOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Based on the Group's experience, the said assets are highly collectible or collectible on demand. The Group holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Group can repossess the collateralized properties and resell them at the prevailing market price.

The following tables show the credit quality by class of asset as of December 31, 2024 and 2023. The Group's high-grade receivables pertain to receivables from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to bad debt is not significant.

Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Group has not noted any extraordinary exposure which calls for a substandard grade classification.

As at December 31, 2024 and 2023, the analysis of contracts receivable that were past due is as follows:

	Past due					
	Less than 30 days	30 to 60 days	61 days to 90 days	91 days to 120 days	Over 120 days	Total
	(In Thousands)					
2024	**₱1,096,522**	**₱277,554**	**₱211,176**	**₱99,212**	**₱248,521**	**₱1,932,985**
2023	384,811	171,577	250,029	106,180	669,889	1,582,486

No individually impaired and expected credit loss have been recognized for contracts receivables.

There is no concentration risk on the Group's financial assets as of December 31, 2024 and 2023.

Interest Rate Risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's loans from various financial institutions. To manage interest rate risk, the Group renegotiates the interest rates for certain long term debts to convert them from fixed-rate debt to floating-rate debt as the Group believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no other impact on the Group's other comprehensive income other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax (In Thousands)
2024	**+200**	**₱200,968**
	-200	**(200,968)**
2023	+200	173,361
	-200	(173,361)

The assumed change in rate is based on the currently observable market environment. Effect on the Group's income before tax is computed on the carrying amount of the Group's floating rate loans payable as of December 31, 2024 and 2023.

The following tables set out the carrying amount, by maturity, of the Group's loans payable that are exposed to interest rate risk (amounts in thousands):

	91-day Treasury bill plus 1% to 2% margin					
Variable interest rate	Below 1 Year	1-2 Years	>2 years but <3 years	3 years to 4 years	Over 4 years	Total
As of December 31, 2024	**₱200,000**	**₱–**	**₱1,160,000**	**₱50,100**	**₱8,875,000**	**₱10,285,100**
As of December 31, 2023	4,731,667	3,000,000	–	1,160,000	50,100	8,941,767

32. Subsidiary with Material Noncontrolling Interest

The noncontrolling interest of FLI in its partially-owned subsidiaries as of December 31 follows:

	2024	2023
FILRT	**48.9%**	36.7%
FBCI	**45.0%**	45.0%
FAC	**40.0%**	40.0%
FSM Cinemas	**40.0%**	40.0%
PDDC	**40.0%**	40.0%
NSI	**25.0%**	25.0%
TSNC	**2.0%**	2.0%

The increase in the noncontrolling interest in FILRT in 2024 is mainly due to the Parent Company's voluntary tender offer where the Parent Company offered 0.32 FILRT shares for every 1.00 FLI shares (see Note 27).

Total dividends declared and paid to noncontrolling interest follows:

	Total Dividends Declared	Share of Noncontrolling Interest
	(In Thousands)	
FILRT		
2024	**₱1,237,873**	**₱454,671**
2023	1,389,549	510,381
2022	1,976,682	726,035
FAC		
2024	**₱350,000**	**₱140,000**
2023	375,000	150,000
2022	60,000	24,000
PDDC		
2024	**₱100,000**	**₱40,000**

The summarized financial information of FILRT as of and for the year December 31, 2024 and 2023 is provided below. This information is based on amounts consolidated to the Group under the same accounting policy (i.e., cost accounting for investment properties and intangible assets) before intercompany eliminations.

Summarized Statement of Financial Position:

	2024	2023
	(In Thousands)	
Current assets	**₱1,660,729**	₱2,345,208
Noncurrent assets	**10,886,899**	11,111,540
Total assets	**12,547,628**	13,456,748
Current liabilities	**1,568,972**	1,836,368
Noncurrent liabilities	**6,514,655**	6,772,555
Total liabilities	**8,083,627**	8,608,923
Equity	**₱4,464,001**	₱4,847,825

Statement of Comprehensive Income

	2024	2023
	(In Thousands)	
Revenues	**₱2,843,627**	₱3,040,837
Cost and other expenses	**1,605,208**	1,693,406
Other charges	**384,371**	422,253
Income before income tax	**854,048**	925,178
Net income for the year	**854,048**	925,178
Net income attributable to noncontrolling interest	**₱319,195**	₱339,818

Statement of Cash Flows

	2024	2023
	(In Thousands)	
Cash flows from (used in)		
Operating activities	**₱1,145,565**	₱1,236,828
Investing activities	**(112,913)**	185,992
Financing activities	**(1,689,835)**	(1,823,736)
Net increase in cash and cash equivalents	**(₱657,184)**	(₱400,916)

The entire proceeds from FILRT's listing and any subsequent sale thereafter, shall be used in accordance with its reinvestment plan. As a REIT entity, FILRT is subject to externally imposed capital requirements from its debt covenants and based on the requirements of the Aggregate Leverage Limit under the REIT Implementing Rules and Regulations. Per Section 8 of the REIT Implementing Rules and Regulations issued by the SEC, the total borrowings and deferred payments of a REIT should not exceed thirty-five percent (35%) of its Deposited Property; provided, however, that the total borrowings and deferred payments of a REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency may exceed thirty-five percent (35%) but not more than seventy percent (70%) of its Deposited Property. Provided, further, that in no case shall a Fund Manager, borrow for the REIT from any of the funds under its management.

33. Contingencies and Commitments

Contingencies
The Group is involved in various legal actions, claims, assessments and other contingencies incidental to its ordinary course of business. Management believes that any amount the Group may have to pay in connection with any of these matters would not have a material adverse effect on the consolidated financial position or operating results. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed as they may prejudice the outcome of the ongoing proceedings.

BTO Agreement with Cebu Province
In connection with the BTO Agreement with the Cebu Province, the Group is committed to develop and construct a BPO Complex on the properties owned by Cebu Province located at Salinas, Lahug, Cebu City and transfer the ownership of the BPO Complex to the Cebu Province upon completion in exchange for the right to operate and manage the BPO Complex for the entire term of the agreement and its renewal (see Note 16).

Capital Commitments and Obligations
The Group has contractual commitments and obligations for the construction and development costs to be incurred for investment properties and property and equipment items aggregating ₱6.30 billion and ₱6.39 billion as of December 31, 2024 and 2023, respectively. These will be recognized as liabilities in the Group's consolidated financial statements when the related services are received.

Assignment of Development Rights under a BTO Agreement
On June 26, 2015, the Parent Company and a third party entered into an agreement whereby the latter agreed to assign its project development rights and benefits under its BTO Agreement with Cebu Province to the Parent Company. In consideration of this assignment, the Parent Company paid upfront fee amounting to ₱50.0 million and ₱150.0 million in 2016 and 2015, respectively. On January 30, 2024, the Parent Company and the Province of Cebu entered into an Amendment Agreement to the BTO Agreement, recognizing the full assignment not only of the rights and benefits but also the obligations under the BTO Agreement in favor of the Parent Company as the successor proponent to the contemplated project development. As of December 31, 2024, project construction has not started due to pending approval from Cebu Province on the cleared site. Thus, the upfront fee is recorded as part of 'Other noncurrent assets' in the consolidated statement of financial position (see Note 17).

Development Agreement with Bases Conversion Development Authority (BCDA)
In 2015, the Parent Company won the contract to develop a 288-hectare area in Clark Green City in Tarlac and paid 10% of the bid premium as bid security amounted to ₱16.0 million. On January 8, 2016, the Joint Venture Agreement with BCDA was signed and pursuant to the terms of the development of the project, the Parent Company paid the ₱160.0 million bid premium representing the right to own 55% of the equity on the joint venture company to be formed with BCDA.

On February 11, 2016, the Parent Company incorporated FCGC Corporation, the entity that will handle the development of the New Clark City (NCC) Project, formerly Clark Green City Project. The bid premium is presented as part of investment properties in the consolidated financial statements (see Note 13). On March 16, 2016, FCGC and BCDA incorporated Filinvest BCDA Clark Inc. (FBCI).



FCGC subscribed 282,880,000 shares at par value amounting to ₱282,880,000. On the other hand, BCDA subscribed 231,000,000 shares amounting ₱231,000,000 and paid its subscription thru the assignment of a 50-year Development and Usufructuary Rights (DUR) over the parcel of land where the NCC project will be developed. FBCI is 55%-owned by FCGCC and 45%-owned by BCDA.

34. Registration with PEZA

On February 13, 2002, the Parent Company, FAC and FILRT were registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of RA No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (Ecozone). The same shall be known as Filinvest Technology Park-Calamba.

Under the registration, the Parent Company shall enjoy 5% preferential tax privilege on income generated from the Ecozone in lieu of the regular income tax rate.

On June 11, 2001, FAC was registered with PEZA as the developer/operator of PBCom Tower not entitled to any incentives. However, IT enterprises which shall locate in PBCom Tower shall be entitled to tax incentives pursuant to RA No. 7916.

On June 6, 2000, FILRT was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, it is also entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

On December 15, 2015, PDDC was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, PDDC is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.
On July 3, 2019, FBCI was registered with PEZA as an ECOZONE developer/operator enterprise of New Clark City Phase I. As a registered enterprise, FBCI is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

The Group is also entitled to zero percent (0%) value-added tax for sales made to ECOZONE enterprises.

35. Notes to Statements of Cash Flows

The Group's noncash activities are as follows:

a) Land and land developments previously presented under real estate inventories were reclassified to investment properties amounting to ₱1,589.80 million in 2024 (nil in 2023; see Notes 10 and 13).
b) Investment properties were reclassified to real estate inventories amounting to ₱42.95 million in 2024 (nil in 2023).
c) Investment properties and property and equipment which remain unpaid amounted to ₱3,082.14 million and ₱93.01 million as of December 31, 2024, respectively; and ₱2,943.85 million and ₱375.57 million as of December 31, 2023, respectively (see Notes 13 and 14).

d) The Group has remaining unpaid cash dividend amounting to ₱21.41 million out of the dividends declared as of December 31, 2024 and 2023 (see Note 27).
e) Total accretion of interest on loans and bonds payable amounted to ₱102.79 million and ₱88.08 million, respectively, in 2024; and ₱133.67 million and ₱59.67 million, respectively, in 2023 (see Notes 19 and 20).
f) In 2024, the Group paid the outstanding balance amounting ₱346.41 million, pertaining to the acquisition of parcels of land (see Note 21). This was reported under "Due to related parties" line item in the statement of financial position as of December 31, 2023.

Changes in liabilities arising from financing activities for the years ended December 31 follows:

	2024			
	January 1, 2024	**Cash flows**	**Noncash movement**	**December 31, 2024**
		(In Thousands)		
Loans payable	**₱36,987,927**	**₱5,184,288**	**(₱139,571)**	**₱42,032,644**
Bonds payable	**37,468,512**	**(1,699,995)**	**88,071**	**35,856,588**
Accrued interest	**674,345**	**(5,300,228)**	**5,160,932**	**535,049**
Dividends payable	**21,413**	**(1,851,159)**	**1,851,159**	**21,413**
Lease liabilities	**6,719,861**	**(408,907)**	**619,384**	**6,930,338**
Due to related parties	**488,486**	**102,069**	**(346,414)**	**244,141**
	₱82,360,544	**(₱3,973,932)**	**₱7,233,561**	**₱85,620,173**

	2023			
	January 1, 2023	Cash flows	Noncash Movement	December 31, 2023
		(In Thousands)		
Loans payable	₱32,849,484	₱4,131,388	₱7,055	₱36,987,927
Bonds payable	41,132,786	(3,604,600)	(59,674)	37,468,512
Accrued interest	830,908	(4,118,521)	3,961,958	674,345
Dividends payable	21,413	(1,536,252)	1,536,252	21,413
Lease liabilities	6,508,490	(372,444)	583,815	6,719,861
Due to related parties	754,264	(265,778)	–	488,486
	₱82,097,345	(₱5,766,207)	₱6,029,406	₱82,360,544

	2022			
	January 1, 2022	Cash flows	Noncash movement	December 31, 2022
		(In Thousands)		
Loans payable	₱32,182,744	₱654,465	₱12,275	₱32,849,484
Bonds payable	36,288,922	4,900,000	(56,136)	41,132,786
Accrued interest	704,994	(3,851,408)	3,977,322	830,908
Dividends payable	19,000	(1,890,560)	1,892,973	21,413
Lease liabilities	6,348,017	(360,103)	520,576	6,508,490
Due to related parties	204,318	549,946	–	754,264
	₱75,747,995	₱2,340	₱6,347,010	₱82,097,345

'Noncash movement' column includes amortization of debt issuance costs and interest expense for loans payable and bonds payable, dividend declaration and share in the net income of noncontrolling interest.

36. **Subsequent Events**

Property-for-Share Swap Transaction with FILRT
On January 24, 2025, FLI's BOD approved the sale of its real property to FILRT under a tax-free property-for-share swap transaction. FLI will transfer its ownership over Festival Mall-Main Mall in favor of FILRT, in exchange for 1,626,003,316 primary common shares of FILRT at an issue price of ₱3.85 per share, with a total value of ₱6.26 billion. The said transaction will allow FLI to increase its equity in FILRT from 51.06% to 63.27%. Upon the Securities and Exchange Commission's approval of the Transaction, FLI and FILRT shall execute a lease agreement for the Property.

Issuance of Certificate of Permit to Offer Securities
On February 18, 2025, FLI received from SEC the Certificate of Permit to Offer Securities for ₱9.0 billion with an over-subscription option of up to ₱3.0 billion worth of peso denominated fixed rate bonds for a maximum aggregate total of ₱12.0, consisting of 5-year bonds due 2030 with interest rate of 6.2916%, 7-year bonds due 2032 with interest rate of 6.6550%, and 10-year bonds due 2035 with interest rate of 6.8312% per annum . This latest bond issuance will be the second tranche out of its ₱35.0 bonds registered in 2023 under the shelf-registered program of the SEC.

Acquisition of Fora Services, Inc. (FOSI)
On September 16, 2024, FLI's Executive Committee, in the exercise of its delegated authority, approved the acquisition of 100% of the outstanding shares in FOSI from Filinvest Hospitality Corporation (FHC), a related party, for an aggregate purchase price of ₱399,800. As of February 26, 2025, the said transaction is yet to be finalized.

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Filinvest Land, Inc.
Filinvest Building, 79 EDSA,
Brgy. Highway Hills, Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group") as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated February 26, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-137-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10465379, January 2, 2025, Makati City

February 26, 2025

A member firm of Ernst & Young Global Limited

FILINVEST LAND, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex C: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

ANNEX A

FILINVEST LAND, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2024

(Amounts in Thousands of Pesos)

Unappropriated Retained Earnings, beginning of reporting period		₱51,893,299
Add: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of retained earnings appropriation	5,000,000	
Effect of restatements	–	
Others	–	5,000,000
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	1,216,488	
Retained earnings appropriated during the reporting period	24,813,773	
Effect of restatements	3,720,934	
Others	221,041	(29,972,236)
Unappropriated Retained Earnings, as adjusted		26,921,063
Add/Less: Net income (loss) for the current year		5,416,725
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and equivalents	–	
Unrealized fair value adjustment (marked-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain of investment property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Sub-total		–
Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	–	
Realized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss FVTPL)	–	
Realized fair value gain of Investment Property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		–

(Forward)

Add: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	₱–	
Reversal of previously recorded fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value gain of Investment Property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Sub-total		–
Adjusted Net Income/Loss		5,416,725
Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Sub-total		–
Add/Less: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	
Sub-total		–
Add/Less: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	(1,857,043)	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(393,226)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(69,001)	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Sub-total	(2,319,270)	(2,319,270)
Total Retained Earnings, end of reporting period available for dividend		**₱30,018,518**

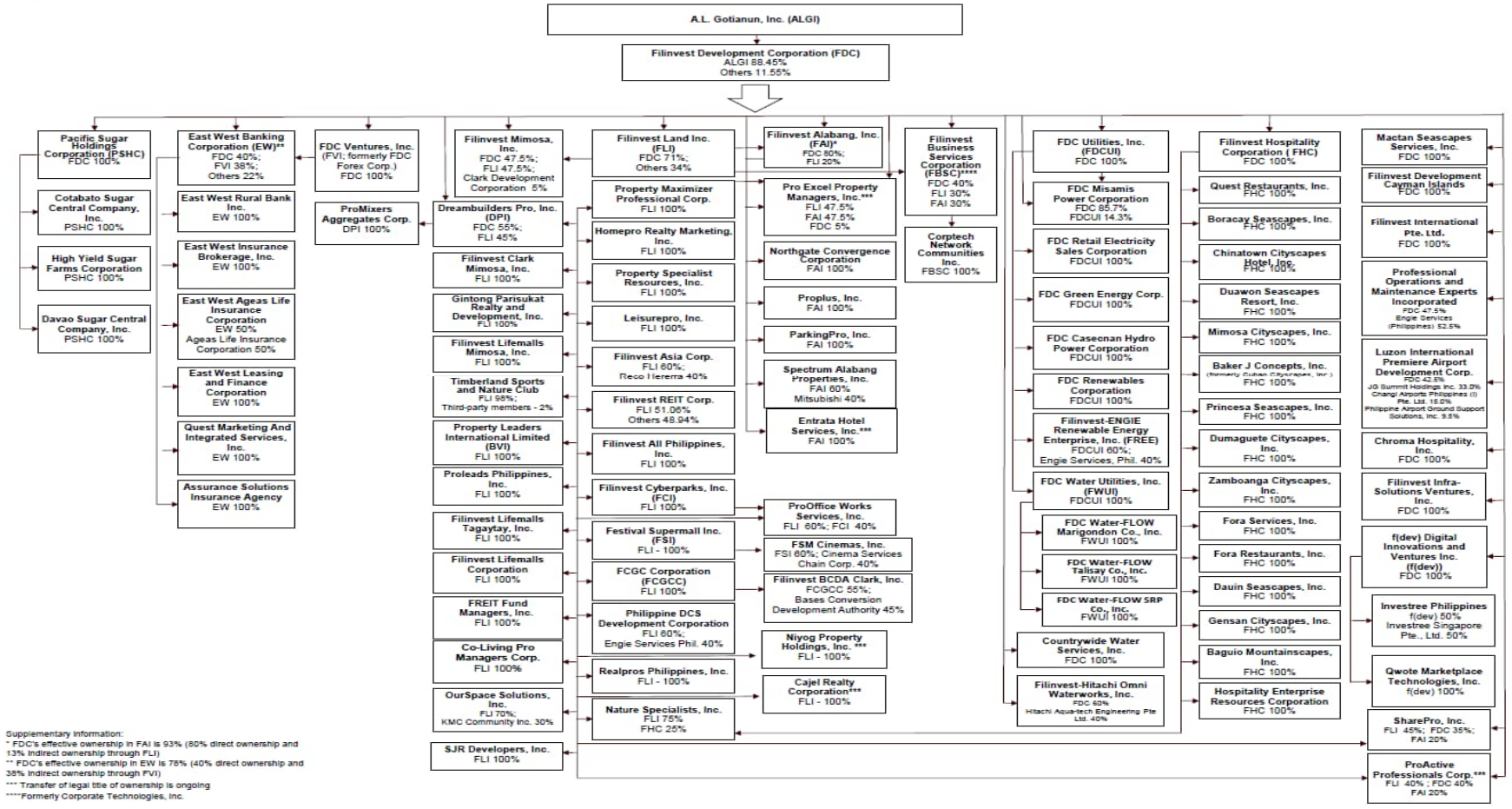
ANNEX B

FILINVEST LAND, INC. AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES

DECEMBER 31, 2024

A.L. GOTIANUN, INC.
MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT, CO-SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
(As of December 31, 2024)



Supplementary information:
* FDC's effective ownership in FAI is 93% (80% direct ownership and 13% indirect ownership through FLI)
** FDC's effective ownership in EW is 76% (40% direct ownership and 38% indirect ownership through FVI)
*** Transfer of legal title of ownership is ongoing
****Formerly Corporate Technologies, Inc.

SCHEDULE A

FILINVEST LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2024

Below is the detailed schedule of the Group's financial assets in equity securities as of December 31, 2024:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
		(In Thousands Except Number of Shares)		
Financial assets at FVOCI				
Quoted:				
Philippine Long Distance Telephone Company	26,100	₱261	₱261	₱–
Manila Electric Company (MERALCO)	1,153,694	6,197	6,197	–
		6,458	6,458	–
Unquoted:				
The Palms Country Club, Inc.	1,000	3,060	3,060	–
Cebu Country Club	1	6,017	6,017	–
		9,077	9,077	–
		₱15,535	₱15,535	₱–

The Group's investment in MERALCO is an unlisted preferred shares acquired in connection with the infrastructure that it provides for the Group's real estate development projects. These are carried at cost less impairment, if any.

SCHEDULE B

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2024

As of December 31, 2024, there were no advances to employees of the Group with balances above ₱1.0 million.

All amounts receivable from related parties pertained to items arising in the ordinary course of business.

SCHEDULE C

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2024

Below is the schedule of receivables with related parties which are eliminated in the consolidated financial statements as of December 31, 2024 (amounts in thousands):

		Volume of Transactions	Receivable
Filinvest Clark Mimosa, Inc. (FCMI)	Share in expenses	**₱858,328**	**₱3,933,009**
Filinvest Cyberparks, Inc. (FCI)	Share in expenses	**919,626**	**2,962,975**
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Share in expenses	**1,014,947**	**1,646,657**
Homepro Realty Marketing, Inc. (Homepro)	Share in expenses	**14,694**	**729,590**
Filinvest REIT Corp. (FILRT)	Share in expenses	**48,070**	**141,950**
Filinvest REIT Corp. (FILRT)	Rent income	**18,725**	–
Property Maximizer Professional Corp. (Promax)	Share in expenses	**(28,526)**	**123,032**
Property Maximizer Professional Corp. (Promax)	Marketing fee expenses	**1,503**	–
Nature Specialists, Inc. (NSI)	Share in expenses	**20,574**	**110,003**
Filinvest BCDA Clark, Inc. (FBCI)	Share in expenses	**500**	**94,902**
SJR Developers, Inc. (SDI)	Share in expenses	**1,164**	**45,423**
FCGC Corporation (FCGCC)	Share in expenses	**(16,811)**	**32,428**
Gintong Parisukat Realty and Development Inc. (GPRDI)	Share in expenses	**2,322**	**29,940**
Proleads Philippines, Inc. (PPI)	Share in expenses	**337**	**28,205**
Timberland Sports and Nature Club, Inc. (TSNC)	Share in expenses	**278**	**19,911**
Filinvest AII Philippines, Inc. (FAPI)	Share in expenses	**7,820**	**16,543**
Realpros Philippines, Inc. (RPI)	Share in expenses	**163**	**15,415**
Co-Living Pro Managers Corp. (CPMC)	Share in expenses	**877**	**12,204**
Property Specialist Resources, Inc. (Prosper)	Share in expenses	**305**	**8,307**
Leisurepro, Inc. (Leisurepro)	Share in expenses	**200**	**6,832**
Niyog Property Holdings, Inc. (NPHI)	Share in expenses	**2,527**	**5,693**
Filinvest Lifemalls Corporation (FLC)	Share in expenses	**2,306**	**2,394**
OurSpace Solutions, Inc. (OSI)	Share in expenses	**400**	**855**
FREIT Fund Managers, Inc. (FFMI)	Share in expenses	**630**	**853**
Cajel Realty Corporation (CRC)	Share in expenses	**255**	**704**
Filinvest Asia Corporation (FAC)	Share in expenses	**340**	**340**
ProOffice Works Services, Inc. (ProOffice)	Share in expenses	**224**	**319**
Property Leaders International Limited (PLIL)	Share in expenses	**178**	**289**
Philippine DCS Development Corporation (PDDC)	Share in expenses	**86**	**227**
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Share in expenses	**2**	**214**
FSM Cinemas, Inc. (FSM Cinemas)	Share in expenses	**125**	**140**
Festival Supermall, Inc. (FSI)	Share in expenses	**(376)**	–
		₱2,871,793	**₱9,969,354**

The table below shows the movement of the receivables from related parties:

	Balance Beginning of Year	Additions	Collections	Balance at End of Year
Filinvest Clark Mimosa, Inc. (FCMI)	**₱3,074,681**	**₱858,328**	**₱–**	**₱3,933,009**
Filinvest Cyberparks, Inc. (FCI)	**2,043,349**	**924,450**	**(4,824)**	**2,962,975**
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	**631,710**	**1,014,949**	**(2)**	**1,646,657**
Homepro Realty Marketing, Inc. (Homepro)	**714,896**	**14,694**	**–**	**729,590**
Filinvest REIT Corp (FILRT)	**75,155**	**68,922**	**(2,127)**	**141,950**
Property Maximizer Professional Corp. (Promax)	**150,055**	**(25,535)**	**(1,488)**	**123,032**
Nature Specialists, Inc. (NSI)	**89,429**	**20,574**	**–**	**110,003**
Filinvest BCDA Clark, Inc. (FBCI)	**94,402**	**1,788**	**(1,288)**	**94,902**
SJR Developers, Inc. (SDI)	**44,259**	**1,164**	**–**	**45,423**
FCGC Corporation (FCGCC)	**49,239**	**(16,811)**	**–**	**32,428**
Gintong Parisukat Realty and Development Inc. (GPRDI)	**27,618**	**2,322**	**–**	**29,940**
Proleads Philippines, Inc. (PPI)	**27,868**	**337**	**–**	**28,205**
Timberland Sports and Nature Club, Inc. (TSNC)	**19,633**	**278**	**–**	**19,911**
Filinvest AII Philippines, Inc. (FAPI)	**8,723**	**7,820**	**–**	**16,543**
Realpros Philippines, Inc. (RPI)	**15,252**	**163**	**–**	**15,415**
Co-Living Pro Managers Corp. (CPMC)	**11,327**	**877**	**–**	**12,204**
Property Specialist Resources, Inc. (Prosper)	**8,002**	**532**	**(227)**	**8,307**
Leisurepro, Inc. (Leisurepro)	**6,632**	**200**	**–**	**6,832**
Niyog Property Holdings, Inc. (NPHI)	**3,166**	**2,527**	**–**	**5,693**
Filinvest Lifemalls Corporation (FLC)	**88**	**2,306**	**–**	**2,394**
OurSpace Solutions, Inc. (OSI)	**455**	**400**	**–**	**855**
FREIT Fund Managers, Inc. (FFMI)	**223**	**630**	**–**	**853**
Cajel Realty Corporation (CRC)	**449**	**255**	**–**	**704**
Filinvest Asia Corporation (FAC)	**–**	**342**	**(2)**	**340**
ProOffice Works Services, Inc. (ProOffice)	**95**	**224**	**–**	**319**
Property Leaders International Limited (PLIL)	**111**	**178**	**–**	**289**
Philippine DCS Development Corporation (PDDC)	**141**	**99**	**(13)**	**227**
Filinvest Lifemalls Mimosa, Inc. (FLMI)	**212**	**2**	**–**	**214**
FSM Cinemas, Inc. (FSM Cinemas)	**15**	**125**	**–**	**140**
Festival Supermall, Inc. (FSI)	**376**	**–**	**(376)**	**–**
	₱7,097,561	**₱2,882,140**	**(₱10,347)**	**₱9,969,354**

The intercompany transactions between FLI and the subsidiaries pertain to share in common expenses, rental charges, marketing fee and management fee. There were no amounts written off during the year and all amounts are expected to be settled within the year.

SCHEDULE D

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT

DECEMBER 31, 2024

Below is the schedule of long-term debt of the Group:

Title of Issue & Type of Obligation	Amount Authorized by Indenture/Facility Agreement	Current Portion of Long-term Debt (In Thousands)	Long-term Debt (net of Current Portion (In Thousands)	Interest Rate	No. of Periodic Installment	Maturity Date
Filinvest Land Inc.						
Bonds						
Philippine Peso	₱8,925,000	₱8,860,822	₱–	5.3500%	N/A, Bullet	June 23, 2025
Philippine Peso	1,000,000	994,802	–	5.7100%	N/A, Bullet	August 20, 2025
Philippine Peso	5,000,000	4,960,319	–	4.5300%	N/A, Bullet	December 21, 2025
Philippine Peso	1,764,600	–	1,761,556	4.1800%	N/A, Bullet	May 18, 2026
Philippine Peso	11,430,800	–	11,350,450	6.9829%	N/A, Bullet	June 1, 2027
Philippine Peso	2,975,000	–	2,957,983	6.4100%	N/A, Bullet	June 23, 2027
Philippine Peso	5,000,000	–	4,970,655	5.2600%	N/A, Bullet	December 21, 2027
Bank Loan- Peso						
Local Bank	6,005,000	198,760	5,771,830	Various fixed rates	Various	Various from 2025 to 2031
Local Bank	12,763,000	3,330,464	9,366,153	Various fixed rates	Various	Various from 2025 to 2031
Local Bank	200,000	198,987	–	Various fixed rates	Various	March 5, 2025
Local Bank	270,833	269,758	–	Various fixed rates	Various	January 24, 2025
Local Bank	2,000,000	–	1,994,584	Various fixed rates	Various	September 27, 2026
Local Bank	5,500,000	–	5,471,728	Various fixed / floating rates	Various	Various from 2026 to 2029
Local Bank	4,700,000	497,222	4,173,996	Various fixed / floating rates	Various	Various from 2025 to 2029
Local Bank	1,453,125	1,441,874	–	Various fixed rates	Various	Various within 2025
Sub-total	68,987,358	20,753,008	47,818,935			

Title of Issue & Type of Obligation	Amount Authorized by Indenture/Facility Agreement	Current Portion of Long-term Debt (In Thousands)	Long-term Debt (net of Current Portion (In Thousands)	Interest Rate	No. of Periodic Installment	Maturity Date
Subsidiaries						
Bank Loan- Peso						
Local Bank	₱663,637	₱163,638	₱496,354	Various fixed rates	Various	Various from 2025 to 2031
Local Bank	4,498,333	545,729	3,924,818	Various fixed rates	Various	Various from 2025 to 2031
Local Bank	3,000,000	–	2,977,549	Various fixed rates	Various	December 27, 2029
Local Bank	985,200	–	978,993	Various fixed / floating rates	Various	Various from 2026 to 2029
Local Bank	230,208	230,208	–	Various fixed rates	Various	January 29, 2025
	₱78,364,736	₱21,692,583	₱56,196,649			

Each loan balance is presented net of unamortized deferred costs. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.0x and minimum interest coverage ratio of 1.0x. These Peso-denominated loans bear floating interest rates, which are repriced quarterly, semi-annually or annually based on either 3-month or 1-year Bloomberg Valuation (BVAL), or Reverse Repurchase Rate (RRP), plus margin, per annum.

Each bond balance is presented net of unamortized deferred costs. The agreements covering the abovementioned bonds require maintaining certain financial ratios including maximum debt-to-equity ratio ranging from 2.0x to 2.5x ; minimum current ratio ranging from 1.0x to 2.0x; and minimum debt service coverage ratio (DSCR) of 1.0x (except for FILRT bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x).

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

The Group has complied with these contractual agreements. There was neither default nor breach noted for the year ended December 31, 2024.

SCHEDULE E

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2024

This schedule is not applicable as there are no non-current indebtedness which exceed 5% of total assets as of December 31, 2024.

SCHEDULE F

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2024

The Group does not have guarantees of securities of other issuers as of December 31, 2024.

SCHEDULE G

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK

DECEMBER 31, 2024

Title of issue	Number of shares authorized	As shown under related Statement of Financial Position caption		Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
		Number of shares issued and subscribed	Number of Treasury Shares				
		(In Thousands)					
Common Shares	33,000,000	24,470,708	2,086,949	–	16,407,414	58,745	5,917,600
Preferred Shares	8,000,000	8,000,000	–	–	8,000,000	–	–

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF BOND ISSUANCES - SECURITIES OFFERED TO THE PUBLIC

DECEMBER 31, 2024

	2013 7.0 Billion Bond	**2014** 7.0 Billion Bond	**2015** 8.0 Billion Bond	**2017** 6.0 Billion Bond	**2020** 8.1 Billion Bond	**2021** 10.0 Billion Bond	**2022** 11.90 Billion Bond	**2023** 11.43 Billion Bond
Expected gross and net proceeds as disclosed in the prospectus								
Gross Proceeds	₱7,000,000,000	₱7,000,000,000	₱8,000,000,000	₱6,000,000,000	₱9,000,000,000	₱10,000,000,000	₱11,900,000,000	₱12,000,000,000
Less: Expenses	67,594,379	82,327,087	85,330,750	68,308,996	118,002,625	131,785,030	154,432,780	149,808,155
Net Proceeds	₱6,932,405,621	₱6,917,672,913	₱7,914,669,250	₱5,931,691,004	₱8,881,997,375	₱9,868,214,970	₱11,745,567,220	₱11,850,191,845
Actual gross and net proceeds								
Gross Proceeds	₱7,000,000,000	₱7,000,000,000	₱8,000,000,000	₱6,000,000,000	₱8,100,000,000	₱10,000,000,000	₱11,900,000,000	₱11,430,800,000
Less: Expenses	82,906,997	77,906,937	86,811,468	96,582,653	165,450,548	137,330,244	156,399,197	143,059,814
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,452	₱9,862,669,756	₱11,743,600,803	₱11,287,740,186
Expenditure items where the proceeds were used								
Land Acquisition	₱2,965,648,318	₱–	₱88,961,000	₱–	₱595,776,352	₱2,000,000,000	₱2,273,000,000	₱–
Project Development	1,185,554,209	2,422,093,063	2,888,760,022	–	693,494,229	532,498,565	597,600,803	6,072,085,559
Investment Property	2,765,890,476	–	4,935,467,510	5,903,417,347	2,104,200,033	1,753,544,108	273,000,000	1,215,654,627
Debt refinancing	–	4,500,000,000	–	–	4,356,621,959	5,308,627,083	8,600,000,000	4,000,000,000
General Corporate	–	–	–	–	184,456,880	268,000,000	–	–
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,453	₱9,862,669,756	₱11,743,600,803	₱11,287,740,186
Balance of the proceeds as of December 31, 2023								
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,452	₱9,862,669,756	₱11,743,600,803	₱11,287,740,186
Capital Expenses	6,917,093,003	2,422,093,063	7,913,188,532	5,903,417,347	3,577,927,493	4,554,042,673	3,143,600,803	7,287,740,186
Debt refinancing	–	4,500,000,000	-	-	4,356,621,959	5,308,627,083	8,600,000,000	4,000,000,000
Net Proceeds	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

DECEMBER 31, 2024

	2024	2023
Total Audit Fees	**₱4,883,078**	**₱4,301,812**
Non-audit services fees:		
Other assurance services	2,356,798	4,313,320
Tax services	–	–
All other services	–	–
Total Non-audit Fees	**2,356,798**	**4,313,320**
Total Audit and Non-audit Fees	**₱7,239,876**	**₱8,615,132**

SGV
Building a better working world

SyCip Gorres Velayo & Co.
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1226 Makati City
Philippines

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Filinvest Land, Inc.
Filinvest Building, 79 EDSA,
Brgy. Highway Hills, Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group") as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated February 26, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards, and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-137-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10465379, January 2, 2025, Makati City

February 26, 2025

FILINVEST LAND, INC. AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2024

(Amounts in Thousands of Pesos)

Ratio	Formula		2024	2023
Current Ratio [1]	Total Current Assets divided by Total Current Liabilities		**2.78**	2.97
	Total Current Assets	93,742,809		
	Divide by: Total Current Liabilities	33,697,680		
	Current Ratio	2.78		
Interest-bearing Debt-to-Equity ratio	Interest-bearing Debt (*Sum of Consolidated Loans Payable and Consolidated Bonds Payable)* divided by Total Equity		**0.83**	0.79
	Interest-bearing Debt	77,889,232		
	Divide by: Equity	93,335,512		
	Long-term Debt-to-Equity Ratio	0.83		
Debt Ratio	Total Liabilities divided by Total Assets		**0.55**	0.54
	Total Liabilities	113,544,139		
	Divide by: Total Assets	206,879,651		
	Debt Ratio	0.55		
EBITDA to Total Interest Paid	Earnings before Interests and Other Charges, Income Tax, Depreciation and Amortization - EBITDA *(net income plus interest and other finance charges (including interest expense on financial liability on lease contract), provision for income tax, depreciation and amortization)* divided by Total Interest Paid		**2.16**	2.18
	EBITDA	11,469,215		
	Divide by: Total Interest Paid	5,300,228		
	EBITDA to Total Interest Paid	2.16		
Price Earnings Ratio	Closing price divided by Earnings per share		**4.29**	3.69
	Closing price [2]	0.73		
	Divide by: Earnings per share	0.17		
	Price Earnings Ratio	4.29		
Quick Asset Ratio	Quick Assets *(total current assets less real estate inventories)* divided by Current Liabilities		**0.71**	0.71
	Total Current Assets	93,742,809		
	Less: Inventories	69,967,114		
	Quick Assets	23,775,695		
	Divide by: Total Current Liabilities	33,697,680		
	Quick Asset Ratio	0.71		
(Forward)				

Ratio	Formula	2024	2023
Solvency Ratio	Net Income before Depreciation and Amortization *(net income plus depreciation and amortization)* divided by Total Liabilities Net Income 4,635,736 Add: Depreciation and Amortization 2,143,097 Net Income before Depreciation and Amortization 6,778,833 Divide by: Total Liabilities 113,544,139 Solvency Ratio 0.06	**0.06**	0.05
Interest Coverage Ratio	Earnings before Interest and Other Finance Charges and Income Tax (EBIT) divided by Interest and Other Finance Charges EBIT 9,326,118 Divide by: Interest and Other Finance Charges 3,685,747 Interest Coverage Ratio 2.53	**2.53**	3.03
Net Profit Margin	Net Income divided by Revenue Net Income 4,635,736 Divide by: Revenue 24,445,898 Net Profit Margin 0.19	**0.19**	0.19
Return on Equity	Net Income divided by Total Equity Net Income 4,635,736 Divide by: Total Equity 93,335,512 Return on Equity 0.05	**0.05**	0.05
Asset-to-Equity Ratio	Total Assets divided by Total Equity Total Assets 206,879,651 Divide by: Total Equity 93,335,512 Return on Equity 2.22	**2.22**	2.17

(1) In computing for the Group's current ratio, current assets include cash and cash equivalents, contracts receivables, contract assets, other receivables, real estate inventories and other current assets and current liabilities include accounts payable and accrued expenses, due to related parties, income tax payable and current portion of loans payable. Determination of current accounts is based on their maturity profile of relevant assets and liabilities.

(2) Closing price at December 31, 2024 and December 31, 2023 is ₱0.73 and ₱0.59, respectively.

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

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Company Name: FILINVEST LAND INC.
Industry Classification: K70120
Company Type: Stock Corporation

Document Information

Document ID: OST10604202583461239
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2024
Submission Type: Parent
Remarks: None

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

Gmail Filinvest Land Inc. <fli.taxteam@gmail.com>

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To: fli.taxteam@gmail.com
Cc: fli.taxteam@gmail.com

Hi FILINVEST LAND, INC,

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Transaction Code: **AFS-0-7LC657AF0Q33QVY13P2SXWYRZ0PR111PXR**
Submission Date/Time: **Apr 08, 2025 01:46 PM**
Company TIN: **000-533-224**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
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A. 00053322400001220241702.dat - VALID
CONFIRMATION RECEIPT NUMBER - 2025-0000087160

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1. Attachment : 00053322400001220241702.ZIP
A. Attachment (zipped): 00053322400001220241702.dat
TIN of Withholding Agent TIN: 000533224-0000
Alphalist Form : 1702
Taxable Month : 12/2024

LINE NUM	SCHEDULE	ERROR DESCRIPTION
0000000000		No Errors Encountered

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FILINVEST
LAND, INC.

79 EDSA, Highway Hills, Mandaluyong City, Metro Manila 1550, Philippines
Trunk line: (632) 7918-8188 • Customer hotline: (632) 8588-1688 • Fax number: (632) 7918-8189

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN"

The Management of **FILINVEST LAND, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2024**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended **December 31, 2024** and the accompanying Annual Income Tax Return are in accordance with the books and records of **FILINVEST LAND, INC.**, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
(c) the **FILINVEST LAND, INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JONATHAN T. GOTIANUN
Chairman of the Board

TRISTANEIL D. LAS MARIAS
President/CEO

ANA VENUS A. MEJIA
EVP - Treasurer and CFO

Signed this 26th day of February, 2025

Name	Competent Evidence of Identity	Place of Issue/ Date Issued/ Date of Expiry
Jonathan T. Gotianun	Philippine Passport No. P5509919A	DFA Manila / 03 January 2018 / valid until 02 January 2028
Tristaneil D. Las Marias	Driver's License No. N01-91-124620	Land Transportation Office / valid until 27 March 2028
Ana Venus A. Mejia	Philippine Passport No. P3387436B	DFA NCR East / 30 September 2019 / valid until 29 September 2029

SUBSCRIBED AND SWORN to before me this FEB 26 2025 day of ____ at Makati City, affiant exhibited to ID No. ____

ATTY. GERVACIO B. ORTIZ JR.
Notary Public, City of Makati
Until December 31, 2026
IBP No. 05729-Lifetime Member
MCLE Compliance No. VII-0022734
valid until April 14, 2025
Appointment No. M-007 (2025-2026)
PTR No. 10466005 Jan. 2, 2025/Makati
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Doc. No. 217
Page No. 44
Book No. XCI
Series of 2025



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 000-533-224-000
Name	: FILINVEST LAND INC
RDO	: 126
Form Type	: 1702_MX_2018
Reference No.	: 662500065111361
Amount Payable (Over Remittance)	: -2,209,891,717.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2024
Date Filed	: 04/07/2025
Tax Type	: IT

[BIR Main | eFPS Login | User Menu | Help]

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR Use Only | BCS/ Item:

BIR Form No. **1702-MX**
January 2018 (ENCS)
Page 1

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

Enter all required information in CAPITAL LETTERS using BLACK ink. Mark applicable boxes with an "X". Two copies MUST be filed with the BIR and one held by the taxpayer.

1702-MX 01/18ENCS P1

1 For	**3** Amended Return?	**4** Short Period Return?	**5** Alphanumeric Tax Code *(ATC)*
(•) Calendar ( ) Fiscal	( ) Yes (•) No	( ) Yes (•) No	IC055 Minimum Corporate Income Tax (M
2 Year Ended (MM/20YY) **/20**			IC010 DOMESTIC CORPORATION IN G ☑

Part I - Background Information

6 Taxpayer Identification Number *(TIN)*: 000 - 533 - 224 - 000 **7** RDO Code: 126

8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*:
FILINVEST LAND INC

9 Registered Address *(Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)*:
79 E DELOS SANTOS AVENUE, BARANGAY HIGHWAY HILLS, MANDALUYONG CITY

9A Zip Code: 1550

10 Date of Incorporation/Organization *(MM/DD/YYYY)*:

11 Contact Number: 7256321

12 Email Address: taxteam@filinvestland.com

13 Method of Deduction: (•) Itemized Deduction [Section 34 (A-J), NIRC] ( ) Optional Standard Deduction (OSD)–40% of Gross Income [Section 34(L) NIRC, as amended]

Part II - Total Tax Payable

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

14 Total Tax Due/(Overpayment) *(From Part IV-Schedule 2 Item 19D)*	152,572,612
15 Less: Total Tax Credits/Payments *(From Part IV-Schedule 3 Item 32D)*	2,362,464,329
16 Net Tax Payable / (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 33D)*	(2,209,891,717)
Add: Penalties	
17 Surcharge	0
18 Interest	0
19 Compromise	0
20 Total Penalties *(Sum of Items 17 to 19)*	0
21 TOTAL AMOUNT PAYABLE / (Overpayment) *(Sum of Items 16 and 20)*	**(2,209,891,717)**

If Overpayment, mark (1) one box only *(Once the choice is made, the same is irrevocable)*

(•) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) ( ) To be carried over as a tax credit for next year/quarter

We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If signed by an Authorized Representative, indicate TIN and attach authorization letter)*

Signature over printed name of President/Principal Officer/Authorized Representative			Signature over printed name of Treasurer/Assistant Treasurer			**22** Number of attachments
Title of Signatory		TIN	Title of Signatory		TIN	0

Part III - Details of Payment

Details of Payment	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				
24 Check				
25 Tax Debit Memo				
26 Others (Specify Below)				

Machine Validation/Revenue Official Receipt Details *(if not filed with an Authorized Agent Bank)*

Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

BIR Form No.
1702-MX
January 2018 (ENCS)
Page 2

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

1702-MX 01/18ENCS P2

Taxpayer Identification Number (TIN)	Registered Name
000 - 533 - 224 - 000	FILINVEST LAND INC

Part IV - Schedules

Instructions: *(mark appropriate box)*

☑ A. Only one activity/project under EXEMPT and/or SPECIAL Tax Regimes, fill-out the applicable columns below.

☐ B. Two or more activities/projects under EXEMPT and/or SPECIAL Tax Regimes, accomplish Part V-Mandatory Mandatory Attachments per activity and reflect consolidated amounts from Part V on the corresponding columns below.

Schedule 1 - Basis of Tax Relief

	A. Exempt	B. Special Rate	C. Special Tax Relief (Under Regular/Normal Rate)
1 Investment Promotion Agency (IPA)/ Implementing Government Agency	SOCIALIZED	PEZA	
2 Legal Basis	RA 7279	RA 7916	
3 Registered Activity/Program (Reg. No.)	NA	NA	
4 Special Tax Rate		5.0	
5 Effectivity Date of Tax Relief/Exemption FROM *(MM/DD/YYYY)*	01/01/2024	01/01/2024	
6 Expiration Date of Tax Relief/Exemption TO *(MM/DD/YYYY)*	12/31/2024	12/31/2024	

Schedule 2 - Computation of Income Tax per Tax Regime

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Sales/Receipt/Revenues/Fees *(From all of Part V-Sched B Item 1, if letter B of instructions above is marked)*	180,381,790	0	10,344,333,174	10,524,714,964
2 Less: Sales Returns, Allowances & Discounts *(From all of Part V-Sched B Item 2, if letter B of instructions above is marked)*	0	0	0	0
3 Net Sales/Revenues/Receipts/Fees *(Item 1 Less Item 2)*	180,381,790	0	10,344,333,174	10,524,714,964
4 Less: Cost of Sales/Services *(From all of Part V-Sched B Item 4, if letter B of instructions above is marked)*	165,224,315	0	3,967,719,513	4,132,943,828
5 Gross Income from Operation *(Item 3 Less Item 4)*	15,157,475	0	6,376,613,661	6,391,771,136
6 Add: Other Taxable Income not Subjected to Final Tax *(From all of Part V-Sched B Item 6, if letter B of instructions above is marked)*	0	0	1,252,016,939	1,252,016,939
7 Total Taxable Income *(Sum of Items 5 and 6)*	15,157,475	0	7,628,630,600	7,643,788,075
8 Ordinary Allowable Itemized Deductions *(From Sched 5 Item 18) &/or (From all of Part V-Sched B Item 8, if letter B of instructions above is marked)*	132,289,706	4,411,521	8,561,492,698	8,698,193,925
9 Special Allowable Itemized Deductions *(From Sched 6 Item 5) &/or (From all of Part V-Sched B Item 9, if letter B of instructions above is marked)*	0	0	0	0
10 NOLCO *[Only for those taxable under Section 27 (A to C); Section 28(A)(1)(A)(6)(b) of the Tax Code, as amended] (**For Special Rate:** If w/ only 1 activity, From Schedule 8.1 Item 8; if with 2 or more activities, From all of Part V-Sched B Item 10; **For Reg. Rate:** From Sched 7.1 Item 8)*		0	0	0
11 Total Itemized Deductions (Sum of Items 8 to 10) (OR [in case taxable under Sec 27(A) & 28(A)(1)]	132,289,706	4,411,521	8,561,492,698	8,698,193,925
12 Optional Standard (OSD) *(40% of Item 7)*			0	0
13 Net Taxable Income/(Loss) *(If Itemized: Item 7 Less Item 11; If OSD: Item 7 Less Item 12)*	(117,132,231)	(4,411,521)	(932,862,098)	(1,054,405,850)
14 Applicable Income Tax Rate *(i.e. Special or Regular/Normal rate)*	0 %	5.0 %	25%	
15 Income Tax Due other than MCIT [For **Special Rate:** If with only 1 activity, (Item 3 OR Item 7) X Item 14; if with 2 or more activities, from all of Part V-Sched B Item 14; For **Regular Rate** Item 13 X Item 14]	0	0	0	0
16 Less: Share of Other Govt. Agencies, if remitted directly		0	0	0
17 Net Income Tax Due to National Government *(Item 15 Less Item 16)*		0	0	0
18 MCIT *(2% of Gross Income in Item 7)*			152,572,612	152,572,612
19 Total Income Tax Due / (Overpayment) *(Item 19B = Item 17B) (Item 19C = Normal Income Tax in Item 15C OR MCIT in Item 18C, whichever is higher) (Item 19D = Sum of Items 19B and 19C) (Item 19D to Part II Item 14)*		0	152,572,612	152,572,612

Schedule 3 - Tax Credits/Payments *(attach proof)*

20 Prior Year's Excess Credits Other Than MCIT	0	0	1,742,537,833	1,742,537,833
21 Income Tax Payments under MCIT from Previous Quarter/s			0	0
22 Income Tax Payment under Regular Rate from Previous Qtr/s	0	0	0	0
23 Excess MCIT Applied this Current Taxable Year *(From Schedule 9 Item 4)*			0	0
24 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0	0	280,632,512	280,632,512

25 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0	0	339,293,984	339,293,984
26 Foreign Tax Credits, if applicable	0	0	0	0
27 Tax Paid in Return Previously Filed, if this is an Amended Return	0	0	0	0
28 Income Tax Payments under Special Rate from Previous Quarter/s	0	0	0	0
29 Special Tax Credits *(To Part IV-Schedule 4 Item 6)*	0	0	0	0
Other Credits/Payments (Specify Below):				
30	0	0	0	0
31	0	0	0	0
32 Total Tax Credits/Payments *(Sum of Items 20 to 31) (Item 32D to Part II Item 15)*	0	0	2,362,464,329	2,362,464,329
33 Net Tax Payable / (Overpayment) *(Item 19 Less Item 32) (Item 33D to Part II Item 16)*	0	0	(2,209,891,717)	(2,209,891,717)

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January 2018 (ENCS)
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Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

1702-MX 01/18ENCS P3

Taxpayer Identification Number (TIN)	Registered Name
000 - 533 - 224 - 000	FILINVEST LAND INC

Schedule 4 - Tax Relief Availment

Description	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Regular Income Tax Otherwise Due (Item 13A/B of Part IV-Schedule 2 X applicable regular income tax rate)	0	0		0
2 Special Allowable Itemized Deductions *(Item 9A/B/C of Part IV-Sched 2 X applicable regular income tax rate)*	0	0	0	0
3 Sub-Total - Tax Relief *(Sum of Items 1 and 2)*	0	0	0	0
4 Less: Income Tax Due (From Part IV-Schedule 2 item 15B)	0	0		0
5 Tax Relief Availment before Special Tax Credit (Item 3 Less Item 4)	0	0	0	0
6 Add: Special Tax Credits, *if any (From Part IV-Schedule 3 Item 29)*	0	0	0	0
7 Total Tax Relief Availment (Sum of Items 5 & 6)	0	0	0	0

Schedule 5 - Ordinary Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*

If with only one activity, fill-out the applicable columns below: if with two or more activities, amount for each expense shall come from all of Part V-Schedule D)

1 Amortizations	0	0	0	0
2 Bad Debts	0	0	0	0
3 Charitable and Other Contributions	0	0	0	0
4 Depletion	0	0	0	0
5 Depreciation	141,784	43,452	1,038,825,328	1,039,010,564
6 Entertainment, Amusement, and Recreation	20,061	56,802	56,625,539	56,702,402
7 Fringe Benefits	0	0	0	0
8 Interest	40,862,884	14,615	4,188,564,967	4,229,442,466
9 Losses	0	0	0	0
10 Pension Trusts	0	0	0	0
11 Rental	40,867	0	8,385,113	8,425,980
12 Research and Development	0	0	0	0
13 Salaries, Wages and Allowances	49,932,431	3,286	672,278,878	722,214,595
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0	0	0	0
15 Taxes and Licenses	1,829,035	1,488,705	277,170,388	280,488,128
16 Transportation and Travels	327,780	151,358	79,784,830	80,263,968
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Attach additional sheet(s), if necessary]*				
a Janitorial and Messengerial Services	360	0	30,693,725	30,694,085
b Professional Fees	10,000	0	193,136,035	193,146,035
c Security Services	0	0	0	0
d ADVERTISING AND PROMOTIONS	1,707,627	239,933	597,341,822	599,289,382
e MISCELLANEOUS	395,949	20,758	38,611,149	39,027,856
f OFFICE SUPPLIES	9,606	3,575	21,596,139	21,609,320
g REPAIRS AND MAINTENANCE	16,584,331	2,373,100	261,918,825	280,876,256
h COMMUNICATION LIGHT AND WATER	82,465	15,937	41,913,232	42,011,634
i VARIOUS	20,344,526	0	1,054,646,728	1,074,991,254
18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17i) *(To Part IV-Schedule 2 Item 8)*	132,289,706	4,411,521	8,561,492,698	8,698,193,925

Schedule 6 – Special Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*

If with only one activity, fill-out the applicable columns below: if with two or more activities, amount for each expense shall come from all of Part V-Schedule E)

Description	Legal Basis	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1		0	0	0	0
2		0	0	0	0
3		0	0	0	0
4		0	0	0	0
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) *(To Part IV-Schedule 2 Item 9)*		0	0	0	0

Schedule 7 - Computation of Net Operating Loss Carry Over (NOLCO) for Regular Rate *(Attach Additional Sheet/s, if necessary)*

1 Gross Income *(From Part IV-Schedule 2 Item 7C)*	7,628,630,600
2 Less: Ordinary Allowable Itemized Deductions *(From Part IV-Schedule 2 Item 8C)*	8,561,492,698
3 Net Operating Loss *(Item 1 Less Item 2) (To Part IV-Schedule 7.1, Item 7A)*	(932,862,098)

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1702-MX
January 2018 (ENCS)
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Annual Income Tax Return

Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/PREFERENTIAL RATE

1702-MX 01/18ENCS P4

Taxpayer Identification Number (TIN)	Registered Name
000 - 533 - 224 - 000	FILINVEST LAND INC

Schedule 7.1 - Computation of Available Net Operating Loss Carry Over (NOLCO) for Regular Rate *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Net Operating Loss		B. NOLCO Applied Previous Year/s	C. NOLCO Expired	D. NOLCO Applied Current Year	E. Net Operating Loss (Unapplied) [(E) = A - (B+C+D)]
	Year Incurred	A. Amount				
4		0	0	0	0	0
5		0	0	0	0	0
6		0	0	0	0	0
7	2024	932,862,098	0	0	0	932,862,098
8	Total NOLCO (Sum of Items 4D to 7D) *(To Part IV-Schedule 2 Item 10C)*				0	

Schedule 8 - Computation of Net Operating Loss Carry Over (NOLCO) for Special Rate (except those availing fiscal incentives) *(Attach Additional Sheet/s, if necessary)*

1 Gross Income *(From Part IV-Schedule 2 Item 7B)*	0
2 Less: Ordinary Allowable Itemized Deductions *(From Part IV-Schedule 2 Item 8B)*	4,411,521
3 Net Operating Loss *(Item 1 Less Item 2) (To Part IV-Schedule 8.1 Item 7A)*	(4,411,521)

Schedule 8.1 - Computation of Available Net Operating Loss Carry Over (NOLCO) for Special Rate *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Net Operating Loss		B. NOLCO Applied Previous Year/s	C. NOLCO Expired	D. NOLCO Applied Current Year	E. Net Operating Loss (Unapplied) [(E) = A - (B+C+D)]
	Year Incurred	A. Amount				
4		0	0	0	0	0
5		0	0	0	0	0
6		0	0	0	0	0
7		0	0	0	0	0
8	Total NOLCO (Sum of Items 4D to 7D) *(To Part IV-Schedule 2 Item 10B)*				0	

Schedule 9 - Computation of Minimum Corporate Income Tax (MCIT)

	Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

Continuation of Schedule 9 *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used for Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
4	Total Excess MCIT Applied *(Sum of Items 1F to 3F) (To Part IV-Schedule 3 Item 23)*		0	

Schedule 10 - Reconciliation of Net Income per Books Against Taxable Income *(Attach additional sheet/s, if necessary)*

Particulars	A. Total Exempt	B. Total Special	C. Total Regular	D. Total All Columns
1 Net Income (Loss) per Books	8,226,554	(4,293,346)	6,366,003,477	6,369,936,685
Add: Non-deductible Expenses/Taxable Other Income *(specify below)*				
2 ACCRUED SALARIES	0	0	26,144,302	26,144,302
3 VARIOUS	0	0	625,587,952	625,587,952
4 Total (Sum of Items 1 to 3)	0	0	651,732,254	651,732,254
Less: A) Non-Taxable Income and Income Subjected to Final Tax *(specify below)*				
5 UNREALIZED GP	117,132,231	0	3,383,292,408	3,500,424,639
6 VARIOUS	8,226,554	118,175	4,567,305,421	4,575,650,150
B) Special Deductions *(specify below)*				
7	0	0	0	0
8	0	0	0	0
9 Total (Sum of Items 5 to 8)	125,358,785	118,175	7,950,597,829	8,076,074,789
10 Net Taxable Income (Loss) *(Item 4 Less Item 9)*	(117,132,231)	(4,411,521)	(932,862,098)	(1,054,405,850)

FILINVEST
LAND, INC.

79 EDSA, Highway Hills, Mandaluyong City, Metro Manila 1550, Philippines
Trunk line: (632) 7918-8188 • Customer hotline: (632) 8588-1688 • Fax number: (632) 7918-8189

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

SyCip Gorres Velayo & Co., the independent auditor, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JONATHAN T. GOTIANUN
Chairman of the Board

TRISTANEIL D. LAS MARIAS
President/CEO

ANA VENUS A. MEJIA
EVP - Treasurer and CFO

Name	Competent Evidence of Identity	Place of Issue/ Date Issued/ Date of Expiry
Jonathan T. Gotianun	Philippine Passport No. P5509919A	DFA Manila / 03 January 2018 / valid until 02 January 2028
Tristaneil D. Las Marias	Driver's License No. N01-91-124620	Land Transportation Office / valid until 27 March 2028
Ana Venus A. Mejia	Philippine Passport No. P3387436B	DFA NCR East / 30 September 2019 / valid until 29 September 2029

Signed this 26th day of February, 2025

SUBSCRIBED AND SWORN to before me this FEB 26 2025 day of ____ at Makati City, affiant exhibited to ID No. ____

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2026
IBP No. 05729-Lifetime Member
MCLE Compliance No. VII-0022734
valid until April 14, 2025
Appointment No. M-007 (2025-2026)
PTR No. 10466005 Jan. 2, 2025/Makati
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Doc. No. 211
Page No. VII
Book No. XV
Series of 2025

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	7	0	9	5	7					

COMPANY NAME

F	I	L	I	N	V	E	S	T		L	A	N	D	,		I	N	C	.																						

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

F	i	l	i	n	v	e	s	t		B	u	i	l	d	i	n	g	,		7	9		E	D	S	A	,		B
r	g	y	.		H	i	g	h	w	a	y		H	i	l	l	s	,		M	a	n	d	a	l	u	y	o	n
g		C	i	t	y																								

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	S E C	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	7918-8188	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,556	Every 2nd to the last Friday of April Each Year	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	7918-8188	

CONTACT PERSON's ADDRESS

79 EDSA, Brgy. Highway Hills, Mandaluyong City

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filinvest Land, Inc.
Filinvest Building, 79 EDSA,
Brgy. Highway Hills, Mandaluyong City

Opinion

We have audited the accompanying parent company financial statements of Filinvest Land, Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2024 and 2023, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these parent company financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

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

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

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

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulation 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of the Filinvest Land, Inc. in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to parent company financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Wanessa G. Salvador.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-137-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10465379, January 2, 2025, Makati City

February 26, 2025

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands of Pesos)

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 20)	**₱1,979,529**	₱3,197,386
Contracts receivables (Notes 5 and 7)	**2,178,282**	1,837,829
Contract assets (Note 5)	**5,770,069**	4,741,729
Other receivables (Notes 8 and 20)	**1,402,749**	1,432,447
Real estate inventories (Note 9)	**67,543,008**	69,179,423
Other current assets (Note 5 and 10)	**7,069,494**	6,376,255
Total Current Assets	**85,943,131**	86,765,069
Noncurrent Assets		
Contract assets - net of current portion (Note 5)	**2,648,397**	5,037,942
Investments and advances in subsidiaries and associates (Notes 2, 11 and 20)	**25,589,320**	23,730,788
Investment properties (Note 12)	**61,670,853**	58,744,589
Property and equipment (Note 13)	**2,556,176**	2,670,288
Build-transfer-operate (BTO) rights (Note 15)	**5,201,460**	4,912,555
Other noncurrent assets (Note 16)	**2,343,708**	1,380,851
Total Noncurrent Assets	**100,009,914**	96,477,013
TOTAL ASSETS	**₱185,953,045**	₱183,242,082
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 17)	**₱9,291,169**	₱9,439,353
Contract liabilities (Note 5)	**586,257**	792,402
Current portion of lease liabilities (Note 14)	**175,650**	195,218
Due to related parties (Note 20)	**238,355**	144,760
Current portion of loans payable (Notes 18 and 27)	**6,330,910**	14,676,371
Current portion of bonds payable (Notes 19 and 27)	**14,815,659**	1,697,345
Total Current Liabilities	**31,438,000**	26,945,449
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 18 and 27)	**27,274,646**	12,756,214
Bonds payable - net of current portion (Notes 19 and 27)	**21,040,928**	35,771,172
Contract liabilities - net of current portion (Note 5)	**22,249**	149,949
Lease liabilities - net of current portion (Note 14)	**4,959,256**	4,809,755
Net retirement liabilities (Note 26)	**372,966**	329,878
Deferred income tax liabilities - net (Note 28)	**4,995,997**	6,021,299
Accounts payable and accrued expenses - net of current portion (Note 17)	**6,765,592**	5,954,463
Total Noncurrent Liabilities	**65,431,634**	65,792,730
Total Liabilities	**96,869,634**	92,738,179

(Forward)

	December 31	
	2024	2023
Equity		
Common stock (Note 27)	**₱24,470,708**	₱24,470,708
Preferred stock (Note 27)	**80,000**	80,000
Additional paid-in capital	**5,612,321**	5,612,321
Treasury stock (Note 27)	**(2,078,084)**	(221,041)
Retained earnings (Note 27)	**61,027,384**	60,548,081
Remeasurement gains (losses) on retirement plan (Note 26)	**(26,299)**	16,453
Revaluation reserve on financial assets at fair value through other comprehensive income	**(2,619)**	(2,619)
Total Equity	**89,083,411**	90,503,903
TOTAL LIABILITIES AND EQUITY	**₱185,953,045**	₱183,242,082

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2024	2023
REVENUE		
Real estate sales (Note 5)	**₱15,328,275**	₱14,474,588
Rental services (Notes 5, 12, 14 and 15)	**3,486,260**	3,259,249
	18,814,535	17,733,837
OTHER INCOME		
Dividend income (Notes 11 and 20)	**1,506,886**	1,421,247
Gain on voluntary tender offer (Note 11 and 27)	**1,031,853**	–
Interest income (Notes 6, 7, 20 and 24)	**232,581**	222,035
Others - net (Notes 20 and 25)	**297,664**	223,174
	21,883,519	19,600,293
COSTS		
Real estate sales (Note 9)	**7,351,968**	8,104,930
Rental services (Notes 12, 15 and 21)	**1,654,149**	1,326,893
OPERATING EXPENSES		
General and administrative expenses (Note 22)	**2,331,081**	2,149,529
Selling and marketing expenses (Note 23)	**1,469,605**	1,322,428
INTEREST AND OTHER FINANCE CHARGES (Notes 18, 19 and 24)	**2,706,779**	1,529,742
	15,513,582	14,433,522
INCOME BEFORE INCOME TAX	**6,369,937**	5,166,771
PROVISION FOR INCOME TAX (Note 28)	**953,212**	851,599
NET INCOME	**₱5,416,725**	₱4,315,172

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2024	2023
NET INCOME	**₱5,416,725**	₱4,315,172
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss not to be reclassified to profit or loss		
Remeasurement loss on retirement plan, net of tax (Note 26)	**(42,752)**	–
TOTAL COMPREHENSIVE INCOME	**₱5,373,973**	₱4,315,172

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

	Common Stock (Note 27)	Preferred Stock (Note 27)	Additional Paid-in Capital	Treasury Stock (Note 27)	Retained Earnings (Note 27)	Remeasurement Gains (Losses) on Retirement Plan (Note 26)	Revaluation Reserve on Financial Assets at FVOCI (Note 16)	Total
				For the Year Ended December 31, 2024				
Balance as January 1, 2024	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱60,548,081**	**₱16,453**	**(₱2,619)**	**₱90,503,903**
Effect of adoption of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) (Note 2)	–	–	–	–	**(3,720,934)**	–	–	**(3,720,934)**
Balances as at January 1, 2024, as restated	**24,470,708**	**80,000**	**5,612,321**	**(221,041)**	**56,827,147**	**16,453**	**(2,619)**	**86,782,969**
Net income	–	–	–	–	**5,416,725**	–	–	**5,416,725**
Other comprehensive loss	–	–	–	–	–	**(42,752)**	–	**(42,752)**
Total comprehensive income	–	–	–	–	**5,416,725**	**(42,752)**	–	**5,373,973**
Increase in treasury stock (Note 27)	–	–	–	**(1,857,043)**	–	–	–	**(1,857,043)**
Dividends (Note 27)	–	–	–	–	**(1,216,488)**	–	–	**(1,216,488)**
Balances as of December 31, 2024	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱2,078,084)**	**₱61,027,384**	**(₱26,299)**	**(₱2,619)**	**₱89,083,411**
				For the Year Ended December 31, 2023				
Balance as January 1, 2023	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱57,108,780	₱16,453	(₱2,619)	₱87,064,602
Net income	–	–	–	–	4,315,172	–	–	4,315,172
Dividends (Note 27)	–	–	–	–	(875,871)	–	–	(875,871)
Balances as of December 31, 2023	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱60,548,081	₱16,453	(₱2,619)	₱90,503,903

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS
(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱6,369,937**	₱5,166,771
Adjustments for:		
Interest expense and amortization of transaction cost (Notes 18, 19 and 24)	**2,627,490**	1,377,585
Depreciation and amortization (Notes 12, 13, and 15)	**1,311,622**	1,130,146
Net pension expense, net of contribution and benefits paid (Note 26)	**(13,915)**	(23,917)
Interest income (Note 24)	**(232,581)**	(222,035)
Gain on voluntary tender offer (Note 27)	**(1,031,853)**	–
Dividend income (Note 11 and 20)	**(1,506,886)**	(1,421,247)
Operating income before changes in operating assets and liabilities	**7,523,814**	6,007,303
Changes in operating assets and liabilities		
Decrease (increase) in:		
Contracts receivable	**(340,453)**	282,957
Contract assets	**1,361,205**	703,284
Other receivables	**29,698**	(169,824)
Real estate inventories	**(3,662,669)**	(32,123)
Other assets	**(1,656,096)**	562,623
Increase (decrease) in:		
Accounts payable and accrued expenses	**466,473**	2,688,158
Due to related parties (Notes 20 and 30)	**93,595**	(436,800)
Contract liabilities	**(333,845)**	(353,010)
Net cash from operations	**3,481,722**	9,252,568
Income taxes paid	**(152,593)**	(715,127)
Interest received	**232,581**	222,035
Net cash provided by operating activities	**3,561,710**	8,759,476
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment properties and property and equipment (Notes 12 and 13)	**(2,470,360)**	(3,240,783)
Build-transfer-operate rights (Note 15)	**(107,751)**	(500,111)
Increase in investments and advances in subsidiaries and associates (Note 11)	**(2,564,076)**	(3,425,820)
Cash dividends received (Note 11 and 20)	**1,506,886**	1,421,247
Net cash used in investing activities	**(3,635,301)**	(5,745,467)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of:		
Loans payable (Notes 18 and 30)	**31,020,000**	17,555,000
Bonds payable (Note 19)	–	11,430,800
Payments of:		
Lease liabilities (Note 14)	**(302,289)**	(332,040)
Loans payable (Note 18)	**(24,752,379)**	(18,640,379)
Bonds payable (Note 19)	**(1,700,000)**	(9,035,400)
Interest and transaction costs	**(4,193,110)**	(3,123,873)
Cash dividend (Notes 27 and 30)	**(1,216,488)**	(875,871)
Net cash used in financing activities	**(1,144,266)**	(3,021,763)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,217,857)**	(7,754)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,197,386**	3,205,140
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱1,979,529**	₱3,197,386

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Filinvest Land, Inc. (the Parent Company or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and is domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989 and later changed to its present name on July 12, 1993. The Parent Company offers a range of products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects and condominium buildings. The Parent Company also leases out commercial spaces in a mall in Muntinlupa City, Cavite and Cebu City.

The Parent Company is a subsidiary of Filinvest Development Corporation (FDC), a publicly listed entity. A.L. Gotianun, Inc. (ALGI) is its ultimate parent company. Both FDC and ALGI are domiciled in the Philippines.

The Parent Company's registered business address is at 79 E. Delos Santos Ave. (EDSA), Brgy. Highway Hills, Mandaluyong City.

Approval of the Parent Company Financial Statements
The parent company financial statements were approved and authorized for issue by the Board of Directors (BOD) on February 26, 2025.

2. Material Accounting Policy Information

Basis of Preparation
The parent company financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The parent company financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. Amounts are in thousand ₱ except as otherwise stated.

The parent company financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The parent company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

New Standards, Interpretations and Amendments
The accounting policies adopted in the preparation of the Parent Company financial statements are consistent with those of the previous financial years, except for the adoption of new standards effective in 2024. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Parent Company.

- 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, *Disclosure: Supplier Finance Arrangements*
  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

- Adoption of the provisions of 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)

  On February 14, 2018, the Philippine Interpretations Committee (PIC) issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC Memorandum Circular (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.

  Starting January 1, 2024, the Parent Company adopted the remaining provisions of PIC Q&A 2018-12, specifically on the: (i) significant financing component, (ii) exclusion of land in the determination of percentage-of-completion (POC), and (iii) implementing the IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*). The Parent Company opted to adopt the changes using modified retrospective approach effective January 1, 2024 and the impact was recorded in the opening retained earnings. The comparative information is not restated.

  The modified retrospective effects of the adoption of the above changes are detailed below:

  i. The Parent Company's adoption of significant financing component did not result to any adjustment to the Parent Company's beginning retained earnings and thus, has no effect on the parent company statement of financial position as at January 1, 2024.

  ii. The Parent Company's adoption of the exclusion of land in the determination of POC did not have an impact as the Parent Company does not consider land costs in the determination of its projects' POC.

iii. The Parent Company recognized the impact of the implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost)* as follows:

Parent Company Statements of Financial Position as of January 1, 2024

	As previously stated	Decrease	As restated
		(In Thousands)	
Assets			
Current Assets			
Real estate inventories	₱69,179,423	(₱5,532,604)	₱63,646,819
Noncurrent Liabilities			
Deferred income tax liabilities - net	₱6,021,299	(₱1,811,670)	₱4,209,629
Equity			
Retained earnings	60,548,081	(3,720,934)	56,827,147
	₱66,569,380	(₱5,532,604)	₱61,036,776

Standards Issues but not yet Effective

Pronouncements issued but not yet effective are listed below. The Parent Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Parent Company's financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2025

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

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
- Amendments to PFRS 7, *Gain or Loss on Derecognition*
- Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
- Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

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*

Material Accounting Policies

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.

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

The Parent Company 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.

All assets and liabilities for which fair value is measured or disclosed in the 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 parent company financial statements on a recurring basis, the Parent Company 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 the end of each reporting period.

Financial Instruments *(Date of recognition)*
Financial assets and liabilities are recognized in the parent company statement of financial position when, and only when, the Parent Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Recognition and Measurement of Financial Instruments
Financial Assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient, the Parent Company initially measures a



financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

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

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

As of December 31, 2024 and 2023, the Parent Company's financial assets comprise of financial assets at amortized cost and financial assets at FVOCI.

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortized cost
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 Parent Company classified cash and cash equivalents, contracts receivable, other receivables and deposits (included in other assets) as financial assets at amortized cost (see Note 29).

Financial assets at FVOCI (equity instruments)
At initial recognition, the Parent Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in "Revaluation reserve on financial assets at FVOCI" in the parent company statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in "Revaluation reserve on financial assets at FVOCI" is not reclassified to profit or loss, but is reclassified to Retained earnings.

Included under this category are the Parent Company's investments in quoted and unquoted shares of stocks (see Note 16).

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, 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.

Subsequent measurement
Loans and borrowings (financial liabilities at amortized cost) is the category most relevant to the Parent Company. 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 parent company statement of income.

As of December 31, 2024 and 2023, loans and borrowings consist primarily of accounts payable and accrued expenses, lease liabilities, loans payable, bonds payable and due to related parties (see Notes 14, 17, 18, 19 and 20).

Impairment of Financial Assets and Contract Assets
The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. 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.

The Parent Company applies a simplified approach in calculating ECLs for financial assets at amortized costs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix for other receivables and a vintage analysis for contracts receivable and contract assets that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

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



Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset is derecognized when:

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

Where the Parent Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company's continuing involvement in the asset. 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 Parent Company could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.

Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the parent company statement of income.

Real Estate Inventories

Lots, Condominium and Residential Units for Sale

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition costs and expenses directly related to acquisition
- Amounts paid to contractors for development and construction
- Planning and design costs, cost of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

In case of sales cancellation, the Parent Company can repossess the properties and hold it for sale in the ordinary course of business at the prevailing market price. The repossessed properties are accounted for as inventories and recognized at its fair value less cost to repossess at the time of cancellation.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventory recognized in parent company statement of income on disposal is determined with

reference to the specific costs incurred on the property sold, including an allocation of any non-specific costs based on the relative size of the property sold.

Land and Land Development
Land and land development consists of properties with ongoing development that are intended for real estate projects for sale that are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Parent Company such as transfer taxes and registration fees (c) costs incurred on initial development of the raw land in preparation for future projects, and (d) borrowing costs. These are reclassified to lots, condominium and residential units for sale under "Lots, condominium and residential units for sale" when the project plans, development and construction estimates are completed and the necessary permits are secured.

Investments in Subsidiaries and Associates
Investments in subsidiaries and associates are accounted for using the cost method less accumulated provisions for impairment losses in the parent company financial statements.

The Parent Company's investment in subsidiaries and associates, the related percentages of ownership and nature of business as at December 31, 2024 and 2023 are as follows:

Entity Name	**Nature of Business**	**2024**	2023
Subsidiaries			
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%
FCGC Corporation (FCGCC)	Real estate developer	**100%**	100%
Filinvest BCDA Clark, Inc. (FBCI)[1]	Real estate developer	**55%**	55%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate development	**100%**	100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	**100%**	100%
Niyog Property Holdings, Inc. (NPHI)[2]	Real estate developer	**100%**	100%
Cajel Realty Corporation (CRC)[2]	Real estate developer	**100%**	100%
SJR Developers, Inc. (SDI)	Real estate developer	**100%**	100%
Crystal Ball Realty & Management, Inc. (CBRM)[3]	Real estate developer	**100%**	100%
Cloverleaf Holdings Corporation (CHC)[3]	Real estate developer	**100%**	100%
Filinvest REIT Corp. (FILRT)[4]	Leasing	**51%**	63%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%
Filinvest Cyberparks, Inc. (FCI)	Leasing	**100%**	100%
Filinvest Clark Mimosa, Inc. (FCMI)	Leasing	**100%**	100%
Festival Supermall, Inc. (FSI)	Property management	**100%**	100%
Filinvest Lifemalls Corporation (FLC)	Property management	**100%**	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	**100%**	100%
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	**100%**	100%
ProOffice Works Services, Inc. (ProOffice)	Property management	**100%**	100%
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%
FSM Cinemas, Inc. (FSM Cinemas)[5]	Theater operator	**60%**	60%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	**60%**	60%
Timberland Sports and Nature Club, Inc. (TSNC)	Recreational sports and nature club	**98%**	98%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%
Proleads Philippines, Inc. (PPI)	Marketing	**100%**	100%
Property Leaders International Limited (PLIL)	Marketing	**100%**	100%

(Forward)

Entity Name	Nature of Business	2024	2023
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%
Realpros Philippines, Inc. (RPI)	Marketing	**100%**	100%
Nature Specialists, Inc. (NSI)	Hospitality management	**75%**	75%
FREIT Fund Managers, Inc.	Fund Manager	**100%**	100%
Co-Living Pro Managers Corp. (CPMC)	Dormitels	**100%**	100%
OurSpace Solutions, Inc. (OSI) [6]	Coworking spaces	**100%**	70%

1. *FBCI is owned indirectly through FCGCC.*
2. *NPHI and CRC were acquired in 2023 (see Note 11).*
3. *CBRM and CHC were acquired in previous years and were accounted for as asset acquisitions and presented as part of real estate inventories. Acquisition cost amounting to ₱80.06 million and ₱39.59 million for CBRM and CHC, respectively, was reclassified to investment and advances in subsidiaries and associates in 2024.*
4. *FLI's ownership interest in FILRT was reduced to 51% in 2024 mainly as a result of FLI's voluntary tender offer (see Note 11 and 27).*
5. *FSM Cinemas is owned indirectly through FSI.*
6. *On August 2, 2023, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI, resulting to FLI's 70% ownership in OSI (see Note 11).*

Investment Properties

Investment properties consist of commercial mall, land and other properties that are held for long term rental yields and capital appreciation and land held with undetermined future use. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any.

Constructions-in-progress are carried at cost (including borrowing costs) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete.

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

Investment properties built on rented properties are depreciated over their estimated useful lives or lease term, whichever is shorter.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives (EUL) of these assets as follows:

	Years
Buildings and improvement	20-50
Machinery and equipment	5-15

The EUL and the depreciation method is reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognized in the parent company statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost.

Construction-in-progress is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the EUL of the assets, as follows:

	Years
Buildings	20-50
Machinery and equipment	5
Transportation equipment	5
Furniture and fixtures	3-5

Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease term, whichever is shorter.

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

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, is removed from the account. Any gain or loss arising from derecognition of the asset is included in the parent company statement of income in the year the asset is derecognized.

Intangible Assets

Intangible assets include BTO rights (including the related right-of-use asset).

Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination or contracted arrangements is their fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill, are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives (i.e., BTO rights and developmental rights) are amortized over the economic useful life (i.e., 25 years) and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the parent company statement of income.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the parent company statement of income when the asset is derecognized.

Other Assets
Other current and noncurrent assets are carried at cost and pertain to resources controlled by the Parent Company as a result of past events and from which future economic benefits are expected to flow to the Parent Company.

Value-added Tax (VAT)
Revenues, expenses, and assets 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 parent company statement 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 parent company statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable and payable from the taxation authority is included as part of "Other assets" and "Accounts payable and accrued expenses", respectively, in the parent company statement of financial position, respectively.

Impairment of Nonfinancial Assets
The carrying values of investment in subsidiaries, associates, right-of-use assets, property and equipment, investment properties, development rights and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost of disposal and value-in-use. 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 assessment of the time value of money and the risks specific to the asset.



For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the parent company statement of income.

For nonfinancial assets, 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 Parent Company estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 the parent company statement of income.

Revenue Recognition

Revenue from Contract with Customers

The Parent Company primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. 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 Parent Company expects to be entitled in exchange for those goods or services.

The Parent Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, air-conditioning and common use service area in its mall retail spaces and office leasing activities, wherein it is acting as agent.

The Parent Company recognize the difference between the consideration received from the customer and the transferred goods to the customer as contract asset in the parent company statement of financial position

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales

The Parent Company derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Parent Company's performance does not create an asset with an alternative use and the Parent Company has an enforceable right to payment for performance completed to date.

Starting January 1, 2024, in determining the transaction price, the Parent Company considers whether the selling price of the real estate property includes significant financing component.

In measuring the progress of its performance obligation over time, the Parent Company uses output method. The Parent Company 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 project accomplishment reports prepared by the third party project managers for high-rise real estate developments and internal project engineers for mid-rise real estate development. The project technical head integrates, reviews and approves the surveys of performance to date of the construction activities of subcontractors.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables is included in the "contract asset" account in the asset section of the parent company statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the parent company statement of financial position.

In case of sales cancellation, the difference between the fair value of the repossessed property less cost to repossess and the outstanding receivable and related accounts at the time of cancellation is recognized in profit or loss.

Common usage service area charges and air conditioning dues (included as part of 'Rental services') CUSA charges are recognized when the related services are rendered. The Parent Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, and electricity in its office leasing activities, wherein it is acting as agent. Income from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant and are presented gross of related cost and expenses.

Other dues
For the administration fees, electricity and water usage, the Parent Company determined that it is acting as an agent because the promise of the Parent Company to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Parent Company, are primarily responsible for the provisioning of the utilities while the Parent Company administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.

Theater and parking sales and snack bar sales (included as part of 'Rental and related services') Revenue from theater and parking sales is recognized over time using output method when theater services are rendered. Revenue from snack bar sales is recognized at a point in time when goods are actually sold to customers.

Cost of real estate sales
The Parent Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, 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 costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Parent Company recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances
Contracts receivables
A receivable represents the Parent Company'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).

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Parent Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Parent Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Parent Company transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Parent Company performs under the contract.

The contract liabilities also include payments received by the Parent Company from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract (Commission expenses)
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Parent Company expects to recover them. The Parent Company 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 marketing expense" account in the parent company statement of 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 Parent Company firstly 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 Parent Company applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the 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) the costs are expected to be recovered. The assessment of these criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Parent Company's contract fulfillment assets pertain to land acquisition costs.

Amortization, de-recognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract
The Parent Company amortizes contract fulfillment assets and capitalized costs to obtain a contract over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization of contract fulfillment assets and cost to obtain a contract is included within "Cost of real estate sales" and "Selling and marketing expense", respectively.



A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either 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 Parent Company determines whether there is an indication that the contract fulfillment asset or capitalized cost to obtain a contract maybe impaired. If such indication exists, the Parent Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Parent Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Parent Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Revenue and Income Recognition

Rental Income

Rental income arising from investment properties are recognized in the parent company statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.

Income from Forfeited Reservations and Collections

Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest Income

Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Other Income

Other income, including service fees, processing fees, management fees, is recognized when services are rendered and when goods are delivered.

Cost and Expense Recognition

Costs and expenses are recognized in the parent company statement of 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 parent company statement of income as incurred based on the amounts paid or payable/

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

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets an any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information.

The Parent Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs.

Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. These are capitalized if directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the parent company statement of financial position.

The interest capitalized is calculated using the Parent Company's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment of those borrowings.

For investment properties, interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

For "Land and land development" under real estate inventories, interest is capitalized if the properties are currently undertaking activities necessary to prepare the assets for its intended sales, including but not limited to pre-construction activities such as permitting, design, planning and actual land development activities and are not ready to be sold in its current condition.

Prior to January 1, 2024, for "Lots, condominium and residential units for sale" under real estate inventories, interest is capitalized if the properties are currently undertaking activities necessary to prepare the assets for its intended use. Subsequent to January 1, 2024, these are no longer considered as a qualifying asset and thus, the related borrowing cost are expensed as incurred.

Borrowings originally made to develop a specific qualifying asset are transferred to general borrowings (a) when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete, and (b) the entity chooses to use its funds on constructing other qualifying assets rather than repaying the loan.

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 sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

Foreign Currency-Denominated Transactions

The functional and presentation currency of the Parent Company is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.



Equity

Common and Preferred Stock

The Parent Company records common and preferred stock at par value and additional paid-in capital as the excess of the total contributions received over the aggregate par values of the equity shares.

The Parent Company considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. When any member of the Parent Company purchases its capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity.

Treasury Stock

Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings

Retained earnings represent accumulated earnings of the Parent Company, and any other adjustments to it as required by other standards, less dividends declared. Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury.

Dividends on common and preferred shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Income Tax

Current Income Tax

Current income 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 at the reporting date.

Deferred Income Tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or 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 profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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. Income tax relating to items recognized directly in other comprehensive income is recognized in parent company statement of comprehensive income and not in the parent company statement of income.

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

Leases

The Parent Company 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.

Company as Lessor

Leases where the Parent Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight line basis over the lease term. 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.

Company as Lessee

Except for short-term leases and lease of low-value assets, the Parent Company applies a single recognition and measurement approach for all leases. The Parent Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use-assets

The Parent Company 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 Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Useful life of right-of-use on land ranges from 20 to 50 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

ii) Lease liabilities
At the commencement date of the lease, the Parent Company 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 Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company 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 Parent Company uses the incremental borrowing rate 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.

iii) Short-term leases and leases of low-value assets
The Parent Company applies the short-term lease recognition exemption to its short-term leases (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. 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.

Segment Reporting
The Parent Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects: (a) the nature of the products and services; (b) the nature of the production processes; (c) the type or class of customer for their products and services; (d) the methods used to distribute their products or provide their services; and, (e) if applicable, the nature of the regulatory environment. The Parent Company's mall retail spaces and office leasing activities are treated as one segment. Financial information on business segments is presented in Note 4 to the parent company financial statements.

Provisions
A provision is recognized when the Parent Company 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. When the Parent Company expects part or all of provision to be reimbursed or recovered, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

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

3. Significant Accounting Judgments Assumptions, and Estimates

The preparation of the parent company financial statements in accordance with PFRS Accounting Standards, requires management to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the parent company financial statements as they become reasonably determinable.

Estimates and judgments 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 Parent Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the parent company financial statements.

Real Estate Revenue Recognition

a. Existence of a contract
   The Parent Company'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 are not signed by both parties, the combination of its other signed documentation such as purchase application form and official receipts evidencing collections from buyer, would contain all the criteria to qualify as contract with the customer under PFRS 15.

   In addition, part of the assessment process of the Parent Company before revenue recognition is to assess the probability that the Parent Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price.

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



c. Revenue recognition method and measure of progress
The Parent Company concluded that revenue for real estate sales is to be recognized over time because (a) the Parent Company's performance does not create an asset with an alternative use and; (b) the Parent Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Parent Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

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

Evaluation of Impairment on Nonfinancial Assets
The Parent Company reviews its investments in subsidiaries and associates, property and equipment, investment properties, BTO rights and and other assets (excluding short-term deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends.

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

The recoverable amount is the asset's fair value less cost of disposal, except for investments in associates, which have recoverable value determined using value-in-use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investments in associates. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

As of December 31, 2024 and 2023, management assessed that there are no impairment indicators on its nonfinancial assets that would lead to recognition of impairment losses.

Contingencies
In the normal course of business, the Parent Company is currently involved in various legal proceedings and assessments. The assessment of probability and estimate of the probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Parent Company currently does not believe these proceedings will have material or adverse effect on the Parent Company's financial position and results of operations (see Note 31).

Use of Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation and 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:

Revenue Recognition and Measure of Progress for Real Estate Sales

The Parent Company's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Parent Company's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of real estate project.

For the years ended December 31, 2024 and 2023, real estate sales amounted to ₱15.33 billion and ₱14.47 billion, respectively (see Note 5).

Determining transaction price of sale of real estate
The Parent Company determines whether a contract contains a significant financing component by considering (1) the difference, if any, between the amount of promised considerations and the cash selling price of the promised goods or services; and (2) the effect of the expected length of time between when the entity transfer the promised goods or service to the customer and when the customer pays for those goods or services and the prevailing effective interest rate. The Parent Company applied practical expedient by not adjusting the effect of financing component when the period when the entity transfers a promised good or service to a customer and when the customer pays for the good or service will be one year or less. The Parent Company assessed that the significant financing component is not significant in determining the transaction price on sale of real estate.

Evaluation of Impairment of Contract Receivables and Contract Assets
The Parent Company uses the vintage analysis to calculate ECLs for contracts receivables and contract assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, market segment and collateral type).

The vintage analysis (the model) are initially based on the Parent Company's historical observed default rates. The Parent Company will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (e.g., gross domestic product, inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Parent Company's contract receivables and contract assets is disclosed in Note 7.



The carrying values of contract receivables and contract assets are as follows:

	2024	2023
	(In Thousands)	
Contracts receivables (Note 7)	**₱2,178,282**	₱1,837,829
Contract assets (Note 5)	**8,418,466**	9,779,671

Estimating NRV of Real Estate Inventories
The Parent Company adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether the selling prices of those inventories have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In evaluating NRV, recent market conditions and current market prices have been considered.

As of December 31, 2024 and 2023, the carrying amount of real estate inventories amounted to ₱67.66 billion and ₱69.18 billion, respectively (see Note 9). No impairment adjustments were recognized in 2024 and 2023 since the costs are lower than NRV.

Recognition of Deferred Income Tax Assets
The Parent Company reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Parent Company will generate sufficient future taxable profit to allow all or part of its deferred tax assets to be utilized.

As of December 31, 2024 and 2023, the Parent Company recognized gross deferred tax assets amounting to ₱1,850.73 million and ₱1,425.02 million, respectively (see Note 28).

4. Segment Reporting

For management purposes, the Parent Company is organized into the following business units:

Real Estate
This involves the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects and condominium buildings.

Leasing
This involves the operations of commercial, offices and industrial spaces located in various cities and municipalities, namely, Muntinlupa, Cavite, Calamba, Makati, Quezon City, Mandaluyong, Dumaguete and Cebu.

Management monitors the operating results of each of its business units for purposes of resource allocation and performance assessment. Performance of each segment is evaluated based on profit or loss or net income.

The chief operating decision-maker of the Parent Company is the Executive Committee. The committee reviews internal reports in order to assess performance and allocate resources.

Based on the reports, it is also able to determine both the operating and non-operating segments. Reporting by geographical segments does not apply as the Parent Company currently operates in the Philippines only.

No operating segments have been aggregated to form the above reportable segments. Transfer prices between segments are based on rates agreed upon by the parties and have terms equivalent to transactions entered into with third parties.

For the years ended December 31, 2024 and 2023, there were no revenue transactions with a single external customer which accounted for 10% or more of the total revenue from external customers.

The financial information about the financial position and results of operations of these business segments for the years ended December 31, 2024 and 2023 are summarized below.

	2024		
	Real Estate Operations	**Leasing Operations**	**Total**
		(In Thousands)	
Revenue	**₱15,328,275**	**₱3,486,260**	**₱18,814,535**
Net income	**₱5,296,428**	**₱120,297**	**₱5,416,725**
EBITDA	**₱8,595,947**	**₱1,792,391**	**₱10,388,338**
Segment assets	**₱108,274,126**	**₱77,678,919**	**₱185,953,045**
Segment liabilities	**₱84,594,138**	**₱12,275,496**	**₱96,869,634**
Less deferred tax liabilities – net	**4,934,104**	**61,893**	**4,995,997**
Net segment liabilities	**₱79,660,034**	**₱12,213,603**	**₱91,873,637**
Cash flows from (used in):			
Operating activities	**2,699,094**	**862,616**	**3,561,710**
Investing activities	**(901,357)**	**(2,733,944)**	**(3,635,301)**
Financing activities	**(3,433,072)**	**2,288,806**	**(1,144,266)**

	2023		
	Real Estate Operations	Leasing Operations	Total
		(In Thousands)	
Revenue	₱14,474,588	₱3,259,249	₱17,733,837
Net income	₱3,729,290	₱585,882	₱4,315,172
EBITDA	₱5,505,466	₱2,321,193	₱7,826,659
Segment assets	₱110,331,712	₱72,910,370	₱183,242,082
Segment liabilities	₱80,551,022	₱12,187,157	₱92,738,179
Less deferred tax liabilities - net	5,990,746	30,553	6,021,299
Net segment liabilities	₱74,560,276	₱12,156,604	₱86,716,880
Cash flows from (used in):			
Operating activities	5,368,606	3,390,870	8,759,476
Investing activities	(616,726)	(5,128,741)	(5,745,467)
Financing activities	(4,306,123)	1,284,360	(3,021,763)

The following table shows a reconciliation of the total earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA) to total income before income tax in the parent company statements of income.

	2024	2023
	(In Thousands)	
EBITDA	**₱10,388,338**	₱7,826,659
Depreciation and amortization (Notes 12, 13 and 15)	**(1,311,622)**	(1,130,146)
Operating profit	**9,076,716**	6,696,513
Interest and other finance charges (Note 24)	**(2,706,779)**	(1,529,742)
Income before income tax	**₱6,369,937**	₱5,166,771

5. Revenue from Contracts with Customers

Disaggregated Revenue Information

The Parent Company's disaggregation of each sources of revenue from contracts with customers are presented below:

	2024	2023
	(In Thousands)	
Real estate sales by market segment		
Medium income	**₱11,336,019**	₱9,823,683
Low affordable and affordable	**1,863,213**	3,367,527
High-end and others	**1,460,119**	855,169
Socialized	**668,924**	428,209
	15,328,275	14,474,588
Tenant dues		
Mall operations	**397,110**	360,561
Office leasing	**179,347**	164,687
	576,457	525,248
Rental and related services		
Mall operations	**1,816,107**	1,720,943
Office leasing	**1,093,696**	1,013,058
	2,909,803	2,734,001
Total Revenue	**₱18,814,535**	₱17,733,837

As of December 31, 2024, contract balances is as follows:

	Current	**Noncurrent**	**Total**
		(In Thousands)	
Contracts receivable	**₱2,178,282**	**₱–**	**₱2,178,282**
Contract asset	**5,770,069**	**2,648,397**	**8,418,466**
Contract liabilities	**586,257**	**22,249**	**608,506**

As of December 31, 2023, contract balances is as follows:

	Current	Noncurrent	Total
		(In Thousands)	
Contracts receivable	₱1,837,829	₱–	₱1,837,829
Contract asset	4,741,729	5,037,942	9,779,671
Contract liabilities	792,402	149,949	942,351

Real estate sales contracts are collectible in monthly principal installments with varying periods within two (2) to ten (10) years. Interest rates per annum range from 11.5% to 19.0%. Titles to the residential units sold transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration that was already delivered by the Parent Company in excess of the amount recognized as installment contracts receivable. This is reclassified as contracts receivable when the monthly amortization of the customer is already due for collection.

In 2024 and 2023, the Parent Company entered into an Agreement for Purchase of Contract Assets with local banks. The bank agreed to buy the contract assets on a without recourse basis, and the Parent Company agreed to sell, assign, transfer and convey to the bank all its rights, titles, and interest in and to the contract assets. In 2024 and 2023, total proceeds from these transactions equivalent to the carrying value of the contract assets sold amounted to ₱11.69 billion and ₱5.43 billion, respectively.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred by Parent Company based on percentage of completion. The movement in contract liability mainly due to revenue recognition of completed performance obligations. The amount of revenue recognized in 2024 and 2023 from amounts included in contract liabilities at the beginning of the year amounted to ₱450.27 million and ₱767.44 million, respectively.

Performance Obligation

Information about the Parent Company's performance obligations are summarized below:

Real estate sales

The Parent Company entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover either the (a) lot; (b) house and lot and (c) condominium unit and the Parent Company concluded that there is one performance obligation in each of these contracts. The Parent Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the purchase application form and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include down payment of 20% to 30% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the

period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

After the delivery of the completed real estate unit, the Parent Company provides one-year warranty to repair minor defects on the delivered house and lot and condominium unit. This is assessed by the Parent Company as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2024 and 2023 amounted to ₱3.05 billion and ₱2.91 billion, respectively. Performance obligation for the transaction price amounting to ₱2.78 billion and ₱2.45 billion will be satisfied within one year as of December 31, 2024 and 2023, respectively.

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Parent Company's real estate projects. The Parent Company's mid-rise condominium units and high-rise condominium units are completed within three (3) and five (5) years, respectively, from start of construction while house and lots are expected to be completed within 12 months.

Rental agreements
The Parent Company entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space (b) provisioning of utilities and (c) provision of air conditioning and CUSA services presented as tenant dues (d) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

Cost to Obtain Contracts and Contract Fulfillment Assets
As at December 31, the rollforward of the cost to obtain contract included in the other current assets is as follows:

	2024	2023
	(In Thousands)	
Balance at beginning of year	**₱367,514**	₱473,852
Additions	**734,410**	632,296
Amortization (Note 23)	**(811,308)**	(738,634)
Balance at end of year (Note 10)	**₱290,616**	₱367,514

For the years ended December 31, 2024 and 2023, additions to contract fulfillment costs amounted to ₱732.01 million and ₱648.65 million, respectively. Amortization of contract fulfillment costs amounted to ₱1.00 billion and ₱1.07 billion for the years ended December 31, 2024 and 2023, respectively. Contract fulfillment assets is included as part of real estate inventories.

The Parent Company reviews its major contracts to identify indicators of impairment of contract fulfilment assets by comparing the carrying amount of the asset to the remaining amount of consideration that the Parent Company expects to receive less the costs that relate to providing services under the relevant contract.

In determining the estimated amount of consideration, the Parent Company used the same principles as it does to determine the contract transaction price.

In line with the Parent Company's accounting policy, as set out in Note 2, if a contract or specific performance obligation exhibited marginal profitability or other indicators of impairment, judgement was applied to ascertain whether or not the future economic benefits from these contracts were sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

6. Cash and Cash Equivalents

This account consists of:

	2024	2023
	(In Thousands)	
Cash on hand and in banks	**₱1,535,425**	₱2,925,085
Cash equivalents	**444,104**	272,301
	₱1,979,529	₱3,197,386

Cash includes cash on hand and in banks. Cash in bank earns 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 (3) months or less from dates of placement and are subject to an insignificant risk of change in value.

Interest income earned on the Parent Company's cash and cash equivalents amounted to ₱32.36 million and ₱22.09 million in 2024 and 2023, respectively (see Note 24).

There is no cash restriction on the Parent Company's cash and cash equivalents as at December 31, 2024 and 2023.

7. Contracts Receivable

This account consists of:

	2024	2023
	(In Thousands)	
Contracts receivable	**₱1,932,985**	₱1,582,485
Receivables from government and financial institutions	**245,297**	255,344
	₱2,178,282	₱1,837,829

Real estate sales contracts are collectible over varying periods within two (2) to 10 years. The receivables arising from real estate sales are collateralized by the corresponding real estate properties sold. The Parent Company records any excess of progress work over the right to an amount of consideration that is unconditional (i.e., contracts receivable) as contract assets (see Note 5).

Receivables from government and financial institutions pertain to government and bank-financed real estate sales. Receivables from government and financial institutions are collectible within one (1) year.

Interest income recognized on contracts receivable amounted to ₱199.17 million and ₱173.47 million in 2024 and 2023, respectively (see Note 24). Interest rates per annum on contracts receivable range from 11.5% to 19.0% for these years.

The Parent Company has a mortgage insurance contract with Philippine Guarantee Corporation (PhilGuarantee), a government insurance company for a retail guaranty line. As of December 31, 2024 and 2023, the contracts (comprise of both contract receivables and contract assets) covered by the guaranty line amounted to ₱193.57 million and ₱361.45 million, respectively. As of December 31, 2024 and 2023, the remaining unutilized guaranty line amounts to ₱1.37 billion.

As of December 31, 2024 and 2023, no impairment losses were recognized from contract receivables.

8. Other Receivables

This account consists of:

	2024	2023
	(In Thousands)	
Receivable from tenants	**₱717,309**	₱701,575
Advances to officers and employees	**361,578**	368,232
Receivables from homeowners' associations	**174,596**	227,671
Due from related parties (Note 20)	**128,912**	144,408
Others	**46,009**	13,736
	1,428,404	1,455,622
Less: Allowance for expected credit losses	**25,655**	23,175
	₱1,402,749	₱1,432,447

"Receivables from tenants" represent charges to tenants for rentals and utilities normally collectible within 15-20 days from billing date.

"Advances to officers and employees" represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

"Receivables from homeowners' associations" represent claims from the homeowners' association of the Parent Company's projects for the payments of the expenses on behalf of the association.

"Others" represent advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

Set out below is the movement of the allowance for ECLs of other receivables:

	2024		
	Receivables from tenants	**Receivables from HOAs**	**Total**
		(In Thousands)	
Balance at beginning of year	**₱7,311**	**₱15,864**	**₱23,175**
Provision for ECLs	**2,480**	**–**	**2,480**
Balance at end of year	**₱9,791**	**₱15,864**	**₱25,655**

	2023		
	Receivables from tenants	Receivables from HOAs	Total
		(In Thousands)	
Balance at beginning of year	₱5,231	₱15,864	₱21,095
Provision for ECLs	2,080	–	2,080
Balance at end of year	₱7,311	₱15,864	₱23,175

9. Real Estate Inventories

This account consists of:

	2024	2023
	(In Thousands)	
Real estate inventories - at cost		
Lots, condominium and residential units for sale	**₱43,396,341**	₱45,048,782
Land and land development	**24,146,667**	24,130,641
	₱67,543,008	₱69,179,423

A summary of the movement in lots, condominium and residential units is set out below:

	2024	2023
	(In Thousands)	
Balance at beginning of year	**₱45,048,782**	₱44,547,292
Effect of adoption of IFRIC Agenda Decision on PAS 23 (Note 2)	**(5,532,604)**	–
Balance as at January 1, as adjusted	**39,516,178**	44,547,292
Land costs transferred from land and land development	**732,071**	648,649
Net transfers (Note 12)	**42,952**	–
Construction/development costs incurred	**10,457,108**	7,257,925
Capitalized borrowing costs	–	699,846
Cost of real estate sales	**(7,351,968)**	(8,104,930)
Balance at end of year	**₱43,396,341**	₱45,048,782

Capitalization rate for the capitalized borrowing costs is nil and 5.1% in 2024 and 2023, respectively.

A summary of the movement in land and land development is set out below:

	2024	2023
	(In Thousands)	
Balance at beginning of year	**₱24,130,641**	₱23,883,127
Land acquisitions	**4,745**	22,379
Land cost transferred to real estate inventories	**(732,071)**	(648,649)
Net transfers (Notes 11 and 12)	**(575,637)**	
Site development and incidental costs	**1,318,989**	873,784
Balance at end of year	**₱24,146,667**	₱24,130,641

Borrowing costs capitalized as part of land and land development, where activities necessary to prepare it for its intended use is ongoing amounted to ₱766.21 million and ₱620.18 million in 2024 and 2023, respectively. Capitalization rate is 5.47% and 5.15% in 2024 and 2023, respectively.

10. **Other Current Assets**

This account consists of

	2024	2023
	(In Thousands)	
Input taxes - net	**₱3,478,873**	₱3,512,499
Creditable withholding taxes	**1,860,456**	1,261,505
Advances to contractors and suppliers	**456,795**	436,797
Prepaid expenses and others	**449,456**	349,391
Construction materials and supplies	**405,656**	356,983
Cost to obtain contract (Note 5)	**290,616**	367,514
Short-term deposits	**127,642**	91,566
	₱7,069,494	₱6,376,255

"Input taxes" pertains to VAT passed on from purchases of goods and services which is applied against output VAT.

"Creditable withholding taxes" are the taxes withheld by the withholding agents from payments to the sellers which are creditable against the income tax payable.

"Advances to contractors and suppliers" pertain to down payments made for real estate inventories by Parent Company which are applied against future billings for development and construction contracts.

"Prepaid expenses" consist of prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

"Construction materials and supplies" pertains to inventories to be used in the construction and maintenance of projects.

"Cost to obtain contract" includes commissions paid to brokers relating to the sale of real estate inventories which did not qualify for revenue recognition.

11. **Investments and Advances in Subsidiaries and Associates**

This account consists of:

	2024	2023
	(In Thousands)	
At cost		
Subsidiaries		
FILRT	**₱3,452,636**	₱4,277,826
FCMI	**2,100,000**	2,100,000
GPRDI	**1,944,857**	1,944,857
FCI	**1,750,000**	1,750,000
FLTI	**871,250**	871,250
FAPI	**863,414**	863,414
FAC	**714,050**	714,050
FCGC	**765,550**	685,550
NPHI	**544,440**	544,440
FLC	**517,195**	517,195
PDDC	**210,000**	210,000
Homepro	**125,938**	125,938
CRC	**88,818**	88,818
CBRM (Note 9)	**80,058**	–
OSI	**70,000**	70,000
FFMI	**50,000**	50,000
NSI	**47,250**	47,250
CHC (Note 9)	**39,590**	–
CPMC	**25,000**	25,000
PPI	**20,000**	20,000
Pro-Office	**17,163**	17,163
PLIL	**14,854**	14,854
RPI	**10,000**	10,000
FLMI	**6,250**	6,250
TSNC	**2,994**	2,994
FSI	**1,250**	1,250
SDI	**1,000**	1,000
Promax	**400**	400
Prosper	**100**	100
Leisurepro	**100**	100
Associates		
FAI	**800,000**	800,000
DPI	**90,000**	90,000
CTI	**51,300**	51,300
FMI	**37,829**	37,829
Pro-Excel	**28,462**	28,462
SharePro, Inc.	**11,250**	11,250
Pro-Active	**10,000**	10,000
	15,362,998	15,988,540
Advances to associates and subsidiaries (Note 20)	**10,248,690**	7,764,616
	25,611,688	23,753,156
Allowance for impairment loss	**(22,368)**	(22,368)
	₱25,589,320	₱23,730,788

FILRT
On December 11, 2024, the Parent Company settled its Capped Voluntary Tender Offer, which was filed on October 2, 2024. The Parent Company has reacquired a total of 1,866,000,000 common shares in exchange for 597,120,000 FILRT common shares. The shareholders were offered 0.32 FILRT shares for every 1.00 FLI shares tended. As a result of the voluntary tender offer, the Parent Company's interest in FILRT decreased to 51.1% and the costs of treasury shares amounted to ₱1.86 billion. The voluntary tender offer resulted in a gain amounting to ₱1.03 billion. (Note 27).

NPHI and CRC
On July 14, 2023, the Parent Company entered into a Share Purchase Agreement with Rizal Commercial Banking Corporation (RCBC) to purchase all outstanding shares of stock of Niyog Property Holdings, Inc. (NPHI) and Cajel Realty Corporation (CRC) for a total consideration of ₱633.26 million, taking over the two latter companies' joint land development activities in Bacoor City, Cavite.

FCMI
In 2023, The Parent Company paid the remaining subscription payable to FCMI amounting to ₱575 million divided into (a) 75 million common shares with a par value of ₱1.00 per share or an aggregate value of ₱75 million and (b) 500 million preferred shares with a par value of ₱1.00 per share or an aggregate value of ₱500 million.

FCGC
In 2024, the Parent Company paid the subscription payable to FCGC amounting to 80 million preferred shares with a par value of ₱1.00 per share or an aggregate value of ₱80 million.

In 2023, The Parent Company paid the subscription payable to FCGC amounting to ₱250 million divided into (a) 170 million common shares with a par value of ₱1.00 per share or an aggregate value of ₱170 million and (b) 80 million preferred shares with a par value of ₱1.00 per share or an aggregate value of ₱80 million.

OSI
On May 22, 2023, OSI issued a resolution authorizing the issuance of additional shares out of its unissued authorized capital stock, pursuant to the provisions of the Joint Venture Agreement entered into by KMC Communicty, Inc. (KCI) and FLI. On August 2, 2023, FLI subscribed to an additional 45 million common shares for a total consideration of ₱45.00 million. On the same date, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI, resulting in FLI's 70% ownership in OSI for a total consideration of ₱30.00 million.

FAI
The Parent Company has a 20% interest in FAI which is involved primarily in the development of commercial buildings, residential condominiums and land. FAI is also involved in leasing of commercial real estate and marketing.

Pro-excel
The Parent Company has a 47.5% interest in Pro-excel which is operating in the Philippines. Pro-Excel is primarily involved in the business of administration, maintenance and management of real estate development, controlled development projects and subdivision projects.



DPI
The Parent Company has a 45% interest in DPI which is operating in the Philippines and handles the project construction management for the Parent Company

CTI
The Parent Company has a 30% interest in CTI which is operating in the Philippines. CTI is primarily involved in information technology service management.

FMI
The Parent Company has a 47.5% interest in FMI which is operating in the Philippines and handles the lease of the Mimosa Leisure Estate.

Pro-Excel
The Parent Company has a 47.5%% interest in Pro-Excel which is operating in the Philippines and handles the management of real estate-controlled development projects and subdivision projects.

SPI
The Parent Company has a 45% interest in SPI which is operating in the Philippines and handles the technical and project management services for the Parent Company.

Pro-Active
On August 9, 2023, ProActive was incorporated in the Philippines to handle the business process outsourcing services of the Group. The Parent Company subscribed for 40.0% of ProActive's capital stock amounting to ₱10.00 million.

The associates have no contingent liabilities outside of the ordinary course of business or capital commitments as at December 31, 2024 and 2023.

Cash dividends
In 2024 and 2023, cash dividends received from FAC, FILRT, FCI, FLC and FAPI amounted to ₱1.51 billion and ₱1.42 billion, respectively.

12. Investment Properties

The rollforward analysis of this account as of December 31 follows:

	2024					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 14)	Total
			(In Thousands)			
Cost						
Balances at beginning of year	**₱14,373,412**	**₱24,147,949**	**₱341,584**	**₱20,227,859**	**₱4,330,546**	**₱63,421,350**
Additions	**170,520**	**479,593**	**37,740**	**2,799,172**	–	**3,487,025**
Reclassification (Note 9)	**455,989**	**(82,995)**	–	–	–	**372,994**
Balances at end of year	**14,999,921**	**24,544,547**	**379,324**	**23,027,031**	**4,330,546**	**67,281,369**
Accumulated Depreciation						
Balances at beginning of year	–	**3,744,948**	**270,983**	–	**660,830**	**4,676,761**
Depreciation (Notes 21 and 22)	–	**819,469**	**12,058**	–	**142,271**	**973,798**
Reclassification (Note 9)	–	**(40,043)**	–	–	–	**(40,043)**
Balances at end of year	–	**4,524,374**	**283,041**	–	**803,101**	**5,610,516**
Net Book Value	**₱14,999,921**	**₱20,020,173**	**₱96,283**	**₱23,027,031**	**₱3,527,445**	**₱61,670,853**

	2023					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 14)	Total
			(In Thousands)			
Cost						
Balances at beginning of year	₱14,366,616	₱22,721,677	₱328,321	₱18,408,168	₱4,138,726	₱59,963,508
Additions	6,796	1,426,272	13,263	1,819,691	278,203	3,544,225
Reclassification (Note 15)	–	–	–	–	(86,383)	(86,383)
Balances at end of year	14,373,412	24,147,949	341,584	20,227,859	4,330,546	63,421,350
Accumulated Depreciation						
Balances at beginning of year	–	3,180,060	265,996	–	487,652	3,933,708
Depreciation (Notes 21 and 22)	–	564,888	4,987	–	179,823	749,698
Reclassification (Note 15)	–	–	–	–	(6,645)	(6,645)
Balances at end of year	–	3,744,948	270,983	–	660,830	4,676,761
Net Book Value	₱14,373,412	₱20,403,001	₱70,601	₱20,227,859	₱3,669,716	₱58,744,589

Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion.

Borrowing costs capitalized as part of investment properties amounted to ₱1,160.29 million and ₱717.39 million in 2024 and 2023, respectively. The capitalization rate used is 5.46% and 5.10% in 2024 and 2023, respectively.

The aggregate fair value of the Parent Company's investment properties amounted to ₱110.20 billion and ₱113.20 billion as of December 31, 2024 and 2023, respectively based on management appraisal updated using current and year-end values and assumptions. The fair value of investment properties was determined using the Income Approach based on discounted cash flow analysis. Under the income approach, all expected cash flows from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations.

Rental income from investment properties amounted to ₱3,340.88 million and ₱3,109.02 billion in 2024 and 2023, respectively. Cost of rental services from investment properties amounted to ₱1,554.36 million and ₱1,134.23 million in 2024 and 2023, respectively (see Note 21).

13. Property and Equipment

The rollforward analysis of this account as of December 31 follows:

	2024						
	Land, Buildings and Improvements	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress**	**Total**
				(In Thousands)			
Cost							
Balances at beginning of year	**₱724,269**	**₱2,821,713**	**₱217,913**	**₱103,474**	**₱80,396**	**₱21,586**	**₱3,969,351**
Additions	**498**	**76,522**	**17,767**	**18,498**	**1,135**	**5,708**	**120,128**
Balances at end of year	**724,767**	**2,898,235**	**235,680**	**121,972**	**81,531**	**27,294**	**4,089,479**
Accumulated Depreciation							
Balances at beginning of year	**232,436**	**745,337**	**166,593**	**74,614**	**80,083**	**–**	**1,299,063**
Depreciation (Notes 21 and 22)	**10,988**	**180,715**	**16,185**	**25,492**	**860**	**–**	**234,240**
Balances at end of year	**243,424**	**926,052**	**182,778**	**100,106**	**80,943**	**–**	**1,533,303**
Net Book Value	**₱481,343**	**₱1,972,183**	**₱52,902**	**₱21,866**	**₱588**	**₱27,294**	**₱2,556,176**

	2023						
	Land, Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
				(In Thousands)			
Cost							
Balances at beginning of year	₱722,875	₱2,605,023	₱179,386	₱90,973	₱63,476	₱21,227	₱3,682,960
Additions	1,394	216,690	38,527	12,501	16,920	359	286,391
Balances at end of year	724,269	2,821,713	217,913	103,474	80,396	21,586	3,969,351
Accumulated Depreciation							
Balances at beginning of year	220,644	616,862	151,510	62,936	63,117	–	1,115,069
Depreciation (Notes 21 and 22)	11,792	128,475	15,083	11,678	16,966	–	183,994
Balances at end of year	232,436	745,337	166,593	74,614	80,083	–	1,299,063
Net Book Value	₱491,833	₱2,076,376	₱51,320	₱28,860	₱313	₱21,586	₱2,670,288

14. Leases

The Parent Company entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space (b) provisioning of water and electricity and (c) provision of air conditioning and CUSA services (d) administration fee.

Revenue from lease of space is recognized on a straight line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within seven (7) to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

Company as lessee
The Parent Company has lease contracts for land. The Parent Company's obligations under its leases are secured by the lessor's title to the leased assets. The Parent Company has entered into land lease arrangements with lease terms of between 25 and 50 years. There are several leases that include extension option to lease the assets for additional 25 years based on mutual agreement of the parties.

As at December 31, 2024 and 2023, the rollforward analysis of right-of-use assets on land follows (see Note 12):

	2024		
	Investment Properties (Note 12)	**BTO Rights** (Note 15)	**Total**
		(In Thousands)	
Cost			
Balances at beginning and end of year	**₱4,330,546**	**₱86,383**	**₱4,416,929**
Accumulated Depreciation			
Balances at beginning of year	**660,830**	**10,443**	**671,273**
Depreciation (Note 22)	**142,271**	**3,797**	**146,068**
Balances at end of year	**803,101**	**14,240**	**817,341**
Net Book Value	**₱3,527,445**	**₱72,143**	**₱3,599,588**

	2023		
	Investment Properties (Note 12)	BTO Rights (Note 15)	Total
	(In Thousands)		
Cost			
Balances at beginning of year	₱4,138,726	₱–	₱4,138,726
Additions	278,203	–	278,203
Reclassification	(86,383)	86,383	–
Balances at end of year	4,330,546	86,383	4,416,929
Accumulated Depreciation			
Balances at beginning of year	487,652	–	487,652
Depreciation (Note 22)	179,823	3,798	183,621
Reclassification	(6,645)	6,645	–
Balances at end of year	660,830	10,443	671,273
Net Book Value	₱3,669,716	₱75,940	₱3,745,656

The Parent Company renewed its lease agreement with FILRT for the office space located in Alabang. The lease term is 10 years, renewable for another 5 years or 10 years upon mutual agreement by the parties.

The following are the amounts recognized in the parent company statement of income for the years ended December 31:

	2024	2023
	(In Thousands)	
Depreciation expense of right-of-use assets (included in cost of rental services) (Note 21)	**₱146,068**	₱183,621
Interest expense on lease liabilities (included in interest and other finance charges) (Note 24)	**432,222**	433,959
Rent expense on low value assets (included in general and administrative expense) (Note 22)	**16,220**	8,160
	₱594,510	₱625,740

As at December 31, the rollforward analysis of lease liabilities follows:

	2024	2023
	(In Thousands)	
Balances at beginning of year	**₱5,004,973**	₱4,624,851
Additions	–	278,203
Interest expense (Note 24)	**432,222**	433,959
Payments	**(302,289)**	(332,040)
Balances at end of year	**5,134,906**	5,004,973
Lease liabilities - current portion	**175,650**	195,218
Lease liabilities - net of current portion	**₱4,959,256**	₱4,809,755

The Parent Company also has certain lease of parking space considered as ‘low-value assets’. The Parent Company applies the lease of ‘low-value assets’ recognition exemptions for these leases.

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

	2024	2023
	(In Thousands)	
1 year	**₱260,457**	₱248,054
more than 1 years to 2 years	**273,480**	260,457
more than 2 years to 3 years	**287,154**	273,480
more than 3 years to 4 years	**301,512**	287,154
more than 5 years	**18,180,236**	18,467,390

Company as lessor
As lessor, future minimum rental receivables under renewable operating leases as of December 31 are as follows:

	2024	2023
	(In Thousands)	
Within one year	**₱954,910**	₱1,464,973
After one year but not more than five years	**2,325,220**	2,247,030
After five years	**1,087,594**	436,007
	₱4,367,724	₱4,148,010

The Parent Company entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants with lease ranging from 5 to 15 years.

Rental income recognized based on a percentage of the gross revenue of mall tenants included in "Rental services" account in the parent company statement of income amounted to ₱465.21 million and ₱365.28 million in 2024 and 2023, respectively. In 2023, the Parent Company granted rental concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱50.23 million. These rent concessions did not qualify as a lease modification, thus, were accounted for as negative variable lease payments and reported as reduction of lease income in 2023.

15. Build-Transfer-Operate (BTO) Rights

BTO rights pertain to the cost related to the BTO agreement with The Province of Cebu (Cebu Province) entered on March 26, 2012. The BTO project relates to the development, construction, and operation of the Business Process Outsourcing (BPO) Complex by the Parent Company at the land properties owned by Cebu Province located at Salinas, Lahug, Cebu City.

The rollforward analysis of BTO rights is as follows:

	December 31, 2024		
	BTO Rights	**Right-of-Use Assets**	**Total**
		(In Thousands)	
Cost			
Balance at beginning of year	**₱5,213,490**	**₱86,383**	**₱5,299,873**
Additions	**392,489**	**–**	**392,489**
Balance at end of year	**5,605,979**	**86,383**	**5,692,362**
Accumulated Amortization			
Balance at beginning of year	**376,875**	**10,443**	**387,318**
Depreciation (Note 22)	**99,787**	**3,797**	**103,584**
Balance at end of year	**476,662**	**14,240**	**490,902**
Net Book Value	**₱5,129,317**	**₱72,143**	**₱5,201,460**

	December 31, 2023		
	BTO Rights	Right-of-Use Assets	Total
		(In Thousands)	
Cost			
Balance at beginning of year	₱5,178,938	₱–	₱5,178,938
Additions and adjustments – net	34,552	–	34,552
Reclassification (Note 13)	–	86,383	86,383
Balance at end of year	5,213,490	86,383	5,299,873
Accumulated Amortization			
Balance at beginning of year	184,219	–	184,219
Reclassification (Note 13)	–	6,645	6,645
Depreciation	192,656	3,798	196,454
Balance at end of year	376,875	10,443	387,318
Net Book Value	₱4,836,615	₱75,940	₱4,912,555

As of December 31, 2024, the cost of completed portion pertaining to Cebu Tower 2 of the BTO project amounted to ₱1.44 billion.

"Right-of-use assets" pertain to the related lease payments required under land lease contracts and the BTO agreement for the land where the buildings were constructed.

Interest expense capitalized amounted to ₱64.77 million and ₱90.71 million in 2024 and 2023, respectively.

In 2024 and 2023, related amortization recognized as part of "Cost of rental services" amounted to ₱99.79 million and ₱192.66 million, respectively. Rental income amounting to ₱145.38 million and ₱150.22 million in 2024 and 2023, respectively, was recognized as part of "Revenue from rental and related services". Tenant dues from BTO rights amounted to ₱55.56 million and ₱55.86 million in 2024 and 2023, respectively.

16. Other Noncurrent Assets

This account consists of:

	2024	2023
	(In Thousands)	
Advances to contractors and suppliers	**₱1,677,273**	₱843,662
Receivables from joint venture partners	**256,914**	309,352
Investment in bonds	**150,000**	150,000
Financial assets at FVOCI (Notes 29 and 30)	**15,535**	15,535
Other assets	**243,986**	62,302
	₱2,343,708	₱1,380,851

"Advances to contractors and suppliers" pertain to down payments made by the Parent Company which are applied against future billings for development and construction contracts of investment properties and property and equipment.

"Receivables from joint venture partners" are advances (e.g., property taxes and permits) which are normally applied against the share of the joint venture partners from sale of the joint venture properties reported under "Other receivables" in parent company statements of financial position.

"Investment in bonds" consist of a 5-year, non-interest bearing, Class A Senior Notes with a face amount of ₱150.0 million issued by a third party special purpose trust fund duly registered with the Bangko Sentral ng Pilipinas invested by the Parent Company on December 19, 2022.

"Financial assets at FVOCI" consists of quoted and unquoted shares of stocks. Unquoted investments in shares of stock include unlisted preferred shares in a public utility company which the Parent Company will continue to carry out as part of the infrastructure that it provides for its real estate development projects.

"Other assets" include advances to sellers for the purchase of land prior to issuance of Contract to Sell. These also include utility and security deposits.

17. Accounts Payable and Accrued Expenses

This account consists of:

	2024			2023		
	Due Within One Year	**Due After One Year**	**Total**	Due Within One Year	Due After One Year	Total
			(In Thousands)			
Accounts payable	**₱4,522,873**	**₱3,177,132**	**₱7,700,005**	₱5,803,931	₱3,093,397	₱8,897,328
Retention fees payable	**1,895,114**	**883,074**	**2,778,188**	1,782,127	493,850	2,275,977
Deposits for registration	**238,298**	**1,721,392**	**1,959,690**	216,220	1,561,908	1,778,128
Deposits from tenants	**423,332**	**840,911**	**1,264,243**	455,547	805,308	1,260,855
Accrued expenses	**1,054,044**	–	**1,054,044**	780,939	–	780,939
Accrued interest on bonds and loans	**298,881**	–	**298,881**	87,359	–	87,359
Other payables	**858,627**	**143,083**	**1,001,710**	313,230	–	313,230
	₱9,291,169	**₱6,765,592**	**₱16,056,761**	₱9,439,353	₱5,954,463	₱15,393,816

"Accounts payable" includes the outstanding balance of the costs of land acquired by the Parent Company and is payable on scheduled due dates or upon completion of certain requirements (see Note 9, 12 and 13). This account also includes amount payable to contractors and suppliers for the construction and development costs and operating expenses incurred by the Parent Company.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

"Deposits for registration" pertain to amounts collected from buyers for payment of registration of real estate properties.

"Deposits from tenants" are advance payments received for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Accrued expenses" pertain to various operating expenses incurred by the Parent Company in the course of business such as salaries and wages, unbilled construction cost related to ongoing projects, among others.

Accrued expenses account consists of:

	2024	2023
Suppliers and contractors	**₱1,047,909**	₱774,786
Payroll	**5,172**	5,752
Others	**963**	401
	₱1,054,044	₱780,939

"Other payables" pertain mainly to withholding taxes and liabilities to government agencies which are generally settled/earned within 12 months.

18. Loans Payable

This account consists of:

	2024	2023
	(In Thousands)	
Short term loans	**₱1,200,000**	₱3,865,000
Long-term loans	**32,585,804**	23,653,182
Developmental loans from local banks	**33,785,804**	27,518,182
Less unamortized transaction costs	**180,248**	85,597
	33,605,556	27,432,585
Less current portion of loans payable	**6,330,910**	14,676,371
Long-term portion of loans payable	**₱27,274,646**	₱12,756,214

Developmental loans from local banks will mature on various dates up to 2027. These Peso-denominated loans bear floating interest rates, which are repriced quarterly, semi-annually or annually based on either 3-month, 6-month or 1-year Bloomberg Valuation (BVAL), plus margin, per annum, or fixed rates.



Additional loans availed by the Parent Company in 2024 and 2023 amounted to ₱31.02 billion and ₱17.56 billion, respectively. These include availment of short-term loans payable amounting to ₱11.17 billion and ₱15.50 billion in 2024 and 2023, respectively. Principal payments made in 2024 and 2023 amounted to ₱24.75 billion and ₱18.64 billion, respectively.

As of December 31, 2024 and 2023, short term loans payable, presented under current portion of loans payable amounted to ₱1.20 billion and ₱3.87 billion, respectively.

Interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱1.89 billion and ₱1.16 billion in 2024 and 2023, respectively.

Amortization of transaction costs amounted to ₱94.89 million and ₱59.76 million in 2024 and 2023, respectively and included under "Interest and other financing charges" (see Note 24). Deferred finance charges for new loans during the year amounted to ₱189.53 million and ₱51.96 million in 2024 and 2023, respectively.

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock if it would materially and adversely affect the Parent Company's ability to perform its obligations; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

The Parent Company's loans payable are unsecured and no assets are held as collateral for these debts. As of December 31, 2024 and 2023, the Parent Company complied with these contractual agreements and has not been cited in default on its outstanding loan obligations.

19. Bonds Payable

This account consists of:

	2024	2023
	(In Thousands)	
Bonds payable	**₱36,095,400**	₱37,795,400
Less unamortized transaction costs	**238,813**	326,883
	35,856,587	37,468,517
Less current portion of bonds payable	**14,815,659**	1,697,345
Long-term portion of bonds payable	**₱21,040,928**	₱35,771,172

a. On November 8, 2013, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱7.00 billion comprised of ₱4.30 billion, 7-year bonds with interest of 4.86% per annum due in 2020 and ₱2.70 billion, 10-year bonds with interest of 5.43% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014. On November 8, 2023, the Parent Company paid the remaining balance amounting to ₱2.70 billion.

Unamortized debt issuance cost on bonds payable amounted to ₱2.16 million as of December 31, 2022 (nil as of December 31, 2023). Accretion in 2023 included as part of 'Interest and other finance charges' amounted to ₱2.16 million (nil as of December 31, 2024; see Note 24).

b. On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion, 7-year fixed rate bonds due in 2021 and ₱1.70 billion, 10-year fixed rate bonds due in 2024. The 7-year bonds carry a fixed rate of 5.40% per annum, while the 10-year bonds have a fixed interest rate of 5.64% per annum. The Parent Company paid the ₱1.70 billion on December 4, 2024. As of December 31, 2023, ₱1.70 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱2.65 million as of December 31, 2023 (nil as of December 31, 2024). Accretion in 2024 and 2023 included as part of "Interest and other finance charges" amounted to ₱2.65 million and ₱0.29 million, respectively (see Note 24).

c. On August 20, 2015, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.00 billion comprising of ₱7.00 billion, 7-year fixed rate bonds due in 2022 and ₱1.00 billion, 10-year fixed rate bonds due in 2025. The 7-year bonds carry a fixed rate of 5.36% per annum while the 10-year bonds have a fixed rate of 5.71% per annum. The Parent Company paid the ₱7.00 billion bonds on August 20, 2022. As of December 31, 2024 and 2023, ₱1.0 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱2.76 million and ₱3.07 million as of December 31, 2024 and 2023, respectively. Accretion in 2024 and 2023 included as part of "Interest and other finance charges" amounted to ₱0.31 million and ₱0.34 million, respectively (see Note 24).

d. On November 18, 2020, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.1 billion comprising of ₱6.3 billion, 3-year fixed rate bonds due in 2024 and ₱1.8 billion, 5.5-year fixed rate bonds due in 2026. The 3-year bonds carry a fixed rate of 3.34% per annum, while the 5.5-year bonds have a fixed rate of 4.18% per annum. As of December 31, 2024 and 2023, ₱1.76 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱6.08 million and ₱7.44 million as of December 31, 2024 and 2023, respectively. Accretion in 2024 and 2023 included as part of "Interest and other finance charges" amounted to ₱1.36 million and ₱17.21 million, respectively (see Note 24).

e. On December 21, 2021, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱10.0 billion comprising of ₱5.0 billion, 4-year fixed rate bonds due in 2025 and ₱5.0 billion, 6-year fixed rate bonds due in 2027. The 4-year bonds carry a fixed rate of 4.5300% per annum, while the 6-year bonds have a fixed rate of 5.2579% per annum. As of December 31, 2024 and 2023, ₱10.0 billion of these bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱65.45 million and ₱82.26 million as of December 31, 2024 and 2023, respectively. Accretion in 2024 and 2023 included as part of "Interest and other finance charges" amounted to ₱16.81 million and ₱21.33 million, respectively (see Note 24).

f. On June 23, 2022, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.90 billion comprising of ₱8.925 billion, 3-year fixed rate bonds due in 2025 and ₱2.975 billion, 5-year fixed rate bonds due in 2027. The 3-year bonds carry a fixed rate of 5.3455% per annum, while the 5-year bonds have a fixed rate of 6.4146% per annum. As of December 31, 2024 and 2023, ₱11.90 billion of these bonds payable remain outstanding.

Unamortized debt issuance cost on bonds payable amounted to ₱64.60 million and ₱91.45 million as of December 31, 2024 and 2023, respectively. Accretion in 2024 and 2023 included as part of "Interest and other finance charges" amounted to ₱26.85 million and ₱38.76 million, respectively (see Note 24).

g. On December 1, 2023, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.43 billion which are 3.5-year fixed rate bonds due in 2027. The bonds carry a fixed rate of 6.9829% per annum. As of December 31, 2024 and 2023, ₱11.43 billion of these bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱99.92 million and ₱140.01 million as of December 31, 2024 and 2023, respectively. Accretion in 2024 and 2023 included as part of "Interest and other finance charges" amounted to ₱40.10 million and ₱3.45 million, respectively (see Note 24).

Interest incurred on these bonds (gross of related capitalized borrowing costs) amounted to ₱2.11 billion and ₱1.77 billion for the years ended December 31, 2024 and 2023, respectively. Payments made on these bonds amounted to ₱1.70 billion and ₱9.04 billion in 2024 and 2023, respectively.

The Parent Company's loans payable are unsecured and no assets are held as collateral for these debts. These bonds require the Parent Company to maintain certain financial ratios including debt-to-equity ratio ranging from 2.0x to 2.5x; minimum current ratio of 1.0x; and minimum debt service coverage ratio (DSCR) of 1.0x. As of December 31, 2024 and 2023, the Parent Company is not in breach of these covenants and has not been cited in default on any of its outstanding obligations.

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the ultimate company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches ten percent (10%) of the Parent Company's total assets shall be subject to the review by the RPT Committee. Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions ("Policy"). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall subject it to the provisions of the Policy.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.

Outstanding balances at year-end are unsecured, interest free and require settlement in cash, unless otherwise stated. There have been no guarantees provided or received for any related party receivables or payables. As of December 31, 2024 and 2023 the Parent Company has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant related party transactions are as follows. Outstanding liabilities are unsecured and no impairment loss was recognized on any of the assets.

	2024				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
		(In Thousands)			
Bank under common control of the ultimate parent					
Cash and cash equivalents	**₱1,577,058**	**₱1,577,058**	0.50% to 4.50%	No impairment	(a)
Interest income	**29,114**	–			
		₱1,577,058			
Dividend income					
Dividend income	**₱1,506,886**	**₱1,506,886**	Non-interest	Unrestricted, no impairment	(d)
Ultimate Parent	**₱268**	**₱866**	Non-interest bearing collectible on demand	Unrestricted, no impairment	(b)
Subsidiaries					
Share in common expenses and others	**1,674,161**	**7,583,496**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Development costs	**1,014,947**	**1,646,657**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Payment for land acquisition	**14,694**	**729,591**	Interest-bearing, collectible on demand	Unsecured, no impairment	(d)
Rental income	**282,648**	–	Interest-bearing, collectible on demand	Unsecured, no impairment	(d)
Dividend income	**1,249,161**	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
		₱9,959,744			
Associates					
Service fee	**₱3,836**	**₱34,467**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Rent income	**1,297**	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Share in common expenses and others	**(223,563)**	**254,479**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
		288,946			
Affiliates					
Share in common expenses	**14,431**	**105,348**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(f)
Development costs (Note 12)	**(30,195)**	**22,698**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(f)
Due from related parties (Note 8 and Note 11)		**₱10,377,602**			
Parent					
Share in group expenses	**(₱9,185)**	**(₱39,897)**	Non-interest bearing payable on demand	Unrestricted, no Impairment	(c)
Subsidiaries					
Share in common expenses	**7,572**	**(1,091)**	Non-interest bearing payable on demand	Unrestricted, no Impairment	(d)
Associate					
Share in common expenses and others	**(82,031)**	**(139,587)**	Non-interest bearing payable on demand	Unrestricted, no Impairment	(e)
Affiliates					
Share in other expenses	**(10,041)**	**(57,780)**	Non-interest bearing payable on demand	Unrestricted, no impairment	(f)
Due to related parties		**(₱238,355)**			

	2023				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
			(In Thousands)		
Bank under common control of the ultimate parent					
Cash and cash equivalents	₱1,832,632	₱1,832,632	0.50% to 4.50%	No impairment	(a)
Interest income	16,526				
		₱1,832,632			
Dividend income					
Dividend income	₱1,421,247	₱1,421,247	Non-interest	Unrestricted, no impairment	(d)
Ultimate Parent	₱19	₱598	Non-interest bearing collectible on demand	Unrestricted, no impairment	(b)
Subsidiaries					
Share in common expenses and others	993,968	5,909,335	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Development costs	–	631,710	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Payment for land acquisition	8,490	714,897	Interest-bearing, collectible on demand	Unsecured, no impairment	
Rental income	239,020	–	Interest-bearing, collectible on demand	Unsecured, no impairment	(d)
Dividend income	1,254,121	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
		₱7,255,942			
Associates					
Service fee	₱2,005	₱30,631	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Rent income	946	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Share in common expenses and others	6,537	478,043	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
		508,674			
Affiliates					
Share in common expenses	8,561	90,917	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(f)
Development costs (Note 12)	1,382	52,893	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(f)
Due from related parties (Note 8 and Note 11)		₱7,909,024			
Parent					
Share in group expenses	(₱9,664)	(₱30,802)	Non-interest bearing collectible on demand	Unrestricted, no impairment	(c)
Subsidiaries					
Share in common expenses	–	(8,663)	Non-interest bearing collectible on demand	Unrestricted, no impairment	(d)
Associate					
Share in common expenses and others	120,716	(57,556)	Non-interest bearing collectible on demand	Unrestricted, no impairment	(e)
Affiliates					
Share in other expenses	1,017	(47,739)	Non-interest bearing collectible on demand	Unrestricted, no impairment	(f)
Due to related parties		(₱144,760)			

Significant transactions with related parties follow:

a. *Transactions with bank under common control of the ultimate parent (EW)*
On January 3, 2012, the Parent Company entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the ultimate parent. The Parent Company agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EW will be serviced by the Parent Company under an Accounts Servicing Agreement.

Under this agreement, the Parent Company shall be responsible for the monitoring and collection of contracts receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month.

For the performance of the said services, the Parent Company will charge EW a service fee equivalent to a certain percentage of amounts actually received and collected. Although the Parent Company retains the contractual rights to receive cash flows from the contracts receivables sold to EW, this will be subsequently distributed to EW under a 'pass-through arrangement'.

In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and the Parent Company has no liability to EW for such events. Due to this, the Parent Company derecognized the contracts receivables sold and did not recognize any liability in its parent company financial statements.

The Parent Company's plan assets in the form of cash equivalents amounting to ₱196.6 million and ₱96.60 million as of December 31, 2024 and 2023, respectively, are maintained with EW (see Note 26). The Parent Company also maintains cash and cash equivalents with EW.

b. *Transactions with ultimate parent (ALGI)*
Transactions with the ultimate parent relates to sharing of common expenses.

c. *Transactions with parent company (FDC)*
The Parent Company charges FDC certain common and general administrative expenses paid by the Parent Company on its behalf.

d. *Transactions with subsidiaries*
Transactions with subsidiaries are as follows:

- Total payments made by the Parent Company in behalf of Homepro for land acquisition amounted to ₱14.45 million and ₱8.49 million in 2024 and 2023, respectively.

- The Parent Company also has a Marketing Agency Agreement (the Marketing Agreement) each with its subsidiaries, Promax and Prosper whereby the subsidiaries are appointed as marketing agents to act for and on behalf of the Parent Company in promoting the marketing and sale of its middle-income and high-end real estate property development projects. In return, the Parent Company pays each subsidiary a marketing fee of a certain percentage of the net selling price, exclusive of commissions, discounts, value added tax and other government-imposed taxes and fees on all sales transactions closed by each subsidiary in accordance with the terms and conditions of the Marketing Agreement.

- The Parent Company incurred service fees from PDDC for its district cooling system operations amounting to ₱23.02 million in 2024 (nil in 2023).



- The Parent Company also charged the subsidiaries (i.e., Proleads Philippines, Inc and Property Maximizer Professional Corp.) for advances for working capital and for certain common expenses (i.e., rent) being paid by the Parent Company on its behalf.

- The Parent Company charged FLTI for the development costs of Fora Mall.

- In 2024 and 2023, cash dividends received from FAC, FILRT, FAPI, FFMI, PDDC, Promax and Pro-Office amounted to ₱1,249.16 million and ₱1.254.12 million, respectively.

e. Transactions with Associates

Transactions with FAI include noninterest-bearing cash advances and various charges for rent, management fees, marketing fees, water services, share of expenses and commission charges.

The Parent Company, as lessee, entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

The Parent Company entered into service agreement with CTI related to the management of the computer information system. Amount charged to the Parent Company in 2024 and 2023 amounted to ₱59.46 million and ₱98.80 million, respectively, was recognized as part of 'General and Administrative Expense' in the parent company statement of income (see Note 22).

Transactions with SPI relates to sharing of common expenses and service fees for technical, project management and procurement. This also includes retirement benefits of certain employees of FLI that were transferred to SPI and the corresponding payable to SPI was reported under "Due to related parties" (see Note 26).

Transactions with DPI is related to sharing of common expenses and non-interest bearing cash advances.

Pro-Excel and DPI leases its office space from FLI while SPI leases its office space from FILRT. Revenue earned is recorded as part of rental revenues in the Statements of Comprehensive Income in 2024 and 2023 (see Note 5). Outstanding receivables are recorded as part of other receivables in the parent company statements of financial position as of December 31, 2024 and 2023 (see Note 8).

f. Transactions with Affiliates

In 2017, the Parent Company and FDC Retail Electricity Sales (FDC RES) made a retail electricity supply agreement wherein the latter will supply the retail electricity to the former.

Effective May 17, 2023, the lease agreement between Fora Services, Inc.'s (FOSI) and the Parent Company for the lease of units in Quest Hotel was terminated. The termination came into effect as the participation agreement took precedence over the lease agreement. Under the participation agreement, new terms and conditions govern the relationship between the Parent Company and FOSI regarding the use of leased premises.

Other transactions with affiliate relate to sharing of common expenses paid by the Parent Company on their behalf.

g. Leases with related parties

The Parent Company has several land lease transactions with related parties:

- Mall lease with FAI (as lessee)
  The Parent Company entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

- Land lease with FAI (as lessee)
  The Parent Company entered into a lease agreement with FAI for a portion of land area occupied by a third party lessee. The lease term will expire on December 31, 2034.

- Land lease with FILRT (as lessor)
  The Parent Company entered into a lease agreement with FILRT on the location of the buildings currently leased to third parties by such subsidiary and on those still under construction. Rental is based on certain percentage of the subsidiary's gross rental income. On July 1, 2020, the Parent Company and FILRT amended their existing lease contract. The pertinent amendment provisions include the extension of the term of the lease for another 25 years and to set a minimum fixed rental rate.

  On March 1, 2021, the Parent Company and FILRT amended their existing lease contract. The pertinent amended provisions include removal of the requirement to pay minimum lease and that rental rates shall be solely variable (i.e., 10% or 15% of gross lease income depending on the floor to area ratio). In case of redevelopment, the Parent Company and the FILRT shall mutually agree on the minimum monthly rent during construction period.

Key Management Personnel Compensation
The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱63.37 million and ₱48.74 million in 2024 and 2023, respectively. Post-employment benefits of key management personnel amounted to ₱11.70 million and ₱8.26 million in 2024 and 2023, respectively.

21. Cost of Rental Services

The account consists of:

	2024	2023
	(In Thousands)	
Mall operations	**₱779,959**	₱691,338
Depreciation (Notes 12, 13 and 14)	**869,411**	631,415
Rentals (Note 20)	**4,779**	4,140
	₱1,654,149	₱1,326,893

22. General and Administrative Expenses

The account consists of:

	2024	2023
	(In Thousands)	
Salaries, wages and employee benefits	**₱698,795**	₱584,710
Outside services	**353,834**	245,850
Repairs and maintenance	**280,876**	339,771
Taxes and licenses	**280,488**	241,623
Depreciation (Notes 12 and 13)	**258,344**	306,074
Transportation and travel	**80,264**	63,592
Entertainment, amusement and recreation	**77,408**	68,714
Electronic data processing charges (Note 20)	**66,062**	104,410
Retirement costs (Note 26)	**54,234**	26,301
Communications, light and water	**45,336**	48,675
Insurance	**24,370**	27,215
Rent (Note 14)	**16,220**	8,160
Office supplies	**13,034**	14,068
Others	**81,816**	70,366
	₱2,331,081	₱2,149,529

23. Selling and Marketing Expenses

The account consists of:

	2024	2023
	(In Thousands)	
Brokers' commissions (Note 5)	**₱811,308**	₱738,634
Selling, advertising and promotions	**465,144**	418,386
Salaries and wages	**129,820**	103,647
Sales office direct costs	**59,180**	56,848
Others	**4,153**	4,913
	₱1,469,605	₱1,322,428

24. Interest and Other Finance Charges

The following table shows the component of interest income and expense recognized in the parent company statement of income:

	2024	2023
	(In Thousands)	
Interest income on:		
Contracts receivable (Note 7)	**₱199,170**	₱173,470
Cash and cash equivalents (Note 6)	**32,364**	22,093
Others	**1,047**	26,472
	₱232,581	₱222,035

	2024	2023
	(In Thousands)	
Interest and other finance charges:		
Interest expense on loans and bonds payable, net of interest capitalized (Notes 18 and 19)	**₱2,012,310**	₱800,319
Interest expense on lease liabilities (Note 14)	**432,222**	433,959
Amortization of transaction costs of loans and bonds (Notes 18 and 19)	**182,958**	143,307
Other finance charges (Note 26)	**79,289**	152,157
	₱2,706,779	₱1,529,742

Other finance charges include bank charges, debt issue costs for short-term loans, and other miscellaneous bank fees.

25. Other Income - Net

The account consists of:

	2024	2023
	(In Thousands)	
Forfeited reservations and collections	**₱117,610**	₱102,107
Processing fees	**114,864**	56,786
Service fees	**59,160**	68,406
Foreign currency exchange gain (loss) - net	**1,048**	(6,914)
Others	**4,982**	2,789
	₱297,664	₱223,174

26. Retirement Costs

The Parent Company has a funded, noncontributory defined benefit retirement plan (the Plan) covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The retirement plan provides retirement benefits equivalent to 70% to 125% of the final monthly salary for every year of service. The funds are administered by the Parent Company's Treasurer under the supervision of the Board of Trustees of the Plan and is responsible for investment strategy of the plan.

The following tables summarize the components of retirement expense recognized in the parent company statements of income and pension liability recognized in the parent company statements of financial position for the existing retirement plan.

	2024		
	Present value of defined benefit Obligation	**Fair value of plan asset**	**Net defined benefit liabilities**
		(In Thousands)	
Balance as at beginning of year	**₱390,565**	**₱60,687**	**₱329,878**
Net benefit costs in profit or loss			
Current service cost (Note 22)	**48,334**	**(5,900)**	**54,234**
Net interest (Note 24)	**29,457**	**350**	**29,107**
	77,791	**(5,550)**	**83,341**
Benefits paid	**(9,758)**	**(13,463)**	**3,705**
Contribution	**–**	**101,200**	**(101,200)**
Net transfer	**239**	**–**	**239**
Remeasurements in other comprehensive income:			
Actuarial changes arising from return on plan assets, excluding amounts included in interest income	**60,658**	**3,655**	**57,003**
Balance as at end of year	**₱519,495**	**₱146,529**	**₱372,966**

	2023		
	Present value of defined benefit Obligation	Fair value of plan asset	Net defined benefit liabilities
		(In Thousands)	
Balance as at beginning of year	₱339,482	(₱14,313)	₱353,795
Net benefit costs in profit or loss			
Current service cost (Note 22)	26,301	–	26,301
Net interest (Note 24)	24,782	–	24,782
	51,083	–	51,083
Contribution	–	75,000	(75,000)
Balance as at end of year	₱390,565	₱60,687	₱329,878

The Parent Company's plan assets comprise of cash equivalents with original maturities of 3 months or less from dates of placements and are subject to insignificant risk of changes in value. As of December 31, 2024 and 2023, these placements are with EW (see Note 20). As of December 31, 2024 and 2023, the carrying amount of the plan assets are carried at fair value.

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The assumptions used in determining pension obligation for the defined benefit plan are as follows:

	2024	2023
Discount rate	**6.20%**	7.30%
Future salary increases	**6.00%**	6.00%

The sensitivity analysis that follow has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation.

Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level for the remaining life of the obligation. The sensitivity analyses below have been determined based on reasonably possible changes of the significant assumption on the DBO as of the end of the financial reporting period, assuming all other assumptions were held constant.

		Increase (decrease) on DBO	
Assumption	Increase (Decrease)	**2024**	2023
Salary rate	+1%	**₱52,957**	₱39,333
	-1%	**(45,967)**	(34,306)
Discount rate	+1%	**(45,487)**	(33,624)
	-1%	**53,390**	39,214

Shown below is the maturity analysis of the undiscounted benefit payments of the Parent Company:

	2024	2023
	(In Thousands)	
Less than one year	**₱90,030**	₱28,247
More than one year and up to five years	**145,234**	124,301
More than five years and up to 10 years	**286,276**	259,937
More than 10 years	**2,990,733**	1,889,406

The Parent Company expects to contribute ₱100.00 million to its plan assets in the next 12 months.

The management does not perform a formal Asset-Liability (ALM) Study. The overall investment policy and ALM strategy of the retirement plan is based on the client sustainability assessment, as provided by its trustee bank in compliance with the Bangko Sentral ng Pilipinas requirements.

27. **Equity**

Capital Stock

The Parent Company's common and preferred shares as of December 31, 2024 and 2023 follow (amounts in thousands, except for par value figures):

	2024		2023	
	Common Shares	Preferred Shares	Common Shares	Preferred Shared
	(In Thousands, except par value figures)			
Authorized shares	**33,000,000**	**8,000,000**	33,000,000	8,000,000
Par value per share	**1.00**	**0.01**	1.00	0.01
Issued and subscribed shares	**24,470,708**	**8,000,000**	24,470,708	8,000,000
Treasury shares	**2,086,949**	**–**	220,949	–

There were no issuances of additional common shares in 2024 and 2023.

The movement in the Parent Company's treasury shares follows:

	2024		2023	
	Shares	Amount	Shares	Amount
		(In Thousands)		
Common				
Balance at beginning of year	**220,949**	**₱221,041**	–	–
Additions	**1,866,000**	**1,857,043**	220,949	₱221,041
Balance at end of year	**2,086,949**	**₱2,078,084**	220,949	₱221,041

Preferred Shares

As stated in the Parent Company's Amended Articles of Incorporation, the preferred shares may be issued from time to time in one or more series as the Board of Directors (BOD) may determine, and authority is expressly granted to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate and the issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares. Preferred shares of each and any sub-series shall not be entitled to any participation or share in the retained earnings remaining after dividend payments shall have been made on the preferred shares. To the extent not set forth in the Articles of Incorporation, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the BOD prior to the issuance of each of such series (the "Enabling Resolutions"), which resolutions shall thereupon be deemed a part of the Amended Articles of Incorporation.

In an Enabling Resolution approved and adopted by the BOD on October 6, 2006, it was clarified that the preferred shares are not convertible to common shares. In another Enabling Resolution approved and adopted by the BOD on January 5, 2007, the Board approved that preferred shares are entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares.

Thus, in a disclosure made by the Parent Company to the relevant government agency and regulatory body on January 18, 2007, it was clarified that the features of the issued and subscribed preferred shares, in addition to the features indicated in the Parent Company's Amended Articles of Incorporation so long as these features are not inconsistent with the Enabling Resolutions, are as follows: (i) voting, cumulative, and non-redeemable, (ii) par value is one centavo (₱0.01), (iii) entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares, and (iv) not convertible to common shares.

Treasury Shares

On December 20, 2007, the Parent Company's BOD approved the buyback of some of the issued shares of stock of the Parent Company over a period of twelve (12) months up to an aggregate amount of ₱1.5 billion, in view of the strong financial performance of the Parent Company and the very large discrepancy that existed between the current share price and the net asset value of the Parent Company.

The Parent Company had acquired 220.95 million shares at total cost of ₱221.04 million in 2008. There were no additional acquisitions in 2023 and 2022. The retained earnings is restricted from dividend distribution to the extent of the cost of treasury shares.

On December 11, 2024, the Parent Company settled its Capped Voluntary Tender Offer, which was filed on October 2, 2024. The Parent Company has reacquired a total of 1,866,000,000 common shares in exchange for 597,120,000 FILRT common shares. The shareholders were offered 0.32 FILRT shares for every 1.00 FLI shares tended. As a result of the voluntary tender offer, the Parent Company's interest in FILRT decreased to 51.1% and the costs of treasury shares amounted to ₱1.86 billion (see Note 11).

Dividend Declaration

On April 19, 2024, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.05 per share or a total of ₱1.22 billion for all common stockholders and ₱0.0005 per share or a total of P4.00 million for all preferred stockholders of record as of May 13, 2024 payable on June 5, 2024.

On April 24, 2023, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.03600 per share or a total of ₱872.99 million for all common stockholders of record as of May 12, 2023 payable on June 06, 2023.

On April 24, 2023, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.00036 per share or a total of ₱2.88 million for all preferred stockholders of record as of May 12, 2023 payable on June 06, 2023.

As of December 31, 2024 and 2023, the Parent Company's total dividends payable amounted to ₱21.41 million.

Retained Earnings

Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury, unrealized fair value gains on investment properties and BTO rights received as dividends and deferred tax asset recognized in profit or loss as of December 31, 2024 and 2023

The retained earnings is being utilized to cover part of the annual expenditure requirements of the Parent Company for its expansion projects in the real estate and leasing segments.

On November 6, 2024, FLI's BOD approved appropriation of retained earnings amounting to ₱24.81 billion out of its unrestricted retained earnings as of December 31, 2023. The appropriations will cover the following:

(a) Appropriation for future capital expenditures:

Project	Phase/Building	Location	Segment	Amount (In Thousands)	Estimated Completion Date
Filinvest Innovation Park	Industrial	Laguna	Industrial	₱2,894,000	2029
Celestia	Phase 1	Rizal	Residential	2,042,500	2029
Panglao Oasis	Bldg. 2 - Elena	Taguig City	Residential	800,000	2029
Futura Rise Iloilo	Bldgs. A - E	Iloilo	Residential	223,300	2029
The Levels	Catalina	Muntinlupa Ciy	Residential	2,560,300	2030
Cebu Ciudad	Hotel	Cebu	Hotel	1,969,300	2030
Cebu Ciudad	Office	Cebu	Office	1,523,600	2030
Belize Oasis	Bella	Muntinlupa Ciy	Residential	821,700	2030
Sydney Oasis	Bldg. A	Cavite	Residential	786,400	2030
Futura Shores	Bldg. A	Dumaguete	Residential	625,000	2030
Futura Monte	Bldg. B	Naga City	Residential	399,300	2030
				₱14,645,400	

(b) Appropriation under special circumstances:

	Project	Amount (In Thousands)
Under the required Reinvestment Plan	Various FLI Projects as to be contained in the Reinvestment Plan	₱1,866,000
Non-Distributable Capital Asset	Cebu SRP Lot, Filinvest Axis Towers 2, 3, and 4, Filinvest EDSA, IT School, Convergy's and Filinvest Cebu Tower 2	8,302,300
		₱10,168,300

Capital Management

The Parent Company prudently monitors its capital and cash positions and cautiously manages its expenditures and disbursements. Furthermore, the Parent Company may also, from time to time, seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

The primary objective of the Parent Company'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. No changes were made in capital management objectives, policies or processes for the years ended December 31, 2024 and 2023.

The Parent Company monitors capital using debt-to-equity ratio, which is the long-term debt (loans payable and bonds payable) divided by total equity. The Parent Company's policy is to keep the debt-to-equity ratio not to exceed 2:1.

The following table shows how the Parent Company computes for its debt-to-equity ratio:

	2024	2023
	(In Thousands)	
Loans payable (Note 18)	**₱33,605,556**	₱27,432,585
Bonds payable (Note 19)	**35,856,587**	37,468,517
Total long-term debt	**69,462,143**	64,901,102
Total equity	**89,083,411**	90,503,903
Debt-to-equity ratio	**0.78 : 1.00**	0.72 : 1.00

On August 12, 1993, the SEC approved the registration of 2.0 billion common shares with issue price of ₱5.25 per share.

On December 15, 2006, the SEC approved the registration of 3.7 billion common shares with issue price of ₱1.60 per share.

Below is the summary of the outstanding number of shares and holders of security as of December 31, 2024:

Year	Number of Shares Registered (In Thousands)	Number of Holders of Securities as of Year End
January 1, 2023	24,249,759	5,625
Add (Deduct) Movement	–	(19)
December 31, 2023	24,249,759	5,606
Add (Deduct) Movement	(1,866,000)	(50)
December 31, 2024	**22,383,759**	**5,556**

**Exclusive of 2,086,949 and 220,949 treasury shares as of December 31, 2024 and 2023, respectively.*

28. Income Taxes

Provision for (benefit from) income tax consists of:

	2024	2023
	(In Thousands)	
Current	**₱152,573**	₱715,122
Deferred	**800,619**	136,472
Final	**20**	5
	₱953,212	₱851,599

The Parent Company's current income tax pertains to MCIT in 2024 and RCIT in 2023.

The components of the Parent Company's net deferred income tax liabilities are as follows:

	2024	2023
	(In Thousands)	
Deferred income tax liabilities on:		
Capitalized borrowing costs	**₱3,040,846**	₱4,487,977
Excess of real estate revenue based on financial accounting policy over real estate revenue based on tax rules	**2,739,695**	1,893,872
Right-of-use assets	**899,897**	936,414
Remeasurement gain on retirement plan	**–**	5,484
Others	**166,288**	122,571
	6,846,726	7,446,318
Deferred income tax assets on:		
Pension expense	**(122,725)**	(127,190)
Lease liabilities	**(1,283,727)**	(1,251,243)
Remeasurement loss on retirement plan	**(8,767)**	–
Provision for expected credit loss	**(8,123)**	(8,123)
MCIT	**(152,573)**	–
NOLCO	**(233,216)**	–
Others	**(41,598)**	(38,463)
	(1,850,729)	(1,425,019)
	₱4,995,997	₱6,021,299

Provision for deferred income tax charged directly to other comprehensive income in 2024 relating to remeasurement loss on defined benefit obligation amounted to ₱14.25 million (nil in 2023).

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of the Bayanihan 2 Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next three (3) years immediately following the year of such loss.

The carryforward benefits of the NOLCO, which can be claimed by the Parent Company as credits against the RCIT, are as follows (amounts in thousands):

Year Incurred	Amount	Expiry Date
2024	₱932,862	December 31, 2027

As of December 31, 2024, the MCIT recognized amounting to ₱152.57 million can be claimed as deduction from income tax due until December 31, 2027.

In 2023, the Company's MCIT amounting to ₱143.36 million were claimed and offset against income tax due as follows:

The reconciliation of the income tax computed at the statutory tax rate to the actual provision for (benefit from) income tax follows:

	2024	2023
	(In Thousands)	
Income tax at statutory rate	**₱1,592,484**	₱1,291,692
Adjustments for the income tax effect of:		
Dividend income subjected to final tax	**(376,722)**	(355,312)
Gain on VTO	**(257,963)**	
Nondeductible expense and others	**7,220**	2,203
Interest subjected to final tax	**(8,091)**	(5,523)
Interest on HGC-enrolled contracts receivables	**(4,819)**	(8,986)
Income covered by PEZA (Note 32)	**1,103**	2,274
Income tax holiday incentive on sales of BOI-registered projects	–	(84,093)
Tax-exempt net income on socialized housing units	–	9,344
	₱953,212	₱851,599

29. Fair Value Measurement

The following table sets forth the fair value hierarchy of the Parent Company's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	2024				
		Fair Value			
	Carrying Value	**Total**	**Quoted Prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI					
Quoted	**₱6,458**	**₱6,458**	**₱6,458**	**₱–**	**₱–**
Unquoted	**9,077**	**9,077**	–	–	**9,077**
	15,535	**15,535**	**6,458**	–	**9,077**
Assets for which fair values are disclosed					
Non-financial assets					
Investment properties	**58,143,408**	**110,203,814**	–	–	**110,203,814**
Total assets	**₱58,158,943**	**₱110,219,349**	**₱6,458**	**₱–**	**₱110,212,891**
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses					
Accounts payable	**₱7,700,005**	**₱7,174,280**	**₱–**	**₱–**	**₱7,174,280**
Retention fee payable	**2,778,188**	**2,588,504**	–	–	**2,588,504**
Deposits for registration	**1,959,690**	**1,825,890**	–	–	**1,825,890**
	12,437,883	**11,588,674**	–	–	**11,588,674**
Lease liabilities (Note 14)	**5,134,906**	**7,280,497**	–	–	**7,280,497**
Loans payable (Note 18)	**33,605,556**	**32,329,782**	–	–	**32,329,782**
Bonds payable (Note 19)	**35,856,587**	**34,125,491**	–	–	**34,125,491**
	₱87,034,932	**₱85,324,444**	**₱–**	**₱–**	**₱85,324,444**

	2023				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI					
Quoted	₱6,458	₱6,458	₱6,458	₱–	₱–
Unquoted	9,077	9,077	–	–	9,077
	15,535	15,535	6,458	₱–	9,077
Assets for which fair values are disclosed					
Non-financial assets					
Investment properties	55,074,873	113,197,067			113,197,067
Total assets	₱55,090,408	₱113,212,602	₱6,458	₱–	₱113,206,144
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses					
Accounts payable	₱8,897,328	₱8,295,210	₱–	₱–	₱8,295,210
Retention fee payable	2,275,977	1,175,528	–	–	1,175,528
Deposits for registration	1,778,128	728,090	–	–	728,090
	12,951,433	10,198,828	–	–	10,198,828
Lease liabilities (Note 14)	5,004,973	5,356,527	–	–	5,356,527
Loans payable (Note 18)	27,432,585	33,898,982	–	–	33,898,982
Bonds payable (Note 19)	37,468,517	35,426,364	–	–	35,426,364
	₱82,857,508	₱84,880,701	₱–	₱–	₱84,880,701

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, due from and to related parties, other receivables and other assets*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.

- *Contract receivables*: Estimated fair value of contract receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date. Interest rate used was 11.5% to 19.0% in 2024 and 2023, respectively.

  Due to the short-term nature of receivables from government and financial institutions, carrying amounts approximate fair values.

- *Financial assets at FVOCI*: Fair values were determined using quoted market prices at reporting date. Fair value of unquoted equity securities are based on the latest selling price available.

- *Accounts payable and accrued expenses*: On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rates used is 6.83% and 6.77% in 2024 and 2023.

- *Long-term debt:* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. Long-term debt subjected to quarterly repricing is not discounted since it approximates fair value. The discount rates used ranged from 4.21% to 5.50% and 4.21% to 5.50% as of December 31, 2024 and 2023.
-

During the years ended December 31, 2024 and 2023, 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.

30. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments are composed of cash and cash equivalents, contracts and other receivables, due from related parties, financial assets at FVOCI, accounts payable and accrued expenses, due to related parties and long-term debt (loans payable and bonds payable). The main purpose of these financial instruments is to raise financing for the Parent Company's operations.

The main objectives of the Parent Company'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 Parent Company's finance and treasury function operates as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Parent Company. The Parent Company's BOD reviews and approves the policies for managing each of these risks.

The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Parent Company's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Parent Company's financial instruments are liquidity risk, credit risk and interest rate risk. The Parent Company also monitors the foreign currency arising from all financial instruments.

Liquidity Risk
Liquidity risk is defined as the risk that the Parent Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Parent Company seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Parent Company uses combination of internally generated funds and available long-term and short-term credit facilities.

As of December 31, 2024 and 2023, the Parent Company has ₱28.17 billion and ₱25.78 billion, respectively, of undrawn short-term credit lines, and ₱35.34 billion and ₱30.18 billion of undrawn long-term credit facilities, respectively.

As part of its liquidity risk management, the Parent Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

The tables below summarize the maturity profile of the Parent Company's other financial liabilities as of December 31, 2024 and 2023 based on contractual undiscounted payments.

	2024						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts payable and accrued expenses							
Accounts payable	**₱2,860,258**	**₱1,074,567**	**₱588,048**	**₱1,580,741**	**₱1,596,391**	**₱–**	**₱7,700,005**
Retention fees payable	**855,814**	**855,324**	**183,976**	**12,160**	**555,077**	**315,837**	**2,778,188**
Deposits for registration	–	**577**	**237,721**	**872,874**	**343,807**	**504,711**	**1,959,690**
Accrued expenses	**1,054,044**	–	–	–	–	–	**1,054,044**
Accrued interest	**298,881**	–	–	–	–	–	**298,881**
	5,068,997	**1,930,468**	**1,009,745**	**2,465,775**	**2,495,275**	**820,548**	**13,790,808**
Due to related parties	**238,355**	–	–	–	–	–	**238,355**
Loans payable	–	**2,024,543**	**6,073,630**	**13,855,959**	**10,995,704**	**9,015,817**	**41,965,653**
Bonds payable	–	**4,190,002**	**12,570,006**	**23,156,497**	–	–	**39,916,505**
Lease liabilities	–	**65,114**	**195,343**	**560,634**	**301,512**	**18,180,236**	**19,302,839**
	₱5,307,352	**₱8,210,127**	**₱19,848,724**	**₱40,038,866**	**₱13,792,490**	**₱28,016,601**	**₱115,214,160**

	2023						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
	(In Thousands)						
Financial Liabilities at Amortized Cost							
Accounts payable and accrued expenses							
Accounts payable	₱3,670,397	₱1,378,927	₱754,607	₱1,539,081	₱1,554,316	₱–	₱8,897,328
Retention fees payable	804,791	804,330	173,006	6,802	310,420	176,628	2,275,977
Deposits for registration	–	524	215,696	792,003	311,954	457,951	1,778,128
Accrued expenses	780,939	–	–	–	–	–	780,939
Accrued interest	87,359	–	–	–	–	–	87,359
	5,343,486	2,183,781	1,143,309	2,337,886	2,176,690	634,579	13,819,731
Due to related parties	144,760	–	–	–	–	–	144,760
Loans payable	–	4,066,000	12,198,001	12,227,098	1,927,437	–	30,418,536
Bonds payable	–	976,504	2,929,512	19,822,170	20,094,336	–	43,822,522
Lease liabilities	–	62,014	186,040	533,937	287,154	18,467,390	19,536,535
	₱5,488,246	₱7,288,299	₱16,456,862	₱34,921,091	₱24,485,617	₱19,101,969	₱107,742,084

The tables below summarize the maturity profile of the Parent Company's financial assets and contract assets held to manage liquidity as of December 31, 2024 and 2023:

	2024						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
	(In Thousands)						
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	**₱1,535,425**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱ 1,535,425**
Cash equivalents	–	**444,104**	–	–	–	–	**444,104**
Contracts receivable							
Contracts receivable	**1,932,985**	–	–	–	–	–	**1,932,985**
Receivables from government and financial institutions	**245,297**	–	–	–	–	–	**245,297**
Investment and advances in associates and subsidiaries							
Advances to associates and subsidiaries	**10,248,690**	–	–	–	–	–	**10,248,690**
Other receivables							
Receivable from tenants-net	**717,309**	–	–	–	–	–	**717,309**
Due from related parties	**128,912**	–	–	–	–	–	**128,912**
Investment in Bonds	**150,000**	–	–	–	–	–	**150,000**
Receivable from homeowners' associations-net	**174,596**	–	–	–	–	–	**174,596**
Receivable from buyers	**3,490**	–	–	–	–	–	**3,490**
Others	**46,009**	–	–	–	–	–	**46,009**
Short-term deposits	–	–	**127,642**	–	–	–	**127,642**
	15,182,713	**444,104**	**127,642**	–	–	–	**15,754,459**
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	–	–	**6,458**	–	–	**6,458**
Unquoted	–	–	–	**9,077**	–	–	**9,077**
	–	–	–	**15,535**	–	–	**15,535**
Total financial assets	**15,179,223**	**444,104**	**127,642**	**15,535**	–	–	**15,766,504**
Contract assets	–	**1,442,518**	**4,327,551**	**1,843,603**	**463,137**	**341,657**	**8,418,466**
	₱15,179,223	**₱1,886,622**	**₱4,455,193**	**₱1,859,138**	**₱463,137**	**₱341,657**	**₱24,184,970**

	2023						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	₱2,925,085	₱–	₱–	₱–	₱–	₱–	₱2,925,085
Cash equivalents	–	272,301	–	–	–	–	272,301
Contracts receivable							
Contracts receivable	1,582,485	–	–	–	–	–	1,582,485
Receivables from government and financial institutions	255,344	–	–	–	–	–	255,344
Investment and advances in associates and subsidiaries		–	–	–	–	–	
Advances to associates and subsidiaries	7,764,616	–	–	–	–	–	7,764,616
Other receivables							
Receivable from tenants-net	701,575	–	–	–	–	–	701,575
Due from related parties	144,408	–	–	–	–	–	144,408
Investment in Bonds	150,000	–	–	–	–	–	150,000
Receivable from homeowners' associations-net	227,671						227,671
Receivable from buyers	–	–	–	–	–	–	–
Others	13,736	–	–	–	–	–	13,736
Short-term deposits	–	–	91,566	–	–	–	91,566
	13,764,920	272,301	91,566	–	–	–	14,128,787
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	6,458	–	–	–	–	6,458
Unquoted	–	9,077	–	–	–	–	9,077
	–	15,535	–	–	–	–	15,535
Total financial assets	13,766,011	287,836	91,566	–	–	–	14,145,413
Contract assets	–	1,696,313	5,088,940	589,423	261,863	2,143,132	9,779,671
	₱13,766,011	₱1,984,149	₱5,180,506	₱589,423	₱261,863	₱2,143,132	₱23,925,084

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Parent Company is exposed to credit risk from its operating activities, primarily for its contract receivables and other receivables.

It is the Parent Company's policy that buyers who wish to avail of the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, as discussed in Note 7, the Parent Company has a mortgage insurance contract with HGC for a retail guaranty line.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Parent Company has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Parent Company, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Parent Company evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

An impairment analysis is performed at each reporting date using the vintage model to measure expected credit losses. The probability of default rates are based groupings of various customer segments with similar loss patterns (i.e., by market segment and collateral type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Parent Company's contract receivables and contract assets using a provision matrix:

	2024					
	Total	**Socialized**	**Low Affordable**	**Affordable**	**Middle Income**	**High-end**
				(In Thousands)		
Expected credit loss	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Estimated total gross carrying amount at default	**₱10,596,748**	**₱998,096**	**₱927,492**	**₱3,333,569**	**₱4,345,773**	**₱991,818**

	2023					
	Total	Socialized	Low Affordable	Affordable	Middle Income	High-end
				(In Thousands)		
Expected credit loss	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Estimated total gross carrying amount at default	**₱11,617,500**	**₱520,811**	**₱1,695,400**	**₱3,894,429**	**₱4,520,571**	**₱986,289**

With respect to credit risk arising from the other financial assets of the Parent Company, which comprise cash and cash equivalents and financial assets at FVOCI, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Based on the Parent Company's experience, the said assets are highly collectible or collectible on demand. The Parent Company holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Parent Company can repossess the collateralized properties and resell them at the prevailing market price.

Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Parent Company has not noted any extraordinary exposure which calls for a substandard grade classification.

As at December 31, 2024 and 2023, the analysis of contracts receivables that were past due follows:

	Past due					
	Less than 30 days	30 to 60 days	61 days to 90 days	91 days to 120 days	Over 120 days	Total
			(In Thousands)			
2024	**₱1,096,522**	**₱277,554**	**₱211,176**	**₱99,212**	**₱248,521**	**₱1,932,985**
2023	₱384,811	₱171,577	₱250,029	₱106,180	₱669,888	₱1,582,485

There is no concentration risk on the Parent Company's financial assets as of December 31, 2024 and 2023.

Interest Rate Risk

The Parent Company's exposure to market risk for changes in interest rates relates primarily to the Parent Company's loans from various financial institutions. To manage interest rate risk, the Parent Company renegotiates the interest rates for certain long-term debts to convert them from fixed-rate debt to floating-rate debt as the Parent Company believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Parent Company's profit before tax (through the impact on floating rate borrowings). There is no other impact on the Parent Company's other comprehensive income other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax (In Thousands)
2024	**+200**	**(₱184,395)**
	-200	**184,395**
2023	+200	(₱254,268)
	-200	254,268

The assumed change in rate is based on the currently observable market environment. Effect on the Parent Company's income before tax is computed on the carrying amount of the Parent Company's floating rate loans payable as of December 31, 2024 and 2023.

The following table sets out the carrying amount, by maturity, of the Parent Company's long-term debts that are exposed to interest rate risk (amounts in thousands):

	91-day Treasury bill plus 1% to 2% margin					
Variable interest rate	**Below 1 Year**	**1-2 Years**	**2-3 Years**	**3-4 Years**	**Over 4 Years**	**Total**
As of December 31, 2024	**₱200,000**	**₱–**	**₱1,000,000**	**₱50,000**	**₱8,150,000**	**₱9,400,000**
As of December 31, 2023	₱4,156,667	₱–	₱–	₱1,000,000	₱50,000	₱5,206,667

31. Commitments and Contingencies

Contingencies
The Parent Company is involved in various legal actions, claims, and contingencies incidental to the ordinary course of the business. Management believes that any amount the Parent Company may have to pay in connection with any of these matters would not have a material adverse effect on its financial position or operating results. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed as they may prejudice the outcome of the ongoing proceedings.

Capital Commitments and Obligations
The Parent Company has contractual commitments and obligations for the construction and development costs to be incurred for investment properties and property and equipment items aggregating ₱3,074.50 million and ₱3,328.0 million as of December 31, 2024 and 2023, respectively. These will be recognized as liabilities in the Parent Company's financial statements when the related services are received.

Assignment of Development Rights under a Build, Transfer and Operate Agreement
On June 26, 2015, the Parent Company and a third party entered into an agreement whereby the latter agreed to assign its project development rights and benefits under its BTO Agreement with Cebu Province to the Parent Company. In consideration of this assignment, the Parent Company paid upfront fee amounting to ₱150.0 million. As of December 31, 2024, project construction has not started pending approval from the Province of Cebu on cleared site and this upfront fee is recorded as part of 'Other noncurrent assets' in the parent company statement of financial position (see Note 12).

Development Agreement with Bases Conversion Development Authority (BCDA)
In 2015, the Parent Company won the contract to develop a 288-hectare area in Clark Green City in Tarlac and paid 10% of the bid premium as bid security amounted to ₱16.0 million. On January 8, 2016, the Joint Venture Agreement with BCDA was signed and pursuant to the terms of the development of the project, the Parent Company paid the ₱160.0 million bid premium representing the right to own 55% of the equity on the joint venture company to be formed with BCDA.

On February 11, 2016, the Parent Company incorporated FCGC Corporation, the entity that will handle the development of the New Clark City (NCC) Project, formerly Clark Green City Project. The bid premium is presented as part of investment properties in the parent company financial statements (see Note 12).

32. Registration with PEZA

On February 13, 2002, the Parent Company was registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of the Republic Act (RA) No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (the "Ecozone") to be known as Filinvest Technology Park-Calamba.

Under the registration, the Parent Company shall enjoy 5% preferential tax privilege on income generated from the Ecozone in lieu of the regular income tax rate.

33. Notes to Statements of Cash Flows

Changes in liabilities arising from financing activities for the years ended December 31 follows:

	2024			
	January 1, 2024	**Cash flows**	**Noncash movement**	**December 31, 2024**
		(In Thousands)		
Loans payable	**₱27,432,585**	**₱6,267,621**	**(₱94,650)**	**₱33,605,556**
Bonds payable	**37,468,517**	**(1,700,000)**	**88,070**	**35,856,587**
Accrued interest	**87,359**	**(4,193,110)**	**4,404,632**	**298,881**
Dividends payable*	**21,413**	**(1,216,488)**	**1,216,488**	**21,413**
Lease liabilities	**5,004,973**	**(302,289)**	**432,222**	**5,134,906**
	₱70,014,847	**(₱1,144,266)**	**₱6,046,762**	**₱74,917,343**

**Dividends payable is presented as part of "Accounts payable and accrued expenses" (see Note 17).*

	2023			
	January 1, 2023	Cash flows	Noncash movement	December 31, 2023
		(In Thousands)		
Loans payable	₱28,510,166	(₱1,085,379)	₱7,798	₱27,432,585
Bonds payable	35,133,029	2,395,400	(59,912)	37,468,517
Accrued interest	313,203	(3,123,873)	2,898,029	87,359
Dividends payable*	21,413	(875,871)	875,871	21,413
Lease liabilities	4,624,851	(332,040)	712,162	5,004,973
	₱68,602,662	(₱3,021,763)	₱4,433,948	₱70,014,847

**Dividends payable is presented as part of "Accounts payable and accrued expenses" (see Note 17).*

The Parent Company's noncash activities are as follows:

a. Land and land developments previously presented under real estate inventories were reclassified to investment properties amounting to ₱455.90 million in 2024 (nil in 2023; see Notes 9 and 12).

b. Land and land developments previously presented under real estate inventories were reclassified to investment and advances in subsidiaries and associate amounting to ₱119.65 million in 2024 (nil in 2023; see Notes 9 and 11).

c. Investment properties were reclassified to real estate inventories amounting to ₱42.95 million in 2024 (nil in 2023).

d. Additions to both right-of-use assets and lease liabilities amounting to ₱278.20 million as of December 31, 2023 (nil in 2024; see Notes 12 and 14)

e. Purchases of investment properties and property and equipment which remain unpaid amounted to ₱1,394.94 million, ₱34.78 million and ₱494.39 million, respectively, as of December 31, 2024 and ₱1,445.62 million, ₱7.61 million and ₱274.43 million, respectively, as of December 31, 2023 (see Notes 9, 12, 13 and 15).

f. The Parent Company has remaining unpaid cash dividend amounting to ₱21.41 million as of December 31, 2024 and 2023 (see Note 27).

34. Subsequent Events

Property-for-Share Swap Transaction with FILRT
On January 24, 2025, FLI's BOD approved the sale of its real property to FILRT under a tax-free property-for-share swap transaction. FLI will transfer its ownership over Festival Mall-Main Mall in favor of FILRT, in exchange for 1,626,003,316 primary common shares of FILRT at an issue price of ₱3.85 per share, with a total value of ₱6.26 billion. The said transaction will allow FLI to increase its equity in FILRT from 51.06% to 63.27%. Upon the Securities and Exchange Commission's approval of the Transaction, FLI and FILRT shall execute a lease agreement for the Property.

Issuance of Certificate of Permit to Offer Securities
On February 18, 2025, FLI received from the SEC the Certificate of Permit to Offer Securities for ₱9.0 billion with an over-subscription option of up to ₱3.0 billion worth of peso denominated fixed rate bonds for a maximum aggregate total of ₱12.0, consisting of 5-year bonds due 2030 with interest rate of 6.2916%, 7-year bonds due 2032 with interest rate of 6.6550%, and 10-year bonds due 2035 with interest rate of 6.8312% per annum . This latest bond issuance will be the second tranche out of its ₱35.0 bonds registered in 2023 under the shelf-registered program of the SEC.

Acquisition of Fora Services, Inc. (FOSI)
On September 16, 2024, FLI's Executive Committee, in the exercise of its delegated authority, approved the acquisition of 100% of the outstanding shares in FOSI from Filinvest Hospitality Corporation (FHC), a related party, for an aggregate purchase price of ₱399,800. As of February 26, 2025, the said transaction is yet to be finalized.

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

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Company Information

SEC Registration No.: 0000170957
Company Name: FILINVEST LAND INC.
Industry Classification: K70120
Company Type: Stock Corporation

Document Information

Document ID: OST10415202482190169
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2023
Submission Type: Consolidated
Remarks: None

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

FILINVEST LAND, INC.

79 EDSA, Highway Hills
Mandaluyong City, Metro Manila
Trunk line: (632) 918-8188
Customer hotline: (632) 588-1688
Fax number: (632) 918-8189
www.filinvestland.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FILINVEST LAND, INC. and SUBSIDIARIES** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2023, 2022 and 2021**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditor, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JONATHAN T. GOTIANUN
Chairman of the Board

TRISTANEIL D. LAS MARIAS
President and CEO

ANA VENUS A. MEJIA
EVP - Treasurer & CFO

SUBSCRIBED AND SWORN TO BEFORE ME in the City of Mandaluyong this ___ day of MAR 04 2024 ___ affiant exhibiting to me _____ as his/her competent evidence of identity.

Signed this ___ day of _____, 2024

Doc. No. 243;
Page No. 50;
Book No. 10;
Series of 2024

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 5420812; 1-3-24; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SECRegistrationNumber

1	7	0	9	5	7					

COMPANY NAME

F	I	L	I	N	V	E	S	T		L	A	N	D	,		I	N	C	.		A	N	D		S	U	B	S	I
D	I	A	R	I	E	S																							

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

7	9		E	D	S	A	,		B	r	g	y	.		H	i	g	h	w	a	y		H	i	l	l	s	,	
M	a	n	d	a	l	u	y	o	n	g		C	i	t	y														

Form Type

A	A	C	F	S

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	7918-8188	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,606	Every 2nd to the last Friday of April Each Year	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	7918-8188	

CONTACT PERSON's ADDRESS

79 EDSA, Brgy. Highway Hills, Mandaluyong City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

Opinion

We have audited the accompanying consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group as at December 31, 2023 and 2022 and for the three years in the period ended December 31, 2023 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements, which indicates that the financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2023 financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; and, (2) application of the output method as the measure of progress in determining real estate revenue.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as history with the buyer, age of residential development receivables and 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.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's project engineers and third-party project managers.

Refer to Note 6 to the consolidated financial statements for the disclosures on revenue recognition.

Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold.

For the application of the output method in determining real estate revenue, we obtained an understanding of the Group's processes for determining the percentage of completion (POC), and performed tests of the relevant controls. We inspected the certified POC reports prepared by the internal project engineers for mid-rise real estate development and third-party project managers for high-rise real estate development. and assessed their competence, capabilities and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries and inspected the supporting details of POC reports showing the completion of the major activities of the project construction.

Recoverability of Goodwill

Under PFRSs, the Group is required to annually test the amount of goodwill for impairment of goodwill. As of December 31, 2023, goodwill attributable to the Festival Supermall structure, Filinvest Asia Corporation and Filinvest REIT Corp., amounted to ₱4,567.24 million, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically revenue growth rate, gross margins, discount rate and terminal growth rate.

The Group's disclosures about goodwill are included in Notes 3 and 4 to the consolidated financial statements.

Audit Response

We obtained an understanding of the management's process for evaluating the impairment of goodwill. We involved our internal specialist in evaluating the methodologies and the assumptions used. We compared the key assumptions used, such as revenue growth rate against the historical performance of the cash-generating unit, industry/market outlook and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

Management is responsible for Other Information. Other Information comprises the information included in SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

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

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

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

Management is responsible for the preparation of these consolidated financial statements in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wanessa G. Salvador.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-137-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10082009, January 6, 2024, Makati City

February 27, 2024

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands of Pesos)

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 20 and 30)	**₱5,732,008**	₱6,619,135
Contracts receivables (Notes 6, 8 and 30)	**1,837,829**	2,128,881
Contract assets (Notes 6 and 30)	**4,745,827**	5,399,792
Other receivables (Notes 9 and 30)	**3,465,056**	2,902,006
Real estate inventories (Note 10)	**72,634,830**	71,326,487
Other current assets (Notes 6 and 11)	**7,192,434**	6,380,765
Total Current Assets	**95,607,984**	94,757,066
Noncurrent Assets		
Contract assets - net of current portion (Notes 6 and 30)	**5,037,942**	5,083,164
Investments in associates (Note 12)	**5,219,900**	5,135,018
Investment properties (Note 13)	**79,659,336**	77,021,396
Property and equipment (Note 14)	**5,673,012**	5,485,279
Deferred income tax assets (Note 28)	**48,483**	91,383
Goodwill (Note 4)	**4,567,242**	4,567,242
Other noncurrent assets (Note 16)	**8,662,178**	7,974,631
Total Noncurrent Assets	**108,868,093**	105,358,113
TOTAL ASSETS	**₱204,476,077**	₱200,115,179
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 17 and 30)	**₱12,551,165**	₱11,948,853
Contract liabilities (Note 6)	**792,402**	1,012,294
Current portion of lease liabilities (Note 15)	**175,459**	246,051
Due to related parties (Notes 20 and 30)	**488,486**	754,264
Income tax payable	**21,557**	19,553
Current portion of loans payable (Notes 18 and 30)	**16,480,438**	8,446,975
Current portion of bonds payable (Notes 19 and 30)	**1,697,345**	15,017,440
Total Current Liabilities	**32,206,852**	37,445,430

(Forward)

	December 31	
	2023	2022
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 18 and 30)	**₱20,507,489**	₱24,402,509
Bonds payable - net of current portion (Notes 19 and 30)	**35,771,167**	26,115,346
Contract liabilities - net of current portion (Note 6)	**149,949**	283,068
Lease liabilities - net of current portion (Note 15)	**6,544,402**	6,262,439
Net retirement liabilities (Note 25)	**437,193**	431,308
Deferred income tax liabilities - net (Note 28)	**5,649,153**	5,625,210
Accounts payable and accrued expenses - net of current portion (Notes 17 and 30)	**8,938,003**	8,047,128
Total Noncurrent Liabilities	**77,997,356**	71,167,008
Total Liabilities	**110,204,208**	108,612,438
Equity		
Common stock (Note 26)	**24,470,708**	24,470,708
Preferred stock (Note 26)	**80,000**	80,000
Additional paid-in capital	**5,612,321**	5,612,321
Treasury stock (Note 26)	**(221,041)**	(221,041)
Retained earnings (Note 26)		
Unappropriated	**57,061,525**	54,172,008
Appropriated	**5,000,000**	5,000,000
Revaluation reserve on financial assets at fair value through other comprehensive income	**(2,619)**	(2,619)
Remeasurement gains on retirement plan - net of tax (Note 25)	**47,521**	68,185
Share in other components of equity of associates (Note 12)	**372,449**	372,449
Equity attributable to equity holders of the parent	**92,420,864**	89,552,011
Noncontrolling interests (Notes 1 and 31)	**1,851,005**	1,950,730
Total Equity	**94,271,869**	91,502,741
TOTAL LIABILITIES AND EQUITY	**₱204,476,077**	₱200,115,179

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands of Pesos, Except Earnings Per Share Figures)

	Years Ended December 31		
	2023	2022	2021
REVENUE			
Real estate sales (Note 6)	**₱14,486,506**	₱12,836,056	₱11,274,509
Rental and related services (Notes 6, 13, 15 and 16)	**7,200,950**	6,350,408	5,591,801
Total revenue	**21,687,456**	19,186,464	16,866,310
EQUITY IN NET EARNINGS OF ASSOCIATES (Note 12)	**242,007**	78,956	112,023
OTHER INCOME			
Interest income (Notes 7, 8, 20 and 23)	**283,978**	367,052	409,608
Others - net (Notes 20 and 24)	**340,893**	311,874	350,978
	22,554,334	19,944,346	17,738,919
COSTS			
Real estate sales (Note 10)	**8,101,485**	7,354,689	6,443,688
Rental and related services (Notes 13 and 16)	**3,122,342**	2,583,493	2,430,623
OPERATING EXPENSES			
General and administrative expenses (Note 21)	**2,584,596**	2,313,062	1,979,124
Selling and marketing expenses (Note 22)	**1,370,135**	1,150,643	911,817
INTEREST AND OTHER FINANCE CHARGES (Notes 15, 18, 19 and 23)	**2,434,393**	2,294,243	2,426,791
	17,612,951	15,696,130	14,192,043
INCOME BEFORE INCOME TAX	**4,941,383**	4,248,216	3,546,876
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 28)	**645,339**	727,079	(758,352)
NET INCOME	**₱4,296,044**	₱3,521,137	₱4,305,228
Net income attributable to:			
Equity holders of the parent	**₱3,765,388**	₱2,889,915	₱3,803,377
Noncontrolling interest	**530,656**	631,222	501,851
	₱4,296,044	₱3,521,137	₱4,305,228
Basic/Diluted Earnings Per Share (Note 27)	**₱0.16**	₱0.12	₱0.16

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2023	2022	2021
NET INCOME	**₱4,296,044**	₱3,521,137	₱4,305,228
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss			
Remeasurement gains (loss) on retirement plan, net of tax (Notes 25 and 28)	**(20,664)**	84,354	(1,032)
TOTAL COMPREHENSIVE INCOME	**₱4,275,380**	₱3,605,491	₱4,304,196
Total comprehensive income attributable to:			
Equity holders of the parent	**₱3,744,724**	₱2,974,269	₱3,802,345
Noncontrolling interest	**530,656**	631,222	501,851
	₱4,275,380	₱3,605,491	₱4,304,196

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

	Attributable to Equity Holders of the Parent											
	Common Stock (Note 26)	**Preferred Stock** (Note 26)	**Additional Paid-in Capital**	**Treasury Stock** (Note 26)	**Unappropriated Retained Earnings** (Note 26)	**Appropriated Retained Earnings** (Note 26)	**Revaluation Reserve on Financial Assets at FVOCI** (Note 16)	**Remeasurement Gains (Losses) on Retirement Plan** (Note 25)	**Share in Other Components of Equity of an Associate** (Note 12)	**Total**	**Noncontrolling Interest** (Note 31)	**Total Equity**
	For the Year Ended December 31, 2023											
Balances as at January 1, 2023	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱54,172,008**	**₱5,000,000**	**(₱2,619)**	**₱68,185**	**₱372,449**	**₱89,552,011**	**₱1,950,730**	**₱91,502,741**
Net income	–	–	–	–	**3,765,388**	–	–	–	–	**3,765,388**	**530,656**	**4,296,044**
Other comprehensive loss	–	–	–	–	–	–	–	**(20,664)**	–	**(20,664)**	–	**(20,664)**
Total comprehensive income	–	–	–	–	**3,765,388**	–	–	**(20,664)**	–	**3,744,724**	**530,656**	**4,275,380**
Dividends declared (Note 26)	–	–	–	–	**(875,871)**	–	–	–	–	**(875,871)**	–	**(875,871)**
Change in noncontrolling Interest	–	–	–	–	–	–	–	–	–	–	**30,000**	**30,000**
Dividend distribution to noncontrolling interest (Note 31)	–	–	–	–	–	–	–	–	–	–	**(660,381)**	**(660,381)**
Balances as at December 31, 2023	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱57,061,525**	**₱5,000,000**	**(₱2,619)**	**₱47,521**	**₱372,449**	**₱92,420,864**	**₱1,851,005**	**₱94,271,869**

	Attributable to Equity Holders of the Parent											
	Common Stock (Note 26)	**Preferred Stock** (Note 26)	**Additional Paid-in Capital**	**Treasury Stock** (Note 26)	**Unappropriated Retained Earnings** (Note 26)	**Appropriated Retained Earnings** (Note 26)	**Revaluation Reserve on Financial Assets at FVOCI** (Note 16)	**Remeasurement Gains (Losses) on Retirement Plan** (Note 25)	**Share in Other Components of Equity of an Associate** (Note 12)	**Total**	**Noncontrolling Interest** (Note 31)	**Total Equity**
	For the Year Ended December 31, 2022											
Balances as at January 1, 2022	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱52,425,032	₱5,000,000	(₱2,619)	(₱16,169)	₱372,449	₱87,720,681	₱2,069,543	₱89,790,224
Net income	–	–	–	–	2,889,915	–	–	–	–	2,889,915	631,222	3,521,137
Other comprehensive income	–	–	–	–	–	–	–	84,354	–	84,354	–	84,354
Total comprehensive income	–	–	–	–	2,889,915	–	–	84,354	–	2,974,269	631,222	3,605,491
Dividends declared (Note 26)	–	–	–	–	(1,142,939)	–	–	–	–	(1,142,939)	–	(1,142,939)
Dividend distribution to noncontrolling interest (Note 31)	–	–	–	–	–	–	–	–	–	–	(750,035)	(750,035)
Balances as at December 31, 2022	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱54,172,008	₱5,000,000	(₱2,619)	₱68,185	₱372,449	₱89,552,011	₱1,950,730	₱91,502,741

	Attributable to Equity Holders of the Parent											
	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Unappropriated Retained Earnings (Note 26)	Appropriated Retained Earnings (Note 26)	Revaluation Reserve on Financial Assets at FVOCI (Note 16)	Remeasurement Gains (Losses) on Retirement Plan (Note 25)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest (Note 31)	Total Equity
	For the Year Ended December 31, 2021											
Balances as at January 1, 2021	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱38,776,187	₱5,000,000	(₱2,619)	(₱15,137)	₱372,449	₱74,072,868	₱306,075	₱74,378,943
Net income	–	–	–	–	3,803,377	–	–	–	–	3,803,377	501,851	4,305,228
Other comprehensive income	–	–	–	–	–	–	–	(1,032)	–	(1,032)	–	(1,032)
Total comprehensive income	–	–	–	–	3,803,377	–	–	(1,032)	–	3,802,345	501,851	4,304,196
Changes in noncontrolling interests (Note 31)	–	–	–	–	10,465,662	–	–	–	–	10,465,661	1,664,244	12,129,905
Dividends declared (Note 26)	–	–	–	–	(754,224)	–	–	–	–	(754,223)	–	(754,223)
Dividend distribution to noncontrolling interest (Note 31)	–	–	–	–	–	–	–	–	–	–	(402,627)	(402,627)
Impact of adoption of CREATE Act by an associate (Note 12)	–	–	–	–	134,030	–	–	–	–	134,030	–	134,030
Balances as at December 31, 2021	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱52,425,032	₱5,000,000	(₱2,619)	(₱16,169)	₱372,449	₱87,720,681	₱2,069,543	₱89,790,224

See accompanying Notes to Consolidated Financial Statements.

FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱4,941,383**	₱4,248,216	₱3,546,876
Adjustments for:			
Interest income (Note 23)	**(283,978)**	(367,052)	(409,608)
Interest expense and amortization of transaction costs (Note 23)	**2,294,148**	2,272,368	2,212,916
Depreciation and amortization (Notes 13, 14 and 16)	**1,593,382**	1,630,038	1,446,779
Equity in net earnings of associates (Note 12)	**(242,007)**	(78,956)	(112,023)
Pension expense, net of contribution and benefits paid (Note 25)	**(21,667)**	59,619	21,564
Operating income before changes in operating assets and liabilities	**8,281,261**	7,764,233	6,706,504
Changes in operating assets and liabilities			
Decrease (increase) in:			
Contracts receivable	**291,052**	3,209,050	(1,180,992)
Contract assets	**699,187**	(2,152,381)	603,487
Other receivables	**(563,050)**	(191,543)	651,720
Real estate inventories	**(178,552)**	(1,830,758)	(1,744,514)
Other assets	**(620,751)**	(1,180,817)	(610,255)
Increase (decrease) in:			
Accounts payable and accrued expense	**1,929,113**	1,209,113	(820,155)
Contract liabilities	**(353,011)**	(650,234)	(70,673)
Cash generated from operations	**9,485,249**	6,176,663	3,535,122
Income taxes paid, including creditable withholding taxes	**(576,492)**	(409,321)	(384,639)
Interest received	**283,978**	367,052	409,608
Net cash provided by operating activities	**9,192,735**	6,134,394	3,560,091
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment properties and property and equipment (Notes 13 and 14)	**(3,645,532)**	(7,618,103)	(5,344,944)
Build-transfer-operate (BTO) rights (Note 16)	**(865,248)**	(1,396,784)	(1,062,079)
Investment in associates (Note 12)	**–**	(10,972)	(11,250)
Investment in bonds (Note 16)	**–**	(150,000)	–
Dividends received from associate (Note 12)	**167,125**	–	–
Net cash used in investing activities	**(4,343,655)**	(9,175,859)	(6,418,273)

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES (Note 35)			
Proceeds from availment of:			
Loans payable (Notes 18)	**₱24,660,100**	₱12,814,900	₱16,600,200
Bonds payable (Notes 19)	**11,430,800**	11,900,000	10,000,000
Payments of:			
Loans payable (Note 18)	**(20,528,712)**	(12,160,435)	(22,598,029)
Bonds payable (Note 19)	**(15,035,400)**	(7,000,000)	(5,300,000)
Cash dividend (Note 26)	**(875,871)**	(1,140,525)	(784,224)
Interest and transaction costs	**(4,118,521)**	(3,851,408)	(3,563,316)
Lease liabilities (Note 15)	**(372,444)**	(360,103)	(351,321)
Dividends paid to noncontrolling interest (Note 31)	**(660,381)**	(750,035)	(402,627)
Increase in noncontrolling interest (Notes 1 and 31)	**30,000**	–	12,129,905
Increase (decrease) in amounts due to related parties	**(265,778)**	549,946	92,297
Net cash provided by (used in) financing activities	**(5,736,207)**	2,340	5,822,885
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(887,127)**	(3,039,125)	2,964,703
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**6,619,135**	9,658,260	6,693,557
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱5,732,008**	₱6,619,135	₱9,658,260

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Filinvest Land, Inc. (the "Parent Company" or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and is domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989 and later changed to its present name on July 12, 1993. The Parent Company and its subsidiaries (collectively referred to as "the Group") offer a range of real estate products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, condotels, and condominium buildings. The Group also leases out commercial and office spaces in Muntinlupa City, Makati City, Pasay City, Cebu City, Tagaytay City, Cavite, and Clark Mimosa, its major locations for leasing.

The Group's parent company is Filinvest Development Corporation (FDC), a publicly listed entity. A.L. Gotianun, Inc. (ALG) is the Group's ultimate parent company. FDC and ALG were incorporated in the Philippines.

The Parent Company's registered business address is at 79 E. Delos Santos Ave. (EDSA), Brgy. Highway Hills, Mandaluyong City.

On July 14, 2023, FLI entered into a Share Purchase Agreement with Rizal Commercial Banking Corporation (RCBC) to purchase all outstanding shares of stock of Niyog Property Holdings, Inc. (NPHI) and Cajel Realty Corporation (CRC) for a total consideration of ₱633.26 million payable over until July 5, 2028, taking over the two latter companies' joint land development activities in Bacoor City, Cavite.

On December 28, 2022, FAI entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-excel to FLI for a total consideration of ₱10.97 million. The resulting ownership interest of FLI in Pro-excel after the transfer is 47.5%. The primary purpose of Pro-Excel is to engage in the business of administration, maintenance and management of real estate development, controlled development projects and subdivision projects.

On December 14, 2022, FLI entered into a Deed of Assignment to purchase 100% ownership in SJR Developers, Inc. (SDI). Total acquisition price amounted to ₱0.60 million. The primary purpose of SDI is to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartment and other structures. The acquisition of SDI has no material effect to the consolidated financial statements.

On May 26, 2022, OurSpace Solutions, Inc. (OSI), a wholly owned subsidiary of FLI, was incorporated with primary purpose of developing, operating, managing and maintaining commercial buildings to be used as coworking spaces. On May 22, 2023, OSI issued a resolution authorizing the issuance of additional shares out of its unissued authorized capital stock, pursuant to the provisions of the Joint Venture Agreement entered into by KMC Community, Inc. (KCI) and FLI. On August 2, 2023, FLI subscribed to an additional 45 million common shares for a total consideration of ₱45.00 million. On the same date, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI, resulting in FLI's 70% ownership in OSI for a total consideration of ₱30.00 million. OSI has started commercial operations on November 1, 2023.

On August 12, 2021, Filinvest REIT Corp. ("FILRT") was listed and traded in the Philippine Stock Exchange as a Real Estate Investment Trust (REIT) company under the PSE ticker symbol FILRT. As a result of the listing, FLI's interest in Filinvest REIT Corp. decreased to 63.3%. This transaction resulted in changes to the Group's Cash, Retained earnings and Noncontrolling interest in 2021 (see Note 31).

On August 2, 2021, Co-Living Pro Managers Corp. (CPMC), a wholly owned subsidiary of FLI, was incorporated to engage in business of developing, operating, managing, and maintaining dormitels, lots and buildings whether owned or leased, to make such dormitels available for all clients for temporary stay as well as any and all services and facilities incidental thereto. CPMC has started its commercial operations last November 2023.

On April 13, 2021, FREIT Fund Managers, Inc. (FFMI), a wholly owned subsidiary of FLI, was incorporated to engage in business of providing fund management services to REIT companies. FFMI started commercial operations on August 12, 2021.

Approval of the Consolidated Financial Statements
The consolidated financial statements as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 were approved and authorized for issue by the Board of Directors (BOD) on February 27, 2024.

2. Material Accounting Policy Information

Basis of Preparation
The consolidated financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The Group's consolidated financial statements are presented in Philippine Peso (₱), which is also the functional currency of the Parent Company, its subsidiaries and associates. Amounts are in thousand ₱ except as otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the following reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) under Memorandum Circular No. 34-2020 in response to the COVID-19 pandemic.

1. Assessing if the transaction price includes a significant financing component as discussed in Philippine Interpretations Committee (PIC) Questions and Answers (Q&A) No. 2018-12-D
2. Application of International Financial Reporting Interpretation Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (Philippine Accounting Standards (PAS) 23, *Borrowing Cost*).

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries. The nature of business and the corresponding percentages of ownership over these entities as at December 31, 2023, 2022 and 2021 are as follows. The voting rights held by the Group in these subsidiaries are in proportion to its ownership interest.

Subsidiaries	Nature of Business	**2023**	2022	2021
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%	100%
FCGC Corporation (FCGCC)	Real estate developer	**100%**	100%	100%
Filinvest BCDA Clark, Inc. (FBCI)[1]	Real estate developer	**55%**	55%	55%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate developer	**100%**	100%	100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	**100%**	100%	100%
SJR Developers, Inc. (SDI)	Real estate developer	**100%**	100%	–
Niyog Property Holdings, Inc. (NPHI) [2]	Real estate developer	**100%**	–	–
Cajel Realty Corporation (CRC) [2]	Real estate developer	**100%**	–	–
Filinvest REIT Corp. (FILRT)	Leasing	**63%**	63%	63%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%	60%
Filinvest Cyberparks, Inc. (FCI)	Leasing	**100%**	100%	100%
Filinvest Clark Mimosa, Inc. (FCMI)	Leasing	**100%**	100%	100%
Festival Supermall, Inc. (FSI)	Property management	**100%**	100%	100%
Filinvest Lifemalls Corporation (FLC)	Property management	**100%**	100%	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	**100%**	100%	100%
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	**100%**	100%	100%
ProOffice Works Services, Inc. (ProOffice)	Property management	**100%**	100%	100%
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%	100%
Co-Living Pro Managers Corp. (CPMC)	Property management	**100%**	100%	100%
FSM Cinemas, Inc. (FSM Cinemas)[3]	Theater operator	**60%**	60%	60%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	**60%**	60%	60%
Timberland Sports and Nature Club, Inc. (TSNC)	Recreational Sports and Natures Club	**98%**	98%	98%
Nature Specialists, Inc. (NSI)	Recreational Sports and Natures Club	**75%**	75%	75%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%	100%
Proleads Philippines, Inc. (PPI)	Marketing	**100%**	100%	100%
Property Leaders International Limited (PLIL)	Marketing	**100%**	100%	100%

(Forward)

Subsidiaries	Nature of Business	**2023**	2022	2021
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%	100%
Realpros Philippines, Inc. (RPI)	Marketing	**100%**	100%	100%
FREIT Fund Managers, Inc. (FFMI)	Fund Manager	**100%**	100%	100%
OurSpace Solutions, Inc. (OSI) [4]	Coworking spaces	**70%**	100%	–

Notes:

1. *FBCI is owned indirectly through FCGCC.*
2. *NPHI and CRC were acquired in 2023 (see Note 1).*
3. *FSM Cinemas is owned indirectly through FSI.*
4. *On August 2, 2023, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI, resulting to FLI's 70% ownership in OSI (see Note 1).*

Except PLIL which was incorporated in British Virgin Islands, all of the Parent Company's subsidiaries were incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

None of the foregoing subsidiaries has been a party to any bankruptcy, receivership or similar proceedings and has not undergone or entered into any material classification, merger, consolidation (except as disclosed elsewhere in this report), purchase or sale of a significant amount of assets outside the ordinary course of business.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognized the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Noncontrolling Interest

Noncontrolling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity under "Retained Earnings" of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.



Business Combinations Involving Entities under Common Control
The Group elected to account for its common control business combination using acquisition method and this is applied consistently for similar transactions. However, where the acquisition method of accounting is selected, the transaction must have commercial substance from the perspective of the reporting entity. Common control business combination without commercial substance is accounted using "pooling of interests" method wherein the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination and adjustments made are only those adjustments to harmonize accounting policies. No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. The effects of intercompany transactions on current assets, current liabilities, revenues, and cost of sales for the periods presented and on retained earnings at the date of acquisition are eliminated to the extent possible.

Changes in Accounting Policies and Disclosures
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 adoption of the following amendments in PFRS and PAS which became effective beginning January 1, 2023. Unless otherwise indicated, adoption of these amendments to existing standards and interpretations did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. The amendments had no material impact on the Group.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  The amendments had no material impact on the Group.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). The amendments had no material impact on the Group.

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

  The amendments had no material impact on the Group.

Future Changes in Accounting Policy

Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will 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, 2024

- 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.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group.

- *Deferral of Certain Provisions of 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)*

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the 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. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	Deferral Period
a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

  After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021.

  The Group availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12 on determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively. The Group will adopt the guidance using the modified retrospective approach. The adoption of this guidance will impact interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability and the opening balance of retained earnings.

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

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35I of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

The IFRIC agenda decision would change the Group's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

On February 21, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, 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.

The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. The Group will adopt the IFRIC agenda decision using the modified retrospective approach. Adoption of this guidance would have impacted net income, real estate inventories, provision for deferred income tax, deferred tax liability, interest and other financing charges and the opening balance of retained earnings for the statement of financial position, and the cash flows from operations and financing activities for the statement of cash flows.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosure: Supplier Finance Arrangements*

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*

Material Accounting Policies

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.

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.

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.

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 reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments *(Date of recognition)*
Financial assets and liabilities are recognized in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Recognition and Measurement of Financial Instruments
Financial Assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at fair value through profit or loss (FVPL).

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 or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

As of December 31, 2023 and 2022, the Group's financial assets comprise of financial assets at amortized cost and financial assets at FVOCI.



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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost
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 classified cash and cash equivalents, contracts receivable, other receivables and deposits (included in other assets) as financial assets at amortized cost (see Note 29).

Financial assets at FVOCI (equity instruments)
At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in "Revaluation reserve on financial assets at FVOCI" in the consolidated statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in "Revaluation reserve on financial assets at FVOCI" is not reclassified to profit or loss, but is reclassified to Retained earnings.

Included under this category are the Group's investments in quoted and unquoted shares of stocks (included in other noncurrent assets; see Note 16).

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, 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.

Subsequent measurement
Loans and borrowings (financial liabilities at amortized cost) is the category most relevant to the Group. Issued financial instruments or their components, which are not designated at FVPL, are classified as financial liabilities at amortized cost where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.



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

As of December 31, 2023 and 2022, loans and borrowings consist primarily of accounts payable and accrued expenses excluding deposit from tenants and other payables, lease liabilities, loans payable, bonds payable and due to related parties (see Notes 15, 17, 18, 19 and 20).

Impairment of Financial Assets and Contract Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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 effective interest rate. 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.

The Group applies a simplified approach in calculating ECLs for financial assets at amortized costs. 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 has established a provision matrix for other receivables and a vintage analysis for contracts receivable and contract assets that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments 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.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset is derecognized when:

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. 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.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.

Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Real Estate Inventories
Lots, Condominium and Residential Units for Sale
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition costs and expenses directly related to acquisition
- Amounts paid to contractors for development and construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

In case of sales cancellation, the Group can repossess the properties and hold it for sale in the ordinary course of business at the prevailing market price. The repossessed properties are accounted for as inventories and recognized at its fair value less cost to repossess at the time of cancellation.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventory recognized in consolidated statement of income on disposal is determined with reference to the specific costs incurred on the property sold, including an allocation of any non-specific costs based on the relative size of the property sold.

Land and Land Development
Land and land development consists of properties to be developed into real estate projects for sale that are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Group such as transfer taxes and registration fees, (c) costs incurred on initial development of the raw land in preparation for future projects, and (d) borrowing costs. They are transferred to lots, condominium and residential units for sale under "Real estate inventories" when the project plans, development and construction estimates are completed and the necessary permits are secured.

Investments in Associates
The Group's investment in associates is accounted for under the equity method of accounting. Under the equity method, the investment in associates is carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group's share of net assets of the associates. The consolidated statement of income reflects the share of the results of operations of the associates. The Group recognizes its share of the losses of the associate until its share of losses equals or exceeds its interest in the associate, at which point the Group discontinues recognizing its share of further losses.

Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on investment in an associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in an associate is impaired.

If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognize the amount in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Investment Properties

Investment properties consist of commercial mall, land and other properties that are held for long term rental yields and capital appreciation and land held with undetermined future use. Investment properties also include right-of-use assets involving real properties that are subleased to other entities. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any. Initial cost of investment properties consists of cash paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction and directly attributable costs of bringing the investment properties to its intended location and working condition, including borrowing costs.

Constructions-in-progress are carried at cost (including borrowing costs) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete.

For those right-of-use assets that qualify as investment properties, i.e., those land that are subleased 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.

Investment properties built on rented properties are depreciated over their estimated useful lives or lease term, whichever is shorter.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives (EUL) of these assets as follows:

	Years
Buildings and improvement	20-50
Machinery and equipment	5-15

The EUL and the depreciation method is reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment properties also include prepaid commission representing incremental costs that are directly attributable to negotiating and arranging a lease. These are initially recognized at cost and are amortized over the related lease term.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost.

Construction-in-progress, is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the EUL of the assets, as follows:

	Years
Buildings	20-50
Machinery and equipment	5-20
Transportation equipment	5
Furniture and fixtures	3-5

Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease term, whichever is shorter.

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

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, is removed from the account. Any gain or loss arising from derecognition of the asset is included in the consolidated statement of income in the year the asset is derecognized.

Intangible Assets

Intangible assets include goodwill, and build, transfer and operate (BTO) rights and developmental rights, which are presented under other noncurrent assets.

Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination or contracted arrangements is their fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill, are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives (i.e., BTO rights and developmental rights) are amortized over the economic useful life (i.e., 25 years) and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income.

Intangible assets with indefinite useful lives (i.e., goodwill) are not amortized, but are tested for impairment annually or more frequently, either individually or at the cash generating unit level.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Other Assets

Other current and noncurrent assets including construction materials and supplies are carried at cost and pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

Value-added Tax (VAT)

Revenues, expenses, and assets 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 statement 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 statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable and payable from the taxation authority is included as part of "Other assets" and "Accounts payable and accrued expenses", respectively, in the consolidated statement of financial position.

Impairment of Nonfinancial Assets

The carrying values of investment in associates, property and equipment, investment properties, right-of-use assets and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost of disposal and value-in-use. 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 assessment of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of income.

For nonfinancial assets, excluding goodwill, 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 Group estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually or more frequent if events or changes of circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating unit) is less than their carrying amount of cash-generating unit (or group of cash-generating unit) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Revenue Recognition

Revenue from Contracts with Customers

The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. 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 has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity in its mall retail spaces and office leasing activities, wherein it is acting as agent.



The Group recognize the difference between the consideration received from the customer and the transferred goods to the customer as contract asset in the consolidated statement of financial position.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales
The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) 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 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 project accomplishment reports prepared by the third party project managers for high-rise real estate developments and internal project engineers for mid-rise real estate development. The project technical head integrates, reviews and approves the surveys of performance to date of the construction activities of subcontractors.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables is included in the "contract asset" account in the asset section of the consolidated statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the consolidated statement of financial position.

In case of sales cancellation, the difference between the fair value of the repossessed property less cost to repossess and the outstanding receivable and related accounts at the time of cancellation is recognized in profit or loss.

Common usage service area (CUSA) charges and air conditioning dues (included as part of 'Rental and related services')
CUSA charges are recognized when the related services are rendered. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, and electricity in its office leasing activities, wherein it is acting as` agent. Income from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant and are presented gross of related cost and expenses.

Other dues
For the administration fees, electricity and water usage, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Group, are primarily responsible for the provisioning of the utilities while the Group administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.



Theater and parking sales and snack bar sales (included as part of 'Rental and related services')
Revenue from theater and parking sales is recognized over time using output method when theater services are rendered. Revenue from snack bar sales is recognized at a point in time when goods are actually sold to customers.

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 land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, 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 costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances
Contracts receivables
A 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).

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If 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 as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract (Commission expenses)
The incremental 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 marketing expense" account in the consolidated statement of 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 firstly 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) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the 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) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets pertain to land acquisition costs.

Amortization, de-recognition 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 over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization of contract fulfillment assets and cost to obtain a contract is included within "Cost of real estate sales" and "Selling and marketing expense", respectively.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either 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 the contract fulfillment asset or capitalized cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant 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 will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, the judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

<u>Other Revenue and Income Recognition</u>
Rental Income
Rental income arising from investment properties are recognized in the consolidated statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.



Income from Forfeited Reservations and Collections
Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest Income
Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Other Income
Other income, including service fees, processing fees, management fees, is recognized when services are rendered and when goods are delivered.

Cost and Expense Recognition
Costs and expenses are recognized in the consolidated statement of 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 statement of 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 statement of financial position as an asset.

Expenses
"General and administrative expenses" and "Selling and marketing expenses" are expenses that are incurred in the course of the ordinary operations of the Group. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, property and equipment and investment properties. Selling and marketing expenses are costs incurred to sell real estate inventories, which include commissions, advertising and promotions, among others. General and administrative expenses constitute costs of administering the business.

Expenses are recognized in the consolidated statement of income as incurred based on the amounts paid or payable.

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

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets an any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs.

Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. They are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the consolidated statement of financial position.

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 sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.



All other borrowing costs are expensed as incurred.

As discussed in *"Future Changes in Accounting Policy"*, the Philippine SEC MC 34-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (IAS 23, *Borrowing Cost*) until December 31, 2023. The Group opted to avail of the relief as provided by the SEC.

Foreign Currency-Denominated Transactions

The functional and presentation currency of the Parent Company and its subsidiaries and associate is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.

Equity

Common and Preferred Stock

The Group records common and preferred stock at par value and additional paid-in capital as the excess of the total contributions received over the aggregate par values of the equity shares.

The Group considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. When any member of the Group purchases the Parent Company's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in consolidated equity.

Treasury Stock

Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings

Retained earnings represent accumulated earnings of the Group, and any other adjustments to it as required by other standards, less dividends declared. The individual accumulated earnings of the subsidiaries and accumulated equity earnings from an associate included in the consolidated retained earnings are available for dividend declaration when these are declared as dividends by the subsidiaries and associate as approved by their respective BOD.

The partial disposal or acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interests is liabilities in equity under "Retained Earnings" of the parent in transactions where the noncontrolling interests are acquired or sold without loss of control.



Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury.

Dividends on common and preferred shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options and dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted would decrease the basic EPS, and then such convertible preferred shares would be deemed dilutive.

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

Income Tax
Current Income Tax
Current income 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 at the reporting date.

Deferred Income Tax
Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or 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 profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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. Income tax relating to items recognized directly in other comprehensive income is recognized in consolidated statement of comprehensive income and not in the consolidated statement of income.

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

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 Lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight-line basis over the lease term. 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.

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 e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term. In case of a lease modification, the lessor shall account for any such modification by recognizing 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.

In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income. No rental income is recognized when the Group waives its right to collect rent and other charges. This is recognized as a rent concession and reported as a negative variable lease payment (see Notes 3 and 15).

Group as Lessee

Except for short-term leases and lease of low-value assets, the Group applies a single recognition and measurement approach for all leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use-assets

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.



The Group classifies its right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Useful life of right-of-use on land ranges from 20- to 50 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

ii) 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 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.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (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. 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.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects: (a) the nature of the products and services; (b) the nature of the production processes; (c) the type or class of customer for their products and services; (d) the methods used to distribute their products or provide their services; and, I if applicable, the nature of the regulatory environment. The Group's mall retail spaces and office leasing activities are treated as one segment. Financial information on business segments is presented in Note 5 to the consolidated financial statements.

Provisions
A provision is 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.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They 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 are disclosed when an inflow of economic benefits is probable.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRSs as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable.

Estimates and judgments 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 which have the most significant effect on the amounts recognized in the consolidated financial statements.

Real Estate Revenue Recognition

a. 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 are not signed by both parties, the combination of its other signed documentation such as purchase application form and official receipts evidencing collections from buyer, would contain all the criteria to qualify as contract with the customer under PFRS 15.

   In addition, part of the assessment process of the Group 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. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price.

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

c. Revenue recognition method 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 is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer 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.

Accounting for the acquisition of NPHI and CRC
In determining whether a transaction or an event is a business combination, the Group assessed whether the assets acquired and liabilities assumed constitute a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. Further, a business consists of inputs and processes applied to those inputs that have the ability to create outputs. Based on the provisions of the Share Purchase Agreement to acquire 100% shares of NPHI and CRC (see Note 1), the Parent Company assessed that the acquisition does not constitute a business. In making the judgment, the Parent Company considered that it lacks two (2) of the three (3) components required to meet the definition of a business (i.e., processes and output). While the Parent Company acquired inputs (i.e., land), FLI did not acquire any processes. As such, the transaction was accounted for as an acquisition of an asset and the entire consideration was recognized as part of land and land development costs in the consolidated statement of financial position (see Note 10).

Evaluation of Impairment on Nonfinancial Assets
The Group reviews its investments in associates, property and equipment, investment properties, right-of-use assets, intangible assets and other assets (excluding short-term deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends.

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

The recoverable amount is the asset's fair value less cost of disposal, except for investments in associates, which have recoverable value determined using value-in-use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investments in associates. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Assessment on whether rental concessions granted constitute a lease modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges from the lessees of its commercial spaces.

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

The rental concessions granted by the Group for the years ended December 31, 2023, 2022 and 2021 amounted to ₱70.76 million, ₱314.84 million and ₱734.27 million (see Notes 6 and 15).

Adoption of a 'no tax' regime for FILRT
As a REIT entity, FILRT can choose to operate within one of two tax regimes (i.e., a 'full tax' regime or a 'no tax' regime). The REIT entity can effectively operate under a 'no tax' regime provided that it meets certain conditions (e.g., listing status, minimum required dividend payments). A REIT entity is required to distribute at least 90% of its annual income as dividends to its investors and is allowed to treat the dividend as deduction for tax purposes making it effectively an income tax-free entity.

As of December 31, 2023 and 2022, FILRT met the provisions of the REIT law and complies with the 90% dividend distribution requirement. FILRT has determined, based on its current tax regime and expected dividend distribution in the succeeding periods, that it can effectively operate on a "no-tax" regime. FILRT did not recognize any deferred taxes in 2023 and 2022.

Contingencies
In the normal course of business, the Group is currently involved in various legal proceedings and assessments. The assessment of probability and estimate of the probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Group currently does not believe these proceedings will have material or adverse effect on the Group's financial position and results of operations (see Note 32).

Use of Estimates and Assumptions
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.

Revenue Recognition and Measure of Progress for Real Estate Sales
The Group's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of real estate project.

For the years ended December 31, 2023, 2022 and 2021, real estate sales amounted to ₱14.49 billion, ₱12.84 billion, and ₱11.27 billion, respectively (see Note 6).

Evaluation of Impairment of Contract Receivables and Contract Assets
The Group uses the vintage analysis to calculate ECLs for contracts receivables and contract assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, market segment and collateral type).

The vintage analysis (the model) is initially based on the Group's historical observed default rates. The Group will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's contract receivables and contract assets is disclosed in Note 8.

The carrying values of contract receivables and contract assets are as follows:

	2023	2022
	(In Thousands)	
Contracts receivables (Note 8)	**₱1,837,829**	₱2,128,881
Contract assets (Note 6)	**9,783,769**	10,482,956

Estimating NRV of Real Estate Inventories
The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether the selling prices of those inventories have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In evaluating NRV, recent market conditions and current market prices have been considered.

As of December 31, 2023 and 2022, the carrying amount of real estate inventories amounted to ₱72.63 billion and ₱71.33 billion, respectively (see Note 10). No impairment adjustments were recognized since the costs are lower than NRV for the years ended December 31, 2023, 2022 and 2021.

Evaluation of Impairment on Goodwill
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill on acquisition of FILRT, FAC and Festival Supermall structure is based on value-in-use calculation that uses a discounted cash flow model. The cash flows are derived from budget period of five (5) years and do not include restructuring activities that the Group is not yet committed to nor significant future investments that will enhance the asset base of the cash generating unit being tested.

The Group has adjusted the cash flows forecast and assumptions in 2023 to consider the impact associated with the COVID 19 pandemic. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as revenue growth rates, gross margins and terminal growth rates used. The pre-tax discount rates used in 2023 and 2022 were 9.3% to 11.0%. The growth rates used beyond the forecast period for different cash-generating units were 3.0% to 5.0%.

As of December 31, 2023 and 2022, the Group has determined that its goodwill is not impaired. The carrying value of goodwill amounted to ₱4.57 billion as of December 31, 2023 and 2022 (see Note 4).

Recognition of Deferred Income Tax Assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Group will generate sufficient future taxable profit to allow all or part of its deferred income tax assets to be utilized.

The Group's recognized deferred tax assets amounted to ₱1.73 billion and ₱1.84 billion as of December 31, 2023 and 2022, respectively (see Note 28). The tax effect of the Group's carryforward benefits of NOLCO for which no deferred income tax assets were recognized amounted to ₱169.93 million and ₱191.70 million in 2023 and 2022, respectively (see Note 28).

Fair Values of Assets and Liabilities
The Group carries and discloses certain assets and liabilities at fair value, which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., interest rate), the amount of changes in fair value would differ due to usage of different valuation methodology. Any changes in fair value of these assets and liabilities would affect directly the Group's consolidated statement of income and other comprehensive income (see Notes 13 and 29).

4. Goodwill

Goodwill arising from business combinations in the Group's consolidated statements of financial position as of December 31, 2023 and 2022 consists of (amounts in thousands):

Festival Supermall structure	₱3,745,945
FAC	494,744
FILRT	326,553
	₱4,567,242

In September 2006, the Group entered into a series of transactions pursuant to which it acquired: (1) 60% ownership interest in FAC from FDC; (2) 60% ownership interest in FILRT from FAI; and, (3) Festival Supermall structure from FAI. In exchange for acquiring these assets, the Group issued a total of 5.64 billion common shares to FDC and FAI and assumed ₱2.50 billion outstanding debts of FDC and FAI. The business combinations resulted in the recognition of goodwill amounting to ₱4.24 billion, which comprises the fair value of expected synergies arising from the acquisitions.

Subsequently in February 2010, the Parent Company acquired the remaining 40% interests in FILRT from Africa-Israel Properties (Phils.), Inc. to obtain full control of the then joint venture. The acquisition resulted in FILRT becoming wholly-owned subsidiary of the Parent Company. The acquisition of the joint venture partner's interests was accounted for as business combination and resulted in recognition of goodwill amounting to ₱326.55 million.

As of December 31, 2023 and 2022, the recoverable value of the cash generating units to which the goodwill pertains is in excess of the carrying value of the cash generating units, thus, no impairment has been recognized.

5. Segment Reporting

For management purposes, the Group is organized into the following business units:

Real Estate
This involves the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings.

Leasing
This involves the operations of Festival Supermall, Fora Tagaytay, Main Square and Il Corso, including its management and theater operations, and the leasing of commercial and office spaces in Makati City, Muntinlupa City, Pasay City, Bacoor City, Tagaytay City, Cebu City and Clark. This also includes the hotel operations of TSNC and NSI and the operations of PDDC of a district cooling system within existing and future buildings at Northgate Cyberzone Area, Filinvest City, Alabang, Muntinlupa City.

Management monitors the operating results of each of its business units for purposes of resource allocation and performance assessment. Performance of each segment is evaluated based on their profit and loss or net income.

The chief operating decision-maker of the Group is the Executive Committee. The committee reviews internal reports to assess performance and allocate resources. Based on the reports, it is also able to determine both the operating and non-operating segments. Reporting by geographical segments does not apply as the Group currently operates in the Philippines only. The Group's revenues are earned in the Philippines.

Transfer prices between segments are based on rates agreed upon by the parties and have terms equivalent to transactions entered into with third parties.

For the years ended December 31, 2023, 2022, and 2021, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

The financial information on the operations of these business segments as shown below are based on the measurement principles that are similar with those used in measuring the assets, liabilities, income and expenses in the consolidated financial statements which is in accordance with PFRSs as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, except for the Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).

The information about the financial position and results of operations of these business segments as of and for the years ended December 31 are summarized below (amounts in thousands).

	2023				
	Real Estate Operations	**Leasing Operations**	**Combined**	**Adjustments and Eliminations**	**Consolidated**
Revenue					
External	**₱14,486,506**	**₱7,200,950**	**₱21,687,456**	**₱–**	**₱21,687,456**
Inter-segment	**40,039**	**–**	**40,039**	**(40,039)**	**–**
	14,526,545	**7,200,950**	**21,727,495**	**(40,039)**	**21,687,456**
Equity in net earnings of associates	**242,007**	**–**	**242,007**	**–**	**242,007**
Other income	**2,001,632**	**964,869**	**2,966,501**	**(2,341,630)**	**624,871**
	₱16,770,184	**₱8,165,819**	**₱24,936,003**	**(₱2,381,669)**	**₱22,554,334**
Net income	**₱3,603,769**	**₱1,742,686**	**₱5,346,455**	**(₱1,050,411)**	**₱4,296,044**
EBITDA	**₱5,401,034**	**₱4,797,774**	**₱10,198,808**	**(₱1,229,650)**	**₱8,969,158**
Segment assets	**₱110,882,971**	**₱104,057,871**	**₱214,940,842**	**(₱10,464,765)**	**₱204,476,077**
Less net deferred tax assets	**–**	**48,483**	**48,483**	**–**	**48,483**
Net segment assets	**₱110,882,971**	**₱104,009,388**	**₱214,892,359**	**(₱10,464,765)**	**₱204,427,594**
Segment liabilities	**₱63,140,179**	**₱47,438,064**	**₱110,578,243**	**(₱374,035)**	**₱110,204,208**
Less net deferred tax liabilities	**5,802,647**	**56,068**	**5,858,715**	**(209,562)**	**5,649,153**
Net segment liabilities	**₱57,337,532**	**₱47,381,996**	**₱104,719,528**	**(₱164,473)**	**₱104,555,055**
Cash flows provided by (used in):					
Operating activities	**₱5,368,606**	**₱3,979,320**	**₱9,347,926**	**(₱155,192)**	**₱9,192,735**
Investing activities	**(616,726)**	**(3,726,929)**	**(4,343,655)**	**–**	**(4,343,655)**
Financing activities	**(4,306,123)**	**(2,071,602)**	**(6,377,725)**	**641,518**	**(5,736,207)**

	2022				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue					
External	₱12,836,056	₱6,350,408	₱19,186,464	₱–	₱19,186,464
Inter-segment	340,942	–	340,942	(340,942)	–
	13,176,998	6,350,408	19,527,406	(340,942)	19,186,464
Equity in net earnings of associates	78,956	–	78,956	–	78,956
Other income	1,854,110	1,099,670	2,953,780	(2,274,854)	678,926
	₱15,110,064	₱7,450,078	₱22,560,142	(₱2,615,796)	₱19,944,346
Net income	₱3,522,460	₱1,588,870	₱5,111,330	(₱1,590,193)	₱3,521,137
EBITDA	₱5,024,557	₱4,466,521	₱9,491,078	(₱1,318,581)	₱8,172,497
Segment assets	₱113,610,862	₱98,669,097	₱212,279,959	(₱12,164,780)	₱200,115,179
Less net deferred tax assets	–	91,383	91,383	–	91,383
Net segment assets	₱113,610,862	₱98,577,714	₱212,188,576	(₱12,164,780)	₱200,023,796
Segment liabilities	₱69,622,905	₱44,627,867	₱114,250,772	(₱5,638,334)	₱108,612,438
Less net deferred tax liabilities	5,547,080	19,612	5,566,692	58,518	5,625,210
Net segment liabilities	₱64,075,825	₱44,608,255	₱108,684,080	(₱5,696,852)	₱102,987,228
Cash flows provided by (used in):					
Operating activities	(₱1,051,285)	₱4,070,795	₱3,019,510	₱3,114,884	₱6,134,394
Investing activities	(1,369,354)	(3,836,569)	(5,205,923)	(3,969,936)	(9,175,859)
Financing activities	(1,221,205)	962,387	258,818	261,158	2,340

	2021				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue					
External	₱11,274,509	₱5,591,801	₱16,866,310	₱–	₱16,866,310
Inter-segment	233,218	–	233,218	(233,218)	–
	11,507,727	5,591,801	17,099,528	(233,218)	16,866,310
Equity in net earnings of associates	112,023	–	112,023	–	112,023
Other income	11,333,805	2,544,546	13,878,351	(13,117,765)	760,586
	₱22,953,555	₱8,136,347	₱31,089,902	(13,350,983)	₱17,738,919
Net income	₱13,289,790	₱3,478,276	₱16,768,066	(12,462,838)	₱4,305,228
EBITDA	₱16,403,290	₱5,590,819	₱21,994,109	(₱14,573,663)	₱7,420,446
Segment assets	₱114,176,209	₱83,223,266	₱197,399,475	(₱4,175,944)	₱193,223,531
Less net deferred tax assets	–	95,553	95,553	–	95,553
Net segment assets	₱114,176,209	₱83,127,713	₱197,303,922	(₱4,175,944)	₱193,127,978
Segment liabilities	₱67,170,101	₱29,599,056	₱96,769,157	₱6,664,150	₱103,433,307
Less net deferred tax liabilities	5,416,352	(136,114)	5,280,238	37,031	5,317,269
Net segment liabilities	₱61,753,749	₱29,735,170	₱91,488,919	₱6,627,119	₱98,116,038
Cash flows provided by (used in):					
Operating activities	₱442,988	₱6,908,729	₱7,351,717	₱3,791,626	₱3,560,091
Investing activities	(1,188,848)	(8,570,940)	(9,759,788)	(3,341,515)	(6,418,273)
Financing activities	(1,807,044)	13,133,583	11,326,539	(5,503,654)	5,822,885

The following table shows a reconciliation of the earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA) to income before income tax in the consolidated statement of income for the year:

	2023	2022	2021
		(In Thousands)	
EBITDA	**₱8,969,158**	₱8,172,497	₱7,420,446
Depreciation and amortization (Notes 13, 14 and 16)	**(1,593,382)**	(1,630,038)	(1,446,779)
Operating profit	**7,375,776**	6,542,459	5,973,667
Interest and other finance charges (Note 23)	**(2,434,393)**	(2,294,243)	(2,426,791)
Income before income tax	**₱4,941,383**	₱4,248,216	₱3,546,876

6. Revenue from Contracts with Customers

Disaggregated Revenue Information

The Group's disaggregation of each sources of revenue is presented below:

	2023	2022	2021
		(In Thousands)	
Real estate sales by market segment			
Medium income	**₱9,835,600**	₱8,915,046	₱7,582,470
Low affordable and affordable	**3,367,527**	2,661,307	2,500,696
High-end and others	**855,169**	1,026,177	877,766
Socialized	**428,210**	233,526	313,577
	14,486,506	12,836,056	11,274,509

(Forward)

	2023	2022	2021
		(In Thousands)	
Cinema operations by type of goods or services (included as part of rental and related services)			
Theater and parking sales	**₱214,452**	₱163,853	₱63,021
Snack bar sales	**14,066**	8,871	10
	228,518	172,724	63,031
Tenant dues			
Office leasing (Note 20)	**1,149,383**	1,158,229	1,210,100
Mall and other leasing operations	**379,197**	344,514	282,933
	1,528,580	1,502,743	1,493,093
Total revenue from contracts with customers	**16,243,604**	14,511,523	12,830,633
Rental revenues			
Office leasing (Note 20)	**3,511,044**	3,425,457	3,585,598
Mall operations	**1,605,302**	1,161,326	450,079
Others	**327,506**	88,158	–
	5,443,852	4,674,941	4,035,677
Total Revenue	**₱21,687,456**	₱19,186,464	₱16,866,310

The Group's real estate sales and theater sales are revenue from contracts with customers which are recognized over time while revenue from snack bar sales is recognized at a point in time.

As of December 31, 2023, contract balances are as follows:

	Current	**Noncurrent**	**Total**
		(In Thousands)	
Contracts receivable	**₱1,837,829**	**₱–**	**₱1,837,829**
Contract assets	**4,745,827**	**5,037,942**	**9,783,769**
Contract liabilities	**792,402**	**149,949**	**942,351**

As of December 31, 2022, contract balances are as follows:

	Current	Noncurrent	Total
		(In Thousands)	
Contracts receivable	₱2,128,881	₱–	₱2,128,881
Contract assets	5,399,792	5,083,164	10,482,956
Contract liabilities	1,012,294	283,068	1,295,362

Real estate sales contracts are collectible in equal monthly principal installments in varying periods of two (2) to ten (10) years. Interest rates per annum range from 11.5% to 19.0%. Titles to the residential units sold transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration for assets already delivered by the Group in excess of the amount recognized as contracts receivable. Contract assets is reclassified to contracts receivable when monthly amortization of customer is due for collection.

In 2023 and 2022, the Parent Company entered into an Agreement for Purchase of Contract Assets with local banks. The banks agreed to buy the contract assets on a without recourse basis, and the Parent Company agreed to sell, assign, transfer and convey to the bank all its rights, titles, and interest in and to the contract assets. In 2023 and 2022, total proceeds from these transactions equivalent to the carrying value of the contract assets sold amounted to ₱5.43 billion and ₱2.18 billion, respectively.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred based on percentage of completion. The movement in contract liability arise mainly from revenue recognition of completed performance obligations. The amount of revenue recognized in 2023 and 2022 from amounts included in contract liabilities at the beginning of the year amounted to ₱1.08 billion and ₱1.31 billion, respectively.

Performance Obligation
Information about the Group's performance obligations are summarized below:

Real estate sales
The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of a real estate unit may cover either (a) a lot; (b) house and lot or (c) condominium unit. There is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the purchase application form and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include downpayment of 20% to 30% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results in either a contract asset or contract liability.

The performance obligation is satisfied upon delivery of the completed real estate unit. The Group provides one year warranty to repair minor defects on the delivered house and lot and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2023 and 2022 amounted to ₱2.91 billion and ₱3.14 billion, respectively. Performance obligation for the transaction price amounting to ₱2.45 billion and ₱2.31 billion will be satisfied within one year as of December 31, 2023 and 2022, respectively.

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Group's real estate projects. The Group's mid-rise condominium units and high-rise condominium units are completed within three (3) and five (5) years, respectively, from start of construction while house and lots are expected to be completed within 12 months.



Rental agreements
The Group entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space; (b) provisioning of water and electricity; (c) provision of air conditioning and CUSA services presented as tenant dues; and, (d) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of lease concessions it granted to lessees. Rent discounts and concessions given vary for merchants that are: (1) allowed to operate during community quarantine and operational; (2) allowed to operate during community quarantine but not operational; and, (3) not allowed to operate during community quarantine.

Cost to Obtain Contracts and Contract Fulfillment Assets
The rollforward of the cost to obtain contract included in the other current assets is as follows:

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱473,852**	₱474,282
Additions	**632,296**	702,663
Amortization (Note 22)	**(738,634)**	(703,093)
Balance at end of year (Note 11)	**₱367,514**	₱473,852

Amortization of cost to obtain contract is recognized in the consolidated statements of comprehensive income under selling and marketing expenses.

For the years ended December 31, 2023 and 2022, additions of contract fulfillment costs amounted to ₱648.65 million and ₱786.78 million, respectively (see Note 10). Amortization of contract fulfillment costs amounted to ₱1.07 billion and ₱1.06 billion for the years ended December 31, 2023 and 2022, respectively. Contract fulfilment assets is included as part of real estate inventories.

The Group reviews its major contracts to identify indicators of impairment of contract fulfilment assets by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract.

In determining estimated amount of consideration, the Group uses the same principles in determining contract transaction price.

It is the Group's accounting policy, as set out in Note 2, that if a contract or specific performance obligation has exhibited marginal profitability or other indicators of impairment, judgement is applied to ascertain whether the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of

the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

7. Cash and Cash Equivalents

This account consists of:

	2023	2022
		(In Thousands)
Cash	**₱4,604,987**	₱5,278,698
Cash equivalents	**1,127,021**	1,340,437
	₱5,732,008	₱6,619,135

Cash includes cash on hand and in banks. Cash in bank earns 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 (3) months or less from dates of placement and are subject to an insignificant risk of change in value.

Interest income earned on the Group's cash and cash equivalents amounted to ₱80.39 million, ₱71.20 million and ₱23.15 million in 2023, 2022 and 2021, respectively (see Note 23).

There is no restriction on the Group's cash and cash equivalents as at December 31, 2023 and 2022.

8. Contracts Receivables

This account consists of:

	2023	2022
		(In Thousands)
Contracts receivable	**₱1,582,486**	₱1,906,849
Receivables from government and financial institutions	**255,343**	222,032
	₱1,837,829	₱2,128,881

Real estate sales contracts are collectible over varying periods within two (2) to ten (10) years. The receivables arising from real estate sales are collateralized by the corresponding real estate properties sold. The Group records any excess of progress work over the right to an amount of consideration that is unconditional (i.e., contracts receivable) as contract assets (see Note 6).

In 2022, the Group granted relief under the Bayanihan Act during the first half of the year and had gradually removed this relief as foot traffic improved and as retail tenants recover by the end of the year. In 2021, the Group provided reliefs under Bayanihan 1 Act and Bayanihan 2 Act, which offered financial reliefs to its borrowers/counterparties as a response to the effect of the COVID-19 pandemic. These relief measures included the restructuring of existing receivables including extension of payment terms. Based on the Group's assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets.

Receivables from government and financial institutions pertain to government and bank-financed real estate sales. Receivables from government and financial institutions are collectible within one year.

Interest income recognized on contracts receivable amounted to ₱174.03 million, ₱276.49 million and ₱355.06 million in 2023, 2022 and 2021, respectively (see Note 23). Interest rates per annum on contracts receivable range from 11.5% to 19.0% for these years.

The Group has a mortgage insurance contract with Philippine Guarantee Corporation (PhilGuarantee), a government insurance company for a retail guaranty line. As of December 31, 2023 and 2022, the contracts (comprise of both contract receivables and contract assets) covered by the guaranty line amounted to ₱361.45 million and ₱534.05million, respectively. As of December 31, 2023 and 2022, the remaining unutilized guaranty line amounted to ₱1.37 billion and ₱1.43 billion, respectively.

As of December 31, 2023 and 2022, no impairment losses were recognized from contracts receivables.

9. Other Receivables

This account consists of:

	2023	2022
		(In Thousands)
Receivables from tenants	**₱2,038,850**	₱1,876,759
Due from related parties (Notes 20)	**695,344**	464,618
Advances to officers and employees	**422,954**	322,326
Receivables from homeowners' associations	**227,671**	286,148
Others	**139,383**	2,822
	3,524,202	2,952,673
Less: Allowance for expected credit losses	**59,146**	50,667
	₱3,465,056	₱2,902,006

"Receivables from tenants" represent charges to tenants for rentals and utilities normally collectible within 15-20 days from billing date. Allowance for expected credit losses related to tenants' accounts specifically determined to be impaired amounted to ₱43.28 million and ₱34.80 million as of December 31, 2023 and 2022, respectively. The Group has recognized provision for expected credit losses amounting to ₱8.49 million, ₱2.98 million and ₱7.70 million in 2023, 2022 and 2021, respectively.

"Advances to officers and employees" represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

"Receivables from homeowners' associations" represent claims from the homeowners' association of the Group's projects for the payment of the expenses on behalf of the association. Allowance for expected credit losses related to these receivables, determined using collective impairment assessment, amounted to ₱15.86 million as of December 31, 2023 and 2022. The Group has not recognized provision for expected credit losses in 2023, 2022 and 2021.

"Others" represent advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

10. Real Estate Inventories

This account consists of:

	2023	2022
	(In Thousands)	
Real estate inventories – at cost		
Lots, condominium and residential units for sale	**₱45,642,483**	₱44,623,160
Land and land development	**26,992,347**	26,703,327
	₱72,634,830	₱71,326,487

A summary of the movement in lots, condominium and residential units for sale is set out below:

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱44,623,160**	₱42,808,627
Land costs transferred from land and land development (Note 6)	**648,649**	786,781
Additions thru asset acquisition (Notes 1 and 3)	**452,578**	–
Net transfer to investment properties (Note 13)	–	(80,520)
Construction/development costs incurred	**7,319,735**	7,886,878
Capitalized borrowing costs	**699,846**	576,083
Cost of real estate sales	**(8,101,485)**	(7,354,689)
Balance at end of year	**₱45,642,483**	₱44,623,160

Capitalization rate for the capitalized borrowing costs is 5.15%, 4.7% and 4.6% in 2023, 2022 and 2021, respectively.

A summary of the movement in land and land development is set out below:

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱26,703,327**	₱25,918,293
Land acquisitions (Notes 1 and 3)	**51,111**	747,018
Land costs transferred to real estate inventories	**(648,649)**	(786,781)
Site development and incidental costs	**886,558**	824,797
Balance at end of year	**₱26,992,347**	₱26,703,327

As of December 31, 2023 and 2022, on account additions to land and land development during the year which remain outstanding amounted to ₱4.40 billion and ₱4.59 billion, respectively, and these are recognized as part of "Accounts payable and accrued expense" (see Note 17).

Borrowing costs capitalized as part of land and land development, where activities necessary to prepare it for its intended use is ongoing, amounted to ₱620.18 million, ₱430.55 million and ₱428.85 million for the years ended December 31, 2023, 2022 and 2021, respectively. Capitalization rate is 5.15%, 4.7% and 4.9% in 2023, 2022 and 2021, respectively.

Acquisition of land and land development included under cash flows used in operating activities amounted to ₱0.51 billion, ₱1.29 billion and ₱1.18 billion for the years ended December 31, 2023, 2022 and 2021, respectively.

11. Other Current Assets

This account consists of:

	2023	2022
		(In Thousands)
Input taxes -net	**₱3,842,624**	₱3,706,199
Creditable withholding taxes	**1,231,664**	1,291,214
Prepaid expenses	**807,382**	313,696
Advances to contractors and suppliers	**445,383**	239,294
Construction materials and supplies	**401,535**	281,018
Cost to obtain contract (Note 6)	**367,514**	473,852
Short-term deposits (Note 30)	**96,332**	75,492
	₱7,192,434	₱6,380,765

"Input taxes" pertains to VAT passed on from purchases of goods or services which is applied against output VAT.

"Creditable withholding taxes" are the taxes withheld by the withholding agents from payments to the sellers which is creditable against the income tax payable.

"Prepaid expenses" consist of prepayments for commissions on leases, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

"Advances to contractors and suppliers" pertain to down payments made by the Group which are applied against future billings for development and construction contracts of real estate inventories.

"Construction materials and supplies" pertain to inventories to be used in the construction and maintenance of projects.

"Cost to obtain contract" includes accrued commissions net of amount paid to brokers relating to the sale of real estate inventories which qualify for revenue recognition.

12. **Investments in Associates**

This account consists of:

	2023	2022
		(In Thousands)
At equity:		
Acquisition cost		
Balance at beginning of year	**₱1,018,841**	₱1,007,869
ProActive Professionals Corp. (ProActive)	**10,000**	–
Pro-excel (Note 1)	**–**	10,972
Balance at end of year	**1,028,841**	1,018,841
Accumulated equity in net earnings:		
Balance at beginning of year	**1,733,276**	1,654,320
Equity in net earnings for the year	**242,007**	78,956
Dividend declaration	**(167,125)**	–
Balance at end of year	**1,808,158**	1,733,276
Share in revaluation increment on land at deemed cost	**2,010,452**	2,010,452
Share in other components of equity	**372,449**	372,449
	₱5,219,900	₱5,135,018

As of December 31, the carrying value of the Group's investments in associates follows:

	2023	2022
		(In Thousands)
FAI	**₱4,908,516**	₱4,854,844
DPI	**93,119**	95,500
FMI	**81,629**	80,353
CTI	**52,190**	50,218
Pro-excel	**43,406**	40,047
SharePro	**31,040**	14,056
ProActive	**10,000**	–
	₱5,219,900	₱5,135,018

FAI

The Parent Company has a 20% interest in FAI which is involved primarily in the development of commercial buildings, residential condominiums and land. FAI is also involved in leasing of commercial real estate and marketing.

Dividends declared by FAI and the corresponding share of the Group for the year ended December 31, 2023 amounted to ₱800.00 million and ₱160.00 million, respectively (nil for the year ended December 31, 2022).

Summarized financial information and reconciliation of investment in FAI is as follows:

	2023	2022
		(In Thousands)
Current assets	**₱15,185,721**	₱12,036,547
Noncurrent assets	**22,398,234**	23,925,505
Total assets	**37,583,955**	35,962,052
Current liabilities	**2,327,477**	2,020,483
Noncurrent liabilities	**7,233,433**	6,500,610
Total liabilities	**9,560,910**	8,521,093
Equity	**₱28,023,045**	₱27,440,959
Proportion of the Group's ownership	**20%**	20%
Equity in net assets of associate	**₱5,604,609**	₱5,488,192
Less upstream sales	**696,093**	633,348
Carrying amount of the investment	**₱4,908,516**	₱4,854,844
Revenue and other income	**₱3,633,405**	₱2,155,434
Cost and other expenses	**(1,933,204)**	(1,341,589)
Depreciation	**(218,825)**	(220,049)
Interest expense	**(67,134)**	(95,143)
Interest income	**17,592**	7,030
Income before tax	**1,431,834**	505,683
Income tax expense	**363,482**	142,163
Net income for the year	**₱1,068,352**	₱363,520
Group's equity in net earnings of associate	**₱213,670**	₱72,704

DPI

In 2020, the 45% interest in DPI of the Parent Company was classified as an investment in associate. For the years ended December 31, 2023, 2022 and 2021, share in net earnings (loss) of DPI amounted to (₱2.38 million), (₱3.39 million) and ₱11.19 million, respectively.

FMI

In 2016, FMI was incorporated to enter into an agreement with CDC for the lease of the Mimosa Leisure Estate. The Parent Company subscribed for 47.5% of FMI's capital stock amounting to ₱37.83 million. For the years ended December 31, 2023, 2022 and 2021, share in net earnings of FMI amounted to ₱1.28 million, ₱5.77 million and ₱0.56, respectively.

CTI

In 2019, the 30% interest in CTI of the Parent Company was classified as an investment in associate. CTI is primarily involved in information technology service management. Share in net earnings (loss) of CTI amounted ₱1.97 million, (₱2.94 million) and ₱1.02 million for the years ended December 31, 2022, 2022 and 2021, respectively.

Pro-Excel

On December 28, 2022, FAI entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-excel to FLI for a total consideration of ₱10.97 million. The resulting ownership interest of FLI in Pro-excel after the transfer is 47.5%. Share in net earnings of Pro-Excel amounted to ₱10.49 million, ₱4.01 million and ₱2.76 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Dividends declared by Pro-Excel and the corresponding share of the Group for the year ended December 31, 2023 amounted to ₱15.00 million and ₱7.13 million, respectively (nil for the year ended December 31, 2022).

SharePro, Inc. (SPI)
SPI was incorporated and operating in the Philippines and handles the technical and project management services for the Group. In December 2021, the Parent Company subscribed for 45.0% of SPI's capital stock amounting to ₱11.25 million. Share in net earnings of SPI amounted to ₱16.99 million and ₱2.81 million for the years ended December 31, 2023 and 2022, respectively (nil in 2021).

ProActive Professionals Corp. (ProActive)
ProActive was incorporated to provide business process outsourcing services for the Group. On August 9, 2023, the Parent Company subscribed to 40.0% of ProActive's capital stock amounting to ₱10.00 million. ProActive has not started commercial operations as of December 31, 2023.

Aggregate financial information on the associates with immaterial interest (FMI, CTI, Pro-excel, DPI, SPI and ProActive) follows:

	2023	2022
	(In Thousands)	
Carrying amount	**₱311,384**	₱280,174
Share in net income	**28,337**	6,252
Share in total comprehensive income	**28,337**	6,252

The Group does not restrict profit distribution of its associates. The associates have no contingent liabilities outside of the ordinary course of business or capital commitments as at December 31, 2023 and 2022.

13. Investment Properties

The rollforward analysis of this account as of December 31 follows:

	2023					
	Land	**Buildings and Improvements**	**Machinery and Equipment**	**Construction in Progress**	**Right-of-use assets** (Note 15)	**Total**
	(In Thousands)					
Cost						
Balances at beginning of year	**₱16,533,276**	**₱29,538,271**	**₱382,015**	**₱34,327,269**	**₱5,376,136**	**₱86,156,967**
Additions	**42,404**	**2,566,522**	**25,767**	**1,218,628**	**–**	**3,853,321**
Balances at end of year	**16,575,680**	**32,104,793**	**407,782**	**35,545,897**	**5,376,136**	**90,010,288**
Accumulated Depreciation						
Balances at beginning of year	**–**	**8,150,458**	**377,477**	**–**	**607,636**	**9,135,571**
Depreciation (Note 21)	**–**	**1,049,293**	**19,235**	**–**	**146,853**	**1,215,381**
Balances at end of year	**–**	**9,199,751**	**396,712**	**–**	**754,489**	**10,350,952**
Net Book Value	**₱16,575,680**	**₱22,905,042**	**₱11,070**	**₱35,545,897**	**₱4,621,647**	**₱79,659,336**

	2022					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 15)	Total
	(In Thousands)					
Cost						
Balances at beginning of year	₱14,461,401	₱28,945,082	₱367,238	₱30,981,015	₱5,376,136	₱80,130,872
Additions	1,977,268	647,232	14,777	3,335,283	–	5,974,560
Transfers (Note 10)	94,607	(54,043)		10,971	–	51,535
Balances at end of year	16,533,276	29,538,271	382,015	34,327,269	5,376,136	86,156,967
Accumulated Depreciation						
Balances at beginning of year	–	7,234,718	364,273	–	453,892	8,052,883
Depreciation (Note 21)	–	944,725	13,204	–	153,744	1,111,673
Transfers (Note 10)	–	(28,985)	–	–	–	(28,985)
Balances at end of year	–	8,150,458	377,477	–	607,636	9,135,571
Net Book Value	₱16,533,276	₱21,387,813	₱4,538	₱34,327,269	₱4,768,500	₱77,021,396

Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion.

On December 12, 2022, FILRT entered into a Deed of Sale for the purchase of three (3) parcels of land with a total area of 29,086 sq.m. owned by FDC, located in Boracay, Aklan (see Note 20).

On June 1, 2022, FLI entered into a Deed of Absolute Sale with a third party for the purchase of five (5) parcels of land with a total area of 82,692 sq.m. located at San Jose Del Monte, Bulacan, for a total selling price of ₱1.31 billion. These were acquired for the development of residential mid-rise buildings and mixed-use commercial spaces such as offices, retail establishments, and data centers. As such, ₱657.44 million is presented as part of land and land development under the 'Real estate inventories' in the consolidated statement of financial position (see Note 10). The acquisition is fully paid in 2022.

Borrowing costs capitalized as part of investment properties amounted to ₱944.83 million, ₱812.02 million and ₱808.77 million in 2023, 2022 and 2021, respectively. Capitalization rates used are 4.33% to 6.68%, 3.6% to 6.12%, and 1.17% to 3.85% in 2023, 2022 and 2021, respectively.

The aggregate fair value of the Group's investment properties amounted to ₱214.64 billion and ₱214.05 billion as of December 31, 2023 and 2022, respectively based on third party appraisals performed by an SEC accredited independent appraiser and management appraisal updated using current and year-end values and assumptions. The fair value of buildings was determined using the Income Approach based on discounted cash flow analysis. The fair value of land was determined using the Income Approach based on discounted cash flow analysis and market approach.

Under the Income Approach, all expected cash flow from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations. The valuation of investment property is categorized as Level 3 in the fair value hierarchy since valuation is based on unobservable inputs. The significant unobservable inputs used in the valuation pertains to lease income growth rate and discount rate. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value measurement while a change in the assumption used for the lease income growth rate is accompanied by a directionally similar change in the fair value of the Group's investment properties.

Market data approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available. For market data approach, the higher the price per sqm., the higher the fair value. The significant unobservable inputs to valuation of the land is the price per square meter ranging from ₱35,000 to ₱275,000.

The Group has no restrictions on the realizability of its investment properties.

Revenue from rental and related services from investment properties amounted to ₱6.80 billion, ₱6.05 billion and ₱5.38 billion in 2023, 2022 and 2021, respectively (see Note 6). Cost of rental and related services arising from investment properties is as follows:

	2023	2022	2021
		(In Thousands)	
Mall operations	**₱1,822,415**	₱1,410,754	₱1,331,730
Depreciation	**1,201,601**	993,133	1,013,013
Others	**27,721**	6,477	33,619
	₱3,051,737	₱2,410,364	₱2,378,362

"Others" pertain to cost of ticket sales and snack bar sales.

The Group classifies the depreciation of fit out cost and machinery and equipment related to the common area and air-conditioning as part of the maintenance and air-conditioning dues that are collected from the tenants. In 2023, 2022 and 2021, depreciation expense recognized as part of "Rental and related services" revenue amounted to ₱179.20 million, ₱13.42 million and ₱67.96 million, respectively.

14. Property and Equipment

The rollforward analysis of this account as of December 31 follows:

	2023						
	Land and Buildings	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress**	**Total**
				(In Thousands)			
Cost							
Balances at beginning of year	**₱3,613,237**	**₱3,166,765**	**₱185,075**	**₱166,739**	**₱213,023**	**₱220,898**	**₱7,565,737**
Additions	**86,721**	**173,532**	**38,527**	**23,868**	**109,274**	**56,312**	**488,234**
Balances at end of year	**3,699,958**	**3,340,297**	**223,602**	**190,607**	**322,297**	**277,210**	**8,053,971**
Accumulated Depreciation and Amortization							
Balances at beginning of year	**699,238**	**966,089**	**155,299**	**123,207**	**136,625**	**–**	**2,080,458**
Depreciation and amortization (Note 21)	**98,053**	**140,221**	**15,131**	**25,855**	**21,241**	**–**	**300,501**
Balances at end of year	**797,291**	**1,106,310**	**170,430**	**149,062**	**157,866**	**–**	**2,380,959**
Net Book Value	**₱2,902,667**	**₱2,233,987**	**₱53,172**	**₱41,545**	**₱164,431**	**₱277,210**	**₱5,673,012**

	2022						
	Land and Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
				(In Thousands)			
Cost							
Balances at beginning of year	₱3,566,434	₱2,243,870	₱176,363	₱135,909	₱194,098	₱217,249	₱6,533,923
Additions	46,803	922,895	8,712	30,830	18,925	3,649	1,031,814
Balances at end of year	3,613,237	3,166,765	185,075	166,739	213,023	220,898	7,565,737
Accumulated Depreciation and Amortization							
Balances at beginning of year	603,913	762,784	145,131	104,786	123,288	–	1,739,902
Depreciation and amortization (Note 21)	95,325	203,305	10,168	18,421	13,337	–	340,556
Balances at end of year	699,238	966,089	155,299	123,207	136,625	–	2,080,458
Net Book Value	₱2,913,999	₱2,200,676	₱29,776	₱43,532	₱76,398	₱220,898	₱5,485,279

15. Leases

Group as lessee

The Group has lease contracts for land. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group has entered into land lease arrangements with lease terms of between 25 and 50 years. There are several leases that include extension option to lease the assets for additional 25 years based on mutual agreement of the parties.

The rollforward analysis of right-of-use assets on land as of and for the year ended December 31 follows:

	2023		
	Investment Properties (Note 13)	**Other Noncurrent Assets** (Note 16)	**Total**
		(In Thousands)	
Cost			
At January 1 and December 31	**₱5,376,136**	**₱112,424**	**₱5,488,560**
Accumulated Depreciation			
At January 1	**607,636**	**14,142**	**621,778**
Depreciation (Note 21)	**146,853**	**6,895**	**153,748**
As at December 31	**754,489**	**21,037**	**775,526**
Net Book Value	**₱4,621,647**	**₱91,387**	**₱4,713,034**

	2022		
	Investment Properties (Note 13)	Other Noncurrent Assets (Note 16)	Total
		(In Thousands)	
Cost			
At January 1 and December 31	₱5,376,136	₱112,424	₱5,488,560
Accumulated Depreciation			
At January 1	453,892	9,462	463,354
Depreciation (Note 21)	153,744	4,680	158,424
As at December 31	607,636	14,142	621,778
Net Book Value	₱4,768,500	₱98,282	₱4,866,782

The rollforward analysis of lease liabilities as of December 31 follows:

	2023	2022
	(In Thousands)	
At January 1	**₱6,508,490**	₱6,348,018
Interest expense (gross of related capitalized borrowing costs) (Note 23)	**583,815**	520,575
Payments	**(372,444)**	(360,103)
As at December 31	**6,719,861**	6,508,490
Lease liabilities – current portion	**175,459**	246,051
Lease liabilities – net of current portion	**₱6,544,402**	₱6,262,439

The Group also has certain lease of land with variable rental payments and lease of office space considered as 'low-value assets'. The Group applies the lease of 'low-value assets' recognition exemptions for these leases.

The following are the amounts recognized in the consolidated statement of income for the years ended December 31:

	2023	2022	2021
		(In Thousands)	
Interest and other finance charges on lease liabilities (Note 23)	**₱487,174**	₱425,148	₱430,286
General and administrative expenses (Note 21)			
Depreciation expense of right-of-use assets	**153,748**	158,424	166,238
Variable lease payments	**8,592**	18,309	15,161
Expenses relating to leases of low-value assets	**1,872**	1,528	1,872
	₱651,386	₱603,409	₱613,557

Interest expense capitalized as part of investment properties amounted to ₱96.47 million, ₱95.43 million and ₱116.09 million in 2023, 2022 and 2021, respectively.

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

	2023	2022
	(In Thousands)	
1 year	**₱456,582**	₱376,195
more than 1 years to 2 years	**478,337**	395,440
more than 2 years to 3 years	**496,959**	414,196
more than 3 years to 4 years	**520,292**	429,725
more than 5 years	**27,756,008**	27,404,729

Group as lessor
As lessor, future minimum rental receivables under renewable operating leases as of December 31, 2023 and 2022 are as follows:

	2023	2022
	(In Thousands)	
Within one year	**₱4,172,360**	₱4,135,296
After one year but not more than five years	**9,252,477**	7,811,361
After five years	**2,165,805**	1,257,527
	₱15,590,642	₱13,204,184

The Group entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants with lease ranging from 5 to 15 years.

Rental income recognized based on a percentage of the gross revenue of mall tenants included in "Rental and related services" account in the consolidated statement of income amounted to ₱457.26 million, ₱391.64 million and ₱264.92 million in 2023, 2022 and 2021, respectively.

The Group granted rental concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱70.76 million, ₱314.84 million and ₱734.27 million in 2023, 2022 and 2021, respectively. These rent concessions did not qualify as a lease modification, thus, were accounted for as negative variable lease payments and reported as reduction of lease income in 2023, 2022 and 2021 (see Note 3).

16. Other Noncurrent Assets

This account consists of:

	2023	2022
	(In Thousands)	
BTO rights (Note 32)	**₱6,863,079**	₱5,997,831
Advances to contractors and suppliers (Note 11)	**1,249,226**	1,181,476
Advances to joint venture partners	**311,157**	386,073
Input taxes - net of current portion	**230,170**	230,170
Creditable withholding taxes - net of current portion (Note 11)	**178,626**	178,626
Investment in bonds	**150,000**	150,000
Right-of-use assets (Note 15)	**112,424**	112,424
Deposits	**72,057**	123,422
Financial assets at FVOCI (Note 30)	**15,535**	15,535
Other assets	**67,809**	109,479
	9,250,083	8,485,036
Less accumulated amortization	**587,905**	510,405
	₱8,662,178	₱7,974,631

"BTO rights" related to the development cost, construction and operation of BPO Complex at the land properties owned by Cebu Province. As of December 31, 2022, cost of completed portion pertaining to Cebu Towers 1 and 2 of the BTO project amounted to ₱2.25 billion. Construction of Cebu Towers 3 and 4 are still on-going and are expected to be completed in 2024.

"Right-of-use assets" pertain to the related lease payments required under land lease contracts and the BTO agreement for the land where the buildings were constructed.

Interest expense capitalized amounted to ₱90.71 million, ₱46.25 million and ₱48.19 million in 2023, 2022 and 2021, respectively

The rollforward analysis of BTO rights and right-of-use assets as of December 31 follows:

	2023		
	BTO Rights	**Right-of-Use Assets** (Note 15)	**Total**
		(In Thousands)	
Cost			
Balance at beginning of year	**₱5,997,831**	**₱112,424**	**₱6,110,255**
Additions	**865,248**	**–**	**865,248**
Balance at end of year	**6,863,079**	**112,424**	**6,975,503**
Accumulated Amortization			
Balance at beginning of year	**496,263**	**14,142**	**510,405**
Amortization	**70,605**	**6,895**	**77,500**
Balance at end of year	**566,868**	**21,037**	**587,905**
Net Book Value	**₱6,296,211**	**₱91,387**	**₱6,387,598**

	2022		
	BTO Rights	Right-of-Use Assets (Note 15)	Total
		(In Thousands)	
Cost			
Balance at beginning of year	₱4,638,348	₱112,424	₱4,750,772
Additions	1,359,483	–	1,359,483
Balance at end of year	5,997,831	112,424	6,110,255
Accumulated Amortization			
Balance at beginning of year	323,134	9,462	332,596
Amortization	173,129	4,680	177,809
Balance at end of year	496,263	14,142	510,405
Net Book Value	₱5,501,568	₱98,282	₱5,599,850

In 2023, 2022 and 2021, related amortization recognized as part of "Cost of rental and related services" amounted to ₱70.61 million, ₱173.13 million and ₱52.26 million, respectively. Rental income amounting to ₱455.50 million and ₱290.56 million and ₱207.90 million in 2023, 2022 and 2021, respectively, was recognized as part of "Revenue from rental and related services".

"Deposits" includes security deposits.

"Advances to joint venture partners" are advances (e.g., property taxes and permits) which are normally applied against the share of the joint venture partners from sale of the joint venture properties reported under "Other receivables" in consolidated statements of financial position.

"Financial assets at FVOCI" consist of quoted and unquoted shares of stock (see Note 30). Unquoted investments in shares of stock include unlisted preferred shares in a public utility company which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects. The Group did not receive dividends from unquoted shares in 2023 and 2022.

"Investment in bonds" consist of a 5-year, non-interest bearing, Class A Senior Notes with a face amount of ₱150.0 million issued by a third party special purpose trust fund duly registered with the Bangko Sentral ng Pilipinas invested by the Parent Company on December 19, 2022.

"Other assets" includes utility deposits.

17. Accounts Payable and Accrued Expenses

This account consists of:

	2023			2022		
	Current	**Noncurrent**	**Total**	Current	Noncurrent	Total
			(In Thousands)			
Accounts payable	**₱5,579,664**	**₱5,017,658**	**₱10,597,322**	₱5,485,089	₱4,427,187	₱9,912,276
Deposits from tenants	**1,630,033**	**1,645,028**	**3,275,061**	1,343,518	1,486,496	2,830,014
Retention fees payable	**2,082,442**	**499,537**	**2,581,979**	2,149,741	517,790	2,667,531
Accrued expenses	**1,712,947**	**–**	**1,712,947**	1,486,147	–	1,486,147
Deposits for registration	**217,825**	**1,573,499**	**1,791,324**	200,645	1,449,396	1,650,041
Accrued interest on bonds and loans (Notes 18 and 19)	**674,345**	**–**	**674,345**	830,908	–	830,908
Other payables (Note 20)	**653,909**	**202,281**	**856,190**	452,805	166,259	619,064
	₱12,551,165	**₱8,938,003**	**₱21,489,168**	₱11,948,853	₱8,047,128	₱19,995,981

"Accounts payable" includes the outstanding balance of the costs of land acquired by the Group and is payable on scheduled due dates or upon completion of certain requirements (see Notes 10, 13 and 14). This account also includes dividends payable and amount payable to contractors and suppliers for the construction and development costs and operating expenses incurred by the Group.

"Deposits from tenants" are advance payments received for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

"Deposits for registration" pertain to amounts collected from buyers for payment of registration of real estate properties. This account is charged for costs incurred related to transfer of title to buyers.

"Accrued expenses" pertain to various operating expenses incurred by the Group in the course of business such as salaries and wages, professional fees, unbilled construction cost related to ongoing projects, and utilities expense, among others. These are non-interest-bearing and are normally settled within one year.

Accrued expenses account consists of:

	2023	2022
	(In Thousands)	
Suppliers and contractors	**₱1,658,604**	₱1,420,100
Professional fees	**35,975**	41,512
Payroll	**12,917**	6,594
Utilities	**4,355**	16,664
Other accruals	**1,096**	1,277
	₱1,712,947	₱1,486,147

"Other payables" pertain mainly to withholding taxes, output VAT payables and deferred income which are generally settled/earned within 12 months. This also includes the amount due to SPI for the retirement benefits of transferred employees (see Notes 20 and 25).

18. **Loans Payable**

This account consists of:

	2023	2022
	(In Thousands)	
Short term loans	**₱4,440,000**	₱3,525,000
Long-term loans	**32,645,048**	29,428,660
Developmental loans from local banks	**37,085,048**	32,953,660
Less unamortized transaction costs	**97,121**	104,176
	36,987,927	32,849,484
Less current portion of loans payable	**16,480,438**	8,446,975
Long-term portion of loans payable	**₱20,507,489**	₱24,402,509

Developmental loans from local banks will mature on various dates up to 2028. These Peso-denominated loans bear floating interest rates, which are repriced quarterly, semi-annually or annually based on either 3-month, 6-month or 1-year Bloomberg Valuation (BVAL), or Reverse Repurchase Rate (RRP), plus margin, per annum, or fixed rates of 4.43% to 6.67% per annum.

Additional loans availed by the Group in 2023, 2022 and 2021 amounted to ₱24.66 billion, ₱12.81 billion and ₱16.60 billion, respectively. These include availment of short-term loans payable amounting to ₱16.51 billion, ₱10.33 billion and ₱9.90 billion in 2023, 2022 and 2021, respectively.

Principal payments made in 2023, 2022 and 2021 amounted to ₱20.53 billion, ₱12.16 billion and ₱22.59 billion, respectively.

As of December 31, 2023 and 2022, short term loans payable, presented under current portion of loans payable amounted to ₱4.44 billion and ₱3.53 billion, respectively.

Interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱2.20 billion, ₱1.59 billion and ₱1.89 billion for the years ended December 31, 2023, 2022, and 2021, respectively.

Transactions costs capitalized amounted to ₱102.49 million and ₱42.64 million in 2023 and 2022, respectively. Amortization of transaction costs amounted to ₱109.55 million, ₱54.92 million and ₱75.55 million in 2023, 2022 and 2021, respectively, and included under "Interest and other finance charges" (see Note 23).

The Group's loans payable is unsecured and no assets are held as collateral for these debts. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.0x and minimum interest coverage ratio of 1.0x.

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock if it would materially and adversely affect the Group's ability to perform its obligations; sale or transfer and disposal of all or a substantial part of its capital assets other than in the ordinary course of business; restrictions on use of funds other than the purpose it was approved for; and entering into any partnership, merger, consolidation or reorganization except in the ordinary course of business and except when the Group maintains controlling interest. As of December 31, 2023 and 2022, the Group has not been cited in default on any of its outstanding obligations.

19. Bonds Payable

This account consists of:

	2023	2022
		(In Thousands)
Bonds payable	**₱37,795,395**	₱41,400,000
Less unamortized transaction costs	**326,883**	267,214
	37,468,512	41,132,786
Less current portion of bonds payable	**1,697,345**	15,017,440
Long-term portion of bonds payable	**₱35,771,167**	₱26,115,346

a. On November 8, 2013, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱7.00 billion comprised of ₱4.30 billion, 7-year bonds with interest of 4.86% per annum due in 2020 and ₱2.70 billion, 10-year bonds with interest of 5.43% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014. On November 8, 2023, the Parent Company paid the remaining balance amounting to ₱2.70 billion.

   Unamortized debt issuance cost on bonds payable amounted to ₱2.16 million as of December 31, 2022 (nil as of December 31, 2023). Accretion in 2023, 2022 and 2021 included as part of 'Interest and other finance charges' amounted to ₱2.16 million, ₱2.53 million and ₱2.73 million, respectively (see Note 23).

b. On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion, 7-year fixed rate bonds due in 2021 and ₱1.70 billion, 10-year fixed rate bonds due in 2024. The 7-year bonds carry a fixed rate of 5.40% per annum, while the 10-year bonds have a fixed interest rate of 5.64% per annum. As of December 31, 2023, ₱1.7 billion of the related bonds payable remain outstanding.

Unamortized debt issuance cost on bonds payable amounted to ₱2.65 million and ₱2.95 million as of December 31, 2023 and 2022, respectively. Accretion in 2023, 2022 and 2021 included as part of "Interest and other finance charges" amounted to ₱0.29 million, ₱1.53 million and ₱8.29 million, respectively (see Note 23).

c. On August 20, 2015, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.00 billion comprising of ₱7.00 billion, 7-year fixed rate bonds due in 2022 and ₱1.00 billion, 10-year fixed rate bonds due in 2025. The 7-year bonds carry a fixed rate of 5.36% per annum, while the 10-year bonds have a fixed rate of 5.71% per annum. The Parent Company paid the ₱7.0 billion bonds on August 20, 2022. As of December 31, 2023, ₱1.0 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱3.07 million and ₱3.41 million as of December 31, 2023 and 2022, respectively. Accretion in 2023, 2022 and 2021 included as part of "Interest and other finance charges" amounted to ₱0.34 million, ₱9.54 million and ₱13.42 million, respectively (see Note 23).

d. On July 7, 2017, FILRT issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱6.00 billion and term of five and a half (5.5) years due in 2023. The bonds carry a fixed rate of 5.05% per annum, payable quarterly in arrears starting on October 7, 2017. On January 9, 2023, FILRT paid the outstanding bonds payable balance amounting to ₱6.00 billion.

   Unamortized debt issuance cost on bonds payable amounted to ₱7.44 million as of December 31, 2022, (nil as of December 31, 2023). Accretion in 2023, 2022 and 2021 included as part of "Interest and other finance charges" amounted to ₱0.24 million, ₱12.71 million, and ₱12.88 million respectively (see Note 23).

e. On November 18, 2020, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.1 billion comprising of ₱6.3 billion, 3-year fixed rate bonds due in 2023 and ₱1.8 billion, 5.5-year fixed rate bonds due in 2026. The 3-year bonds carry a fixed rate of 3.34% per annum, while the 5.5-year bonds have a fixed rate of 4.18% per annum. On November 18, 2023, the Parent Company paid ₱6.3 billion of the outstanding bonds payable. As of December 31, 2023, ₱1.8 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱7.44 million and ₱24.64 million as of December 31, 2023 and 2022, respectively. Accretion in 2023, 2022 and 2021 included as part of "Interest and other finance charges" amounted to ₱17.21 million, ₱20.32 million and ₱19.40 million respectively (see Note 23).

f. On December 21, 2021, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱10.0 billion comprising of ₱5.0 billion, 4-year fixed rate bonds due in 2025 and ₱5.0 billion, 6-year fixed rate bonds due in 2027. The 4-year bonds carry a fixed rate of 4.5300% per annum, while the 6-year bonds have a fixed rate of 5.2579% per annum. As of December 31, 2023, these bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱82.26 million and ₱103.59 million as of December 31, 2023 and 2022, respectively. Accretion in 2023, 2022 and 2021 included as part of "Interest and other finance charges" amounted to ₱21.33 million, ₱27.44 million and ₱0.75 million, respectively (see Note 23).

g. On June 23, 2022, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.90 billion comprising of ₱8.925 billion, 3-year fixed rate bonds due in 2025 and ₱2.975 billion, 5-year fixed rate bonds due in 2027. The 3-year bonds carry a fixed rate of 5.3455% per annum, while the 5-year bonds have a fixed rate of 6.4146% per annum. As of December 31, 2023, these bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱91.45 million and ₱130.21 million as of December 31, 2023 and 2022, respectively. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱38.76 million and ₱24.22 million, respectively (see Note 23).

h. On December 1, 2023, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.43 billion which are 3.5-year fixed rate bonds due in 2027. The bonds carry a fixed rate of 6.9829% per annum. As of December 31, 2023, these bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱140.01 million as of December 31, 2023. Accretion in 2023 included as part of "Interest and other finance charges" amounted to ₱3.45 million. (see Note 23).

Interest incurred on these bonds (gross of related capitalized borrowing costs amounted to ₱1.77 billion, ₱1.97 billion and ₱1.54 billion for the years ended December 31, 2023, 2022 and 2021, respectively. Payments made on these bonds amounted to ₱15.04 billion, ₱7.0 billion and ₱5.3 billion in 2023, 2022 and 2021, respectively.

The Group's bonds payable are unsecured and no assets are held as collateral for these debts. These bonds require the Group to maintain certain financial ratios which include maximum debt-to-equity ratio ranging from 2.0x to 2.5x; minimum current ratio ranging from 1.0x to 2.0x ; and minimum debt service coverage ratio (DSCR) of 1.0x (except for FILRT bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x). As of December 31, 2023 and 2022, the Group has not been cited in default on any of its outstanding obligations.

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the Group's ultimate parent company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches ten percent (10%) of the Group's total consolidated assets shall be subject to the review by the RPT Committee.

Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions ("Policy"). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall be subjected to the provisions of the Policy.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.

Outstanding balances at year-end are unsecured, interest free and require settlement in cash, unless otherwise stated. The transactions are made at terms and prices agreed upon by the parties. As of December 31, 2023, the Group has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant related party transactions are as follows. Outstanding liabilities are unsecured and no impairment loss was recognized on any of the assets.

	2023				
	Amount/ Volume	**Due from / (Due to)**	**Terms**	**Conditions**	**Note**
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	**₱3,562,314**	**₱3,562,314**	0.50% to 4.50%	No impairment	(a)
Interest income	**19,594**	–			
	₱3,581,908	**₱3,562,314**			
Ultimate Parent	**₱132**	**₱598**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Parent		**3,123**	Noninterest-bearing, Payable on demand	Unsecured	
Associate – CTI					
Service Fee	**1,142**	**14,188**	Due within 30 days	Unsecured	(d)
Associate - Pro-excel					
Management and service fees	**512**	**16,443**	Due within 30 days	Unsecured	(d)
Associate – DPI					
Other Income	**243**	**472,312**	Due within 30 days	Unsecured	(d)
Associate – FMI					
Other Income	**34**	**1,108**	Due within 30 days	Unsecured	(d)
Associate – FAI					
Rent Income	–	**99**	Noninterest-bearing, collectible on demand	Unsecured	(h)
Share in other expenses	**6,260**	**7,574**	Noninterest-bearing, collectible on demand	Unsecured	(d)
Affiliates					
Rental income	**7,191**	–	Noninterest-bearing	Unsecured	(g)
Share in common expenses	**6,614**	**179,899**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties (Note 9)		**₱695,344**			
Parent					
Share in Group expenses	**(₱1,634)**	**(₱36,777)**	Noninterest-bearing, payable on demand	Unsecured	(c)
Asset acquisition	**274,862**	**(346,414)**	Noninterest-bearing, collectible quarterly up to December 2024	Unsecured	(c)
Associate - SharePro					
Share in other expenses	**120,716**	**(42,549)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate - FMI					
Share in other expenses	–	**(848)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate - FAI					
Share in other expenses	–	**(11,511)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate – DPI					
Share in other expenses	–	**(2,648)**	Noninterest-bearing, payable on demand	Unsecured	(d)
Affiliates	**(1,122)**	**(47,739)**	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties		**(₱488,486)**			

	2022				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
	(In Thousands)				
Bank under common control of the ultimate parent					
Cash and cash equivalents	₱4,003,639	₱4,003,639	0.50% to 4.50%	No impairment	(a)
Interest income	23,066	–			
		₱4,003,639			
Ultimate Parent	₱186	₱467	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Parent		3,172	Noninterest-bearing, Payable on demand	Unsecured	
Associate –CTI					
Service Fee	1,184	2,187	Due within 30 days	Unsecured	(d)
Associate - Pro-excel					
Management and service fees	319	13,180	Due within 30 days	Unsecured	(d)
Associate – DPI					
Other Income	(59,464)	279,321	Due within 30 days	Unsecured	(d)
Associate – FMI					
Other Income	8	6,798	Due within 30 days	Unsecured	(d)
Associate – FAI					
Rent Income	2,892	99	Noninterest-bearing, collectible on demand	Unsecured	(h)
Share in other expenses	15,168	25,056	Noninterest-bearing, collectible on demand	Unsecured	(d)
Acquisition of investment	(10,972)	(0)			
Affiliates					
Rental income	7,191	–	Noninterest-bearing	Unsecured	(g)
Share in common expenses	23,779	134,338	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties (Note 9)		₱464,618			
Parent					
Share in Group expenses	₱6,208	(₱6,377)	Noninterest-bearing, payable on demand	Unsecured	(c)
Asset acquisition	(1,047,096)	(683,264)	Noninterest-bearing, collectible quarterly up to December 2024	Unsecured	(c)
Associate – DPI					
Service fee	–	(827)	Due within 30 days	Unsecured	(d)
Associate - SharePro					
Share in other expenses	(26,507)	(8,776)	Noninterest-bearing, payable on demand	Unsecured	(d)
Affiliates	(2,558)	(55,020)	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties		(₱754,264)			

a. Transactions with bank under common control of the ultimate parent (EW)
On January 3, 2012, the Group entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the ultimate parent. The Group agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EW will be serviced by the Group under an Accounts Servicing Agreement.

Under this agreement, the Group shall be responsible for the monitoring and collection of contracts receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month.

For the performance of the said services, the Group charges EW a service fee equivalent to a certain percentage of the amounts actually received and collected. Although the Group retains the contractual rights to receive cash flows from the contracts receivables sold to EW, the same will be subsequently distributed to EW under a "pass-through arrangement".

In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and the Group has no liability to EW for such events. Due to this, the Group derecognized the contracts receivables sold and did not recognize any liability in its consolidated financial statements.

The Group's plan assets in the form of cash equivalents amounting to ₱96.60 million and ₱21.34 million as of December 31, 2023 and 2022, respectively, are maintained with EW (see Note 25). The Group also maintains cash and cash equivalents with EW.

As of December 31, 2021, the amounts payable to EW related to a purchase of land amounted to ₱2.14 billion and are presented as part of Accounts Payable under accounts payable and accrued expenses in the consolidated statement of financial position (see Note 17). The purchase was fully paid in 2022.

b. *Transactions with Ultimate Parent (ALG)*
Transactions with the Group's ultimate parent company relates to sharing of common expenses.

c. *Transactions with Parent Company (FDC)*
The Parent Company charged FDC certain common expenses paid by the Parent Company on its behalf.

On December 12, 2022, FILRT entered into a Deed of Sale for the purchase of three (3) parcels of land with a total area of 29,086 sq.m. owned by FDC, located in Boracay, Aklan. The parties agreed to a total purchase price of ₱1,047.1 million, ₱314.1 million, representing 30% of purchase price, payable upon signing of the agreement and the remaining 70% amounting to ₱732.9 million payable in equal quarterly installment up to December 2024. The land and related liability were carried at present value of future cash flow amounting to ₱1,021.8 million and ₱683.3 million, respectively.

In 2009, Promax was appointed by FDC as the marketing agent to act for and on behalf of FDC in promoting the marketing and sale of the Beaufort project. Accordingly, FDC pays Promax a marketing fee equivalent to a certain percentage of the net selling price (see Note 22).

d. *Transactions with Associates*

Filinvest Alabang, Inc (FAI)
'Due from Associate' include noninterest-bearing cash advances and various charges for management fees, marketing fees, share of expenses and commission charges.

On December 28, 2022, FAI entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-excel to FLI for a total consideration of ₱10.97 million. The resulting ownership interest of FLI in Pro-excel after the transfer is 47.5%.

FMI
Transactions with Filinvest Mimosa Inc. relates to sharing of common expenses.

CTI
Transactions with Corporate Technologies, Inc. relates to sharing of common expenses and service fee for information and technology services.

Pro-excel
Transactions from Pro-Excel relates to sharing of common expenses and management fee for managing the buildings of FLI.



DPI
Transactions from DreamBuilders Pro, Inc. relates to sharing of common expenses and noninterest-bearing cash advances.

SPI
Transactions with SPI, Inc. relates to sharing of common expenses and service fees for technical, project management and procurement.

In 2022 and 2021, certain employees of FLI were transferred to SPI, an associate. The related retirement benefits of these employees were also transferred with a corresponding payable to SPI under "Other payables" (see Notes 17 and 25). As of December 31, 2023 and 2022, the outstanding balance of the transferred retirement benefits amounted to ₱144.11 million.

Pro-excel and DPI rents is office space from FLI while SPI rents its office space from FILRT. Revenue earned is recorded as part of Rental Revenues in the Statements of Comprehensive Income in 2023, 2022 and 2021 (see Note 6). Outstanding receivables are recorded as part of Other Receivables in the Statements of Financial position as of December 31, 2023 and 2022 (see Note 9).

e. Transactions with Affiliates

Transactions with affiliates relates to sharing of common expenses paid by the Parent Company on their behalf.

FILRT entered into a service agreement with FDC Retail Electricity Sales whereby FILRT shall engage and pay the services rendered by the latter to provide the electricity requirements of its facilities.

FILRT also entered into a service agreement with Professional Operations Maintenance Experts Incorporated whereby FILRT shall pay the services rendered by the latter to operate and maintain its equipment and premises.

FILRT and FLI also entered into a service agreement with its affiliate, Parking Pro, Inc., to operate and maintain the FILRT's and FLI's parking facilities.

f. The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱48.74 million, ₱28.40 million and ₱26.40 million in 2023, 2022 and 2021, respectively. Post-employment benefits of key management personnel amounted to ₱8.26 million, ₱9.88 million and ₱22.28 million in 2023, 2022 and 2021, respectively.

g. Leases with related parties - Group as lessor
Chroma Hospitality, Inc. leases the office space from FILRT. The lease term is 10 years, renewable by another 5 years upon mutual agreement by the parties.

h. Leases with related parties - Group as lessee
The Group has several land lease transactions with related parties:

1. Mall lease with FAI
   The Parent Company, as lessee, entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.



2. Land lease with FAI
   The Parent Company, as lessee, entered into a lease agreement with FAI for a portion of land area occupied by a third party lessee. The lease term will expire on December 31, 2034.

3. FCMI lease with FMI
   FCMI, a wholly owned subsidiary of the Parent Company, subleases the Mimosa Leisure Estate from FMI, an associate of the Parent Company. The original lessor is Clark Development Corporation. The lease term is 50 years, renewable by another 25 years upon mutual agreement by parties.

4. PDDC lease with FAI
   PDDC, a 60% owned subsidiary of the Parent Company, leases Block 50 Lot 3-B-2, Northgate District from FAI. The lease term is twenty (20) years from the date on which the Chilled Water production plants starts supplying chilled water.

As of December 31, 2023 and 2022, the amount included in lease liabilities payable to related parties is ₱5,952.3 million and ₱5,763.4 million, respectively (see Note 15).

21. General and Administrative Expenses

The account consists of:

	2023	2022	2021
		(In Thousands)	
Salaries, wages and employee benefits	**₱787,916**	₱638,921	₱470,638
Taxes and licenses	**438,209**	334,907	262,060
Repairs and maintenance	**401,137**	357,447	307,204
Depreciation and amortization (Notes 13, 14, 15 and 16)	**264,988**	388,694	381,505
Outside services	**153,558**	191,061	189,165
Electronic data processing charges	**106,848**	72,122	53,483
Entertainment, amusement and recreation	**82,684**	69,518	80,661
Transportation and travel	**81,650**	73,354	65,771
Communications, light and water	**54,357**	43,084	35,611
Insurance	**38,675**	45,933	37,208
Retirement costs (Note 25)	**33,542**	40,532	28,789
Office supplies	**16,757**	14,447	12,797
Rent (Notes 15 and 20)	**10,464**	19,837	17,033
Others	**113,811**	23,205	37,199
	₱2,584,596	₱2,313,062	₱1,979,124

"Others" mainly consists of postage and dues and subscription, parking operations, freight charges, allowance for probable losses and other miscellaneous expenses.

22. Selling and Marketing Expenses

The account consists of:

	2023	2022	2021
		(In Thousands)	
Brokers' commissions (Note 6)	**₱745,289**	₱704,281	₱497,109
Selling, advertising and promotions	**263,845**	121,010	159,604
Service fees	**180,031**	192,163	198,875
Salaries and wages	**116,533**	117,599	4,603
Sales office direct costs	**59,496**	15,074	50,669
Others	**4,941**	516	957
	₱1,370,135	₱1,150,643	₱911,817

23. Interest and Other Finance Charges

The following table shows the component of interest income, interest expense and other financing charges recognized in the consolidated statements of income:

	2023	2022	2021
		(In Thousands)	
Interest income on:			
Contracts receivable (Note 8)	**₱174,029**	₱276,494	₱355,059
Cash and cash equivalents (Notes 7 and 20)	**80,387**	71,203	23,149
Others (Note 25)	**29,562**	19,355	31,400
	₱283,978	₱367,052	₱409,608
Interest and other finance charges:			
Loans and bonds payable, net of interest capitalized (Notes 18 and 19)	**₱1,613,633**	₱1,694,005	₱1,649,610
Lease liabilities, net of interest capitalized (Note 15)	**487,174**	425,148	430,286
Amortization of transaction costs of loans and bonds (Notes 18 and 19)	**193,341**	153,215	133,020
Other finance charges (Note 25)	**140,245**	21,875	213,875
	₱2,434,393	₱2,294,243	₱2,426,791

Other finance charges include bank charges, debt issue costs for short-term loans, and other miscellaneous bank fees.

24. Other Income

The account consists of:

	2023	2022	2021
		(In Thousands)	
Service fees (Note 20)	**₱155,339**	68,484	24,704
Processing fees	**94,748**	107,013	183,613
Forfeited reservations and collections	**92,854**	114,937	98,925
Management, leasing and other fees (Note 20)	**1,588**	6,809	10,400
Foreign currency exchange gain (loss)	**(6,909)**	10,644	1,278
Others (Note 20)	**3,273**	3,987	32,058
	₱340,893	₱311,874	₱350,978

Others includes miscellaneous income.

25. Retirement Costs

The Group has a funded, noncontributory defined benefit retirement plan (the "Plan") covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The retirement plan provides retirement benefits equivalent to 70% to 125% of the final monthly salary for every year of service. The funds are administered by the Group's Treasurer under the supervision of the Board of Trustees of the Plan and are responsible for investment strategy of the Plan.

The following tables summarize the components of retirement expense recognized in the consolidated statements of income and pension liability recognized in the consolidated statements of financial position for the existing retirement plan.

	2023		
	Present value of defined benefit obligation	**Fair value of plan asset**	**Net defined benefit liabilities**
		(In Thousands)	
Balance as at January 1, 2023	**₱452,647**	**₱21,339**	**₱431,308**
Net benefit costs in profit or loss			
Current service cost (Note 21)	**33,542**	–	**33,542**
Net interest (Note 23)	**27,152**	**261**	**26,891**
	60,694	**261**	**60,433**
Benefits paid	**(7,100)**	–	**(7,100)**
Contribution	–	**75,000**	**(75,000)**
Remeasurements loss in other comprehensive income	**27,552**	–	**27,552**
Balance as at December 31, 2023	**₱533,793**	**₱96,600**	**₱437,193**

	2022		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liabilities
		(In Thousands)	
Balance as at January 1, 2022	₱504,868	₱45,238	₱459,630
Net benefit costs in profit or loss			
Current service cost (Note 21)	40,532	–	40,532
Net interest (Note 23)	19,921	834	19,087
	60,453	834	59,619
Benefits paid	(28,273)	(28,273)	–
Transfer out	(23,288)	–	(23,288)
Remeasurements in other comprehensive income			
Return on plan assets, excluding amounts included in interest income	–	3,540	(3,540)
Experience adjustments	(61,113)	–	(61,113)
	(61,113)	3,540	(64,653)
Balance as at December 31, 2022	₱452,647	₱21,339	₱431,308

The Group's plan assets comprise of cash equivalents with original maturities of three months or less from dates of placements and are subject to insignificant risk of changes in value. As of December 31, 2023 and 2022, these placements are with EW (see Note 20). As of December 31, 2023 and 2022, the carrying amount of the plan assets approximates its fair value.

In 2022 and 2021, certain employees of FLI were transferred to the SPI. The related retirement benefits of these employees were also transferred with a corresponding payable to SPI. As of December 31, 2023 and 2022, the outstanding balance of the transferred retirement benefits amounted to ₱144.11 million (see Note 20).

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The assumptions used in determining pension obligation for the defined benefit plan are as follows:

	2023	2022	2021
Discount rate	**5.10% - 7.30%**	5.10% - 7.30%	3.70% - 5.10%
Future salary increases	**6.00%**	6.00%	3.00% - 8.00%

The sensitivity analysis that follows has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming if all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation.

Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level throughout the remaining life of the obligation.

The sensitivity analyses below have been determined based on reasonably possible changes of the significant assumption on the DBO as of the end of the financial reporting period, assuming all other assumptions were held constant.

Assumption	Increase (Decrease)	Increase (decrease) on DBO	
		2023	2022
Salary rate	+1%	**₱47,610**	₱40,269
	-1%	**(42,671)**	(35,101)
Discount rate	+1%	**(41,894)**	(34,423)
	-1%	**47,492**	40,136

Shown below is the maturity analysis of the undiscounted benefit payments of the Group:

	2023	2022
	(In Thousands)	
Less than one year	**₱32,253**	₱38,947
More than one year and up to five years	**160,957**	132,235
More than five years and up to 10 years	**307,553**	220,907

The Group is expecting to contribute to its plan assets in the next 12 month.

The management performs an Asset-Liability Matching (ALM) Study. The principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans, as well as the liquidity of the plan assets. The Group's current investment strategy consists of 100% short-term deposit placements.

26. Equity

The details of the Parent Company's common and preferred shares as of December 31, 2023 and 2022 follow:

	Common Shares	Preferred Shares
	(In Thousands, except par value figures)	
Authorized shares	₱33,000,000	₱8,000,000
Par value per share	1	0.01
Issued and outstanding shares	24,470,708	8,000,000
Treasury shares	220,949	–

In 2023 and 2022, there was no issuance of additional common shares.

Preferred Shares

As stated in the Company's Amended Articles of Incorporation, the preferred shares may be issued from time to time in one or more series as the Board of Directors (BOD) may determine, and authority is expressly granted to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate and the issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares. Preferred shares of each and any sub-series shall not be entitled to any participation or share in the retained earnings remaining

after dividend payments shall have been made on the preferred shares. To the extent not set forth in the Articles of Incorporation, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the BOD prior to the issuance of each of such series (the "Enabling Resolutions"), which resolutions shall thereupon be deemed a part of the Amended Articles of Incorporation.

In an Enabling Resolution approved and adopted by the BOD on October 6, 2006, it was clarified that the preferred shares are not convertible to common shares. In another Enabling Resolution approved and adopted by the BOD on January 5, 2007, the Board approved that preferred shares are entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares.

Thus, in a disclosure made by the Company to the relevant government agency and regulatory body on January 18, 2007, it was clarified that the features of the issued and subscribed preferred shares, in addition to the features indicated in the Company's Amended Articles of Incorporation so long as these features are not inconsistent with the Enabling Resolutions, are as follows: (i) voting, cumulative, and non-redeemable, (ii) par value is one centavo (PhP0.01), (iii) entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares, and (iv) not convertible to common shares.

Treasury Shares

On December 20, 2007, the Parent Company's BOD approved the buy-back of some of the issued shares of stock of the Parent Company over a period of 12 months up to an aggregate amount of ₱1.50 billion, in view of the strong financial performance of the Parent Company and the very large discrepancy that existed between the current share price and the net asset value of the Parent Company.

The Parent Company had acquired 220.95 million shares at total cost of ₱221.04 million in 2008. There were no additional acquisitions in 2023, 2022 and 2021. The retained earnings is restricted from dividend distribution to the extent of the cost of treasury shares.

Dividend Declarations

On April 24, 2023, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.03600 per share or a total of ₱872.99 million for all common stockholders of record as of May 12, 2023 payable on June 6, 2023. The Group has remaining unpaid cash dividend amounting to ₱21.09 million as of December 31, 2023.

On April 24, 2023, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.00036 per share or a total of ₱2.88 million for all preferred stockholders of record as of May 12, 2023 payable on June 6, 2023. The Group has remaining unpaid cash dividends amounting to ₱0.32 million as of December 31, 2023.

On April 22, 2022, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.04700 per share or a total of ₱1.14 billion for all common stockholders of record as of May 11, 2022 payable on June 02, 2022. The Group has remaining unpaid cash dividend amounting to ₱21.09 million as of December 31, 2022.

On April 22, 2022, the BOD of FLI approved the declaration and payment of cash dividends of ₱0.0004 per share or a total of ₱3.2 million for all preferred stockholders of record as of May 11, 2022 payable on June 02, 2022. The Group has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2022.



On April 23, 2021, the BOD approved the declaration and payment of cash dividend of ₱0.0155 per share for all common shareholders of record as of May 21, 2021 and ₱0.0155 per share for all common shareholders of record as of November 15, 2021 or a total of ₱751.74 million. The Group has remaining unpaid cash dividend amounting to ₱18.7 million as of December 31, 2021.

On April 23, 2021 the BOD approved the declaration and payment of cash dividend of ₱0.000155 per share for all preferred shareholders of record as of May 21, 2021 and ₱0.000155 per share for all preferred shareholders of record as of November 15, 2021 or a total of ₱2.48 million. The Group has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2021.

Retained Earnings

Retained earnings include undistributed earnings amounting to ₱6.62 billion and ₱6.39 billion as of December 31, 2023 and 2022, respectively, representing accumulated equity in net earnings of subsidiaries, which are not available for dividend declaration until declared as dividends by the subsidiaries.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury and deferred tax asset recognized in profit or loss as of December 31, 2023 and 2022.

The retained earnings is being utilized to cover part of the annual expenditure requirements of the Parent Company for its expansion projects in the real estate and leasing segments.

On October 21, 2020, FLI's BOD approved the appropriation amounting to ₱5.00 billion out of its unrestricted retained earnings as of December 31, 2019. The appropriation will cover the capital expenditure of the following projects:

Project	Location	Description	Amount (In Thousands)	Estimated Completion Date
Activa	Quezon City	Mixed-use	₱3,500,000	Q4 2024
100 West Annex	Makati City	Mixed-use	1,500,000	Q4 2024
			₱5,000,000	

Capital Management

The Group monitors its capital and cash positions and manages its expenditures and disbursements. Furthermore, the Group may also, from time to time seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

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. No changes were made in capital management objectives, policies or processes for the years ended December 31, 2023, 2022 and 2021.

The Group monitors capital using interest-bearing debt-to-equity ratio, which is the long-term debt (loans payable, bonds payable) divided by total equity. The Group's policy is to keep the debt-to-equity ratio not to exceed 2:1. The following table shows how the Group computes for its interest-bearing debt-to-equity ratio:

	2023	2022
	(In Thousands)	
Loans payable (Note 18)	**₱36,987,927**	₱32,849,484
Bonds payable (Note 19)	**37,468,512**	41,132,786
Long-term debt	**74,456,439**	73,982,270
Total equity	**94,271,869**	91,502,741
Interest-bearing debt-to-equity ratio	**0.79 : 1.00**	0.81 : 1.00

The Group is subject to externally imposed capital requirements due to loan covenants (see Notes 18 and 19).

On August 12, 1993, SEC approved the registration of ₱2.0 billion common shares with issue price of ₱5.25 per share.

On December 15, 2006, SEC approved the registration of ₱3.7 billion common shares with issue price of ₱1.60 per share.

Below is the summary of the outstanding number of common shares and holders of security as of December 31, 2023:

Year	Number of Shares Registered (In Thousands)	Number of Holders of Securities as of Year End
January 1, 2022	24,249,759	5,646
Add/(deduct) movement	–	(21)
December 31, 2022	24,249,759	5,625
Add/(deduct) movement	–	(19)
December 31, 2023	24,249,759	5,606

**Exclusive of 220,949 treasury shares as of December 31, 2023 and 2022.*

27. Earnings Per Share

	2023	2022	2021
	(In Thousands, Except EPS Figures)		
a. Net income attributable to the equity holder of the parent*	**₱3,762,508**	₱2,886,525	₱3,800,897
b. Weighted average number of outstanding common shares (after considering treasury shares)	**24,249,759**	24,249,759	24,249,759
Basic/Diluted EPS (a/b)	**₱0.16**	₱0.12	₱0.16

**After deducting the dividends for preferred shareholders (Note 26)- 2023: ₱2.9 million, 2022: ₱3.2 million, 2021: ₱2.5 million.*

There were no potential dilutive shares in 2023, 2022 and 2021.

28. Income Tax

Provision for (benefit from) income tax consists of:

	2023	2022	2021
		(In Thousands)	
Current	**₱578,496**	₱442,539	₱350,992
Deferred	**66,843**	284,540	(1,109,344)
	₱645,339	₱727,079	(₱758,352)

The components of the Group's deferred income tax assets follow:

	2023	2022
	(In Thousands)	
Advance rentals	**₱45,753**	₱72,951
Accrued retirement benefits	**1,641**	17,343
NOLCO	**1,089**	1,089
	₱48,483	₱91,383

The components of the Group's net deferred income tax liabilities follow:

	2023	2022
	(In Thousands)	
Deferred income tax liabilities on:		
Capitalized borrowing costs	**₱4,375,705**	₱4,422,263
Right-of-use-assets	**1,056,544**	1,088,891
Excess of real estate revenue based on financial accounting policy over real estate revenue based on tax rules	**1,893,872**	1,866,698
	7,326,121	7,377,852
Deferred income tax assets on:		
Lease liabilities	**(1,171,652)**	(1,248,796)
NOLCO	**(323,611)**	(210,721)
MCIT	**–**	(143,360)
Advance rentals	**(12,666)**	(4,620)
Accrued retirement benefits charged to profit or loss	**(127,345)**	(112,171)
Remeasurement losses on retirement plan	**(25,287)**	(18,399)
Allowance for expected credit losses	**(10,243)**	(8,123)
Others	**(6,164)**	(6,452)
	(1,676,968)	(1,752,642)
	₱5,649,153	₱5,625,210

Provision for deferred income tax charged directly to other comprehensive income in 2023, 2022 and 2021 relating to remeasurement gain (loss) on defined benefit obligation amounted to (₱6.89) million, ₱5.48 million and ₱2.27 million, respectively.

The Group did not recognize deferred income tax assets on NOLCO of certain subsidiaries amounting to ₱679.70 million and ₱766.80 million as of December 31, 2023 and 2022, respectively, since management believes that their carryforward benefits may not be realized before they expire.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of the Bayanihan 2 Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next three (3) years immediately following the year of such loss.

The carryforward benefits of the NOLCO, which can be claimed by the Group as credits against the RCIT, are as follows (amounts in thousands):

Year Incurred	Amount	Expiry Date
2023	₱451,559	December 31, 2026
2022	209,018	December 31, 2025
2021	301,509	December 31, 2026
2020	1,016,429	December 31, 2025
	₱1,978,515	

The following are the movements in NOLCO:

	2023	2022
	(In Thousands)	
At January 1	**₱1,614,042**	₱1,500,519
Addition	**451,559**	242,062
Applied/expired	**(87,086)**	(128,539)
At December 31	**₱1,978,515**	₱1,614,042

The reconciliation of the provision for income tax at statutory tax rate to the actual provision for income tax follows:

	2023	2022	2021
		(In Thousands)	
Income tax at statutory tax rate	**₱1,235,346**	₱1,062,054	₱886,719
Adjustments for:			
Income covered by PEZA (Note 32)	**(287,678)**	(136,828)	(519,422)
Deductible expense - Optional Standard Deduction	**(168,833)**	(38,537)	(162,757)
Income tax holiday incentive on sales of BOI-registered projects (Note 33)	**(84,093)**	(51,663)	(42,913)
Equity in net earnings of associates	**(60,502)**	(19,739)	(28,006)

(Forward)

	2023	2022	2021
		(In Thousands)	
Change in unrecognized deferred tax	**₱21,771**	(₱66,342)	₱269,940
Income subjected to final tax	**(16,054)**	(16,082)	(12,546)
Tax-exempt net income on socialized housing units	**9,344**	(10,761)	(17,877)
Interest on HGC-enrolled contracts receivables	**(8,986)**	(673)	(1,960)
Nondeductible interest expense	**5,024**	5,777	62,515
Impact of CREATE Act	**–**	–	(1,121,282)
Others – net	**–**	(127)	(70,763)
	₱645,339	₱727,079	(₱758,352)

29. Fair Value Measurement

The following table sets forth the fair value hierarchy of the Group's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	2023				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI (Note 16)					
Quoted	**₱6,458**	**₱6,458**	**₱6,458**	**₱–**	**₱–**
Unquoted	**9,077**	**9,077**	**–**	**–**	**9,077**
	₱15,535	**₱15,535**	**₱6,458**	**₱–**	**₱9,077**
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses (Note 17)					
Accounts payable	**₱10,597,322**	**₱9,942,407**	**₱–**	**₱–**	**₱9,942,407**
Retention fees payable	**2,581,979**	**2,422,413**	**–**	**–**	**2,422,413**
Deposits for registration	**1,791,324**	**1,680,620**	**–**	**–**	**1,680,620**
	14,970,625	**14,045,440**	**–**	**–**	**14,045,440**
Lease liabilities (Note 15)	**6,719,861**	**9,527,716**	**–**	**–**	**9,527,716**
Loans payable (Note 18)	**36,987,927**	**37,173,908**	**–**	**–**	**37,173,908**
Bonds payable (Note 19)	**37,468,512**	**35,426,365**	**–**	**–**	**35,426,365**
	₱96,146,925	**₱96,173,429**	**–**	**–**	**₱96,173,429**

	2022				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI (Note 16)					
Quoted	₱6,458	₱6,458	₱6,458	₱–	₱–
Unquoted	9,077	9,077	–	–	9,077
	₱15,535	₱15,535	₱6,458	₱–	₱9,077
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses (Note 17)					
Accounts payable	₱9,912,276	₱9,721,073	₱–	₱–	₱9,721,073
Retention fees payable	2,667,531	2,645,392	–	–	2,645,392
Deposits for registration	1,650,041	1,579,491	–	–	1,579,491
	14,229,848	13,945,956	–	–	13,945,956
Lease liabilities (Note 15)	6,508,490	9,228,025	–	–	9,228,025
Loans payable (Note 18)	32,849,484	31,548,281	–	–	31,548,281
Bonds payable (Note 19)	41,132,786	39,199,556	–	–	39,199,556
	₱94,720,608	₱93,921,818	₱–	₱–	₱93,921,818

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, due from and to related parties, other receivables and other current assets*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.
- *Contract receivables*: Estimated fair value of contract receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date. Interest rates used was 11.5% - 19% in 2023 and 2022.

  Due to the short-term nature of receivables from government and financial institutions, carrying amounts approximate fair values.

- *Financial assets at FVOCI*: Fair values were determined using quoted market prices at reporting date. Fair value of unquoted equity securities are based on the latest selling price available.

- *Accounts payable and accrued expenses*: On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rate used was 6.18% and 4.28% in 2023 and 2022, respectively.

- *Long-term debt (lease liabilities, loans payable and bonds payable):* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date.

  Long term debt subjected to quarterly repricing is not discounted since it approximates fair value. The discount rates used range from 4.46% to 7.20% and 4.21% to 6.12% as of December 31, 2023 and 2022, respectively.

During the years ended December 31, 2023, 2022 and 2021, 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.

30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are composed of cash and cash equivalents, contracts and other receivables, due from related parties, financial assets at FVOCI, accounts payable and accrued expenses, due to related parties and long-term debt (loans payable and bonds payable). The main purpose of these financial instruments is to raise financing for the Group's operations.

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 Group's finance and treasury functions operate as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Group. The Group's BOD reviews and approves the policies for managing each of these risks. The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Group's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk.

Liquidity Risk
Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. In order to cover its financing requirements, the Group uses both internally generated funds and available long-term and short-term credit facilities.

As of December 31, 2023 and 2022, the Group has undrawn short-term credit lines amounting ₱25.78 billion and ₱12.81 billion, respectively, and undrawn long-term credit facilities amounting ₱31.18 billion and ₱24.00 billion, respectively.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2023 and 2022 based on contractual undiscounted payments.

	2023						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
	(In Thousands)						
Financial Liabilities at Amortized Cost							
Accounts Payable and Accrued Expenses							
Accounts payable	**₱3,999,886**	**₱1,502,712**	**₱822,347**	**₱2,125,667**	**₱2,146,710**	**–**	**₱10,597,322**
Retention fees payable	**727,246**	**726,830**	**156,337**	**13,378**	**610,700**	**347,488**	**2,581,979**
Deposits for registration	**–**	**529**	**217,835**	**797,608**	**314,161**	**461,191**	**1,791,324**
Accrued expenses	**1,712,947**	**–**	**–**	**–**	**–**	**–**	**1,712,947**
Accrued interest on bonds and loans	**674,345**	**–**	**–**	**–**	**–**	**–**	**674,345**
	7,114,424	**2,230,071**	**1,196,519**	**2,936,653**	**3,071,571**	**808,679**	**17,357,917**
Other Payables	**–**	**–**	**–**	**202,281**	**–**	**–**	**202,281**
Due to Related Parties	**488,486**	**–**	**–**	**–**	**–**	**–**	**488,486**
Loans Payable	**–**	**4,615,811**	**13,847,432**	**18,976,679**	**2,282,655**	**–**	**39,722,577**
Bonds Payable	**–**	**977,953**	**2,933,860**	**18,524,610**	**20,094,336**	**–**	**42,530,759**
Lease liabilities	**–**	**456,582**	**478,337**	**496,959**	**520,292**	**27,756,008**	**29,708,178**
	₱7,602,910	**₱8,280,417**	**₱18,456,148**	**₱41,137,182**	**₱25,968,854**	**₱28,564,687**	**₱130,010,198**

	2022						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
	(In Thousands)						
Financial Liabilities at Amortized Cost							
Accounts Payable and Accrued Expenses							
Accounts payable	₱3,741,320	₱1,405,572	₱769,188	₱1,988,256	₱2,007,940	₱–	₱9,912,276
Retention fees payable	751,343	750,913	161,517	13,822	630,935	359,001	2,667,531
Deposits for registration	–	487	200,654	734,700	289,383	424,817	1,650,041
Accrued expenses	1,486,147	–	–	–	–	–	1,486,147
Accrued interest on bonds and loans	830,908	–	–	–	–	–	830,908
	6,809,718	2,156,972	1,131,359	2,736,778	2,928,258	783,818	16,546,903
Other Payables	452,805	–	–	166,259	–	–	619,064
Due to Related Parties	754,264	–	–	–	–	–	754,264
Loans Payable	–	2,536,543	7,609,630	17,412,972	9,207,968	–	36,767,113
Bonds Payable	–	4,190,199	12,570,598	19,050,675	10,579,412	–	46,390,884
Lease liabilities	–	376,195	395,440	414,196	429,725	27,404,729	29,020,285
	₱8,016,787	₱9,259,909	₱21,707,027	₱39,780,880	₱23,145,363	₱28,188,547	₱130,098,513

The tables below summarize the maturity profile of the Group's financial assets and contract assets held to manage liquidity as of December 31:

	2023						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	**₱4,604,987**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱4,604,987**
Cash equivalents	**–**	**1,127,021**	**–**	**–**	**–**	**–**	**1,127,021**
Contracts receivable							
Contracts receivable	**1,582,486**	**–**	**–**	**–**	**–**	**–**	**1,582,486**
Receivables from government and financial institutions	**255,343**	**–**	**–**	**–**	**–**	**–**	**255,343**

(Forward)

	2023						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Other receivables							
Receivable from tenants – net	**₱2,038,850**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,038,850**
Due from related parties	**695,344**	**–**	**–**	**–**	**–**	**–**	**695,344**
Investment in bonds	**–**	**–**	**–**	**–**	**150,000**	**–**	**150,000**
Receivable from homeowners' associations – net	**227,671**	**–**	**–**	**–**	**–**	**–**	**227,671**
Receivable from buyers		**–**	**–**	**–**	**–**	**–**	
Others	**139,383**	**–**	**–**	**–**	**–**	**–**	**139,383**
Short-term deposits	**–**	**–**	**96,332**	**–**	**–**	**–**	**96,332**
	9,544,064	**1,127,021**	**96,332**	**–**	**150,000**	**–**	**10,917,417**
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	**–**	**6,458**	**–**	**–**	**–**	**–**	**6,458**
Unquoted	**–**	**9,077**	**–**	**–**	**–**	**–**	**9,077**
	–	**15,535**	**–**	**–**	**–**	**–**	**15,535**
Total financial assets	**9,544,065**	**1,142,556**	**367,514**	**–**	**150,000**	**–**	**11,204,135**
Contract Assets	**–**	**1,186,457**	**3,559,370**	**991,671**	**440,571**	**3,605,700**	**9,783,769**
	₱9,544,065	**₱2,329,013**	**₱3,926,884**	**₱991,671**	**₱590,571**	**₱3,605,700**	**₱20,987,904**

	2022						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	₱5,278,698	₱–	₱–	₱–	₱–	₱–	₱5,278,698
Cash equivalents	–	1,340,437	–	–	–	–	1,340,437
Contracts receivable							
Contracts receivable	1,906,849	–	–	–	–	–	1,906,849
Receivables from government and financial institutions	222,032	–	–	–	–	–	222,032
Other receivables		–	–	–	–	–	–
Receivable from tenants – net	1,876,759	–	–	–	–	–	1,876,759
Due from related parties	464,618	–	–	–	–	–	464,618
Investment in bonds	-	–	–	–	150,000	–	150,000
Receivable from homeowners' associations – net	286,148	–	–	–	–	–	286,148
Receivable from buyers	–	–	–	–	–	–	–
Others	2,822	–	–	–	–	–	2,822
Short-term deposits	-	-	75,492	-	-	-	75,492
	10,037,926	1,340,437	75,492	–	150,000	–	11,603,855
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	6,458	–	–	–	–	6,458
Unquoted	–	9,077	–	–	–	–	9,077
	–	15,535	–	–	–	–	₱15,535
Total financial assets	10,037,926	1,355,972	75,492	–	150,000	–	11,619,390
Contract Assets	–	1,691,678	5,075,033	1,613,176	739,746	1,363,323	10,482,956
	₱10,037,926	₱3,047,650	₱5,150,525	₱1,613,176	₱889,746	₱1,363,323	₱22,102,346

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily for its contract receivables and other receivables.

It is the Group's policy that buyers who wish to avail the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, as discussed in Note 8, the Group has a mortgage insurance contract with Home Guaranty Corporation for a retail guaranty line.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based groupings of various customer segments with similar loss patterns (i.e., by market segment and collateral type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract receivables and contract assets using a provision matrix:

		2023				
	Total	**Socialized**	**Low Affordable**	**Affordable**	**Middle Income**	**High-end**
				(In Thousands)		
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Estimated total gross carrying amount at default	**₱11,621,598**	**₱520,811**	**₱1,695,400**	**₱3,894,430**	**₱4,520,571**	**₱990,386**

		2022				
	Total	Socialized	Low Affordable	Affordable	Middle Income	High-end
				(In Thousands)		
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	₱12,611,837	₱496,215	₱1,798,591	₱4,251,894	₱4,986,835	₱1,078,302

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and financial assets at FVOCI, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Based on the Group's experience, the said assets are highly collectible or collectible on demand. The Group holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Group can repossess the collateralized properties and resell them at the prevailing market price.

The following tables show the credit quality by class of asset as of December 31, 2023 and 2022. The Group's high-grade receivables pertain to receivables from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to bad debt is not significant.

Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Group has not noted any extraordinary exposure which calls for a substandard grade classification.

As at December 31, 2023 and 2022, the analysis of contracts receivable that were past due is as follows:

	Past due					
	Less than 30 days	30 to 60 days	61 days to 90 days	91 days to 120 days	Over 120 days	Total
	(In Thousands)					
2023	**₱384,811**	**₱171,577**	**₱250,029**	**₱106,180**	**₱669,888**	**₱1,582,485**
2022	414,693	256,212	185,816	178,485	871,643	1,906,849

No individually impaired and expected credit loss have been recognized for contracts receivables.

There is no concentration risk on the Group's financial assets as of December 31, 2023 and 2022.

Interest Rate Risk
The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's loans from various financial institutions. To manage interest rate risk, the Group renegotiates the interest rates for certain long term debts to convert them from fixed-rate debt to floating-rate debt as the Group believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no other impact on the Group's other comprehensive income other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax (In Thousands)
2023	+200	₱173,361
	-200	(173,361)
2022	+200	₱100,815
	-200	(100,815)

The assumed change in rate is based on the currently observable market environment. Effect on the Group's income before tax is computed on the carrying amount of the Group's floating rate loans payable as of December 31, 2023 and 2022.

The following tables set out the carrying amount, by maturity, of the Group's loans payable that are exposed to interest rate risk (amounts in thousands):

	91-day Treasury bill plus 1% to 2% margin					
Variable interest rate	Below 1 Year	1-2 Years	>2 years but <3 years	3 years to 4 years	Over 4 years	Total
As of December 31, 2023	**₱4,731,667**	**₱3,000,000**	**₱–**	**₱1,160,000**	**₱50,100**	**₱8,941,767**
As of December 31, 2022	₱3,608,333	₱291,667	₱–	₱–	₱1,160,000	₱5,060,000

31. Subsidiary with Material Noncontrolling Interest

On August 12, 2021, FILRT was listed and traded in the Philippine Stock Exchange under the PSE ticker symbol FILRT. As a result of the listing, FLI's interest in Filinvest REIT Corp. decreased to 63.3%. The transaction was accounted for as an equity transaction since there was no change in control over FILRT. Net proceeds from the public offering amounted to ₱12.13 billion and resulted in additions to retained earnings and noncontrolling interest amounting to ₱10.47 billion and ₱1.66 billion, respectively as of December 31, 2021.

As of December 31, 2023 and 2022, the noncontrolling interest in FILRT represents 36.7%.

Other noncontrolling interest as of December 31, 2023 and 2022 pertains to the 45% equity interest in FBCI, 40% equity interest in FAC, 40% equity interest in FSM Cinemas, 40% equity interest in PDDC, 2% equity interest in TSNC and 25% equity interest in NSI.

Total dividends declared and paid to noncontrolling interest follows:

	Total Dividends Declared	Share of Noncontrolling Interest
	(In Thousands)	
Filinvest REIT Corp.		
2023	**₱1,389,549**	**₱510,381**
2022	1,976,682	726,035
2021	1,095,982	402,554
Filinvest Asia Corp.		
2023	**₱375,000**	**₱150,000**
2022	60,000	24,000
2021	60,000	24,000

The summarized financial information of FILRT as of and for the year December 31, 2023 and 2022 is provided below. This information is based on amounts consolidated to the Group under the same accounting policy (i.e., cost accounting for investment properties and intangible assets) before intercompany eliminations.

Summarized Statement of Financial Position:

	2023	2022
		(In Thousands)
Current assets	**₱2,345,208**	₱2,818,826
Noncurrent assets	**11,111,540**	11,348,082
Total assets	**13,456,748**	14,166,907
Current liabilities	**1,836,368**	7,800,791
Noncurrent liabilities	**6,772,555**	1,053,920
Total liabilities	**8,608,923**	8,854,711
Equity	**₱4,847,825**	₱5,312,196

Statement of Comprehensive Income

	2023	2022
		(In Thousands)
Revenues	**₱3,040,837**	₱3,239,589
Cost and other expenses	**1,693,406**	1,640,855
Other charges	**422,252**	293,481
Income before income tax	**925,178**	1,305,253
Net income for the year	**925,178**	1,305,253
Net income attributable to noncontrolling interest	**₱339,818**	₱479,028

Statement of Cash Flows

	2023	2022
		(In Thousands)
Cash flows from (used in)		
Operating activities	**₱1,236,828**	₱1,832,015
Investing activities	**185,992**	(431,515)
Financing activities	**(1,823,736)**	(2,285,760)
Net increase in cash and cash equivalents	**(₱400,916)**	(₱885,260)

The entire proceeds from FILRT's listing shall be used in accordance with its reinvestment plan.

As a REIT entity, FILRT is subject to externally imposed capital requirements from its debt covenants and based on the requirements of the Aggregate Leverage Limit under the REIT Implementing Rules and Regulations. Thus, FILRT has made adjustments to its policies and processes for managing capital for the year ended December 31, 2021. Per Section 8 of the REIT Implementing Rules and Regulations issued by the SEC, the total borrowings and deferred payments of a REIT should not exceed thirty-five percent (35%) of its Deposited Property; provided, however, that the total borrowings and deferred payments of a REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency may exceed thirty-five percent (35%) but not more than seventy percent (70%) of its Deposited Property. Provided, further, that in no case shall a Fund Manager, borrow for the REIT from any of the funds under its management.

As of December 31, 2023 and 2022, the fair value of the deposited properties amounted to ₱49,946.2 million and ₱49,857.9 million resulting to a debt ratio of 17.2% and 17.8%, respectively. FILRT is compliant to this Aggregate Leverage Limit.

32. Contingencies and Commitments

Contingencies
The Group is involved in various legal actions, claims, assessments and other contingencies incidental to its ordinary course of business. Management believes that any amount the Group may have to pay in connection with any of these matters would not have a material adverse effect on the consolidated financial position or operating results. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed as they may prejudice the outcome of the ongoing proceedings.

Build, Transfer and Operate (BTO) Agreement with Cebu Province
In connection with the BTO Agreement with the Cebu Province, the Group is committed to develop and construct a BPO Complex on the properties owned by Cebu Province located at Salinas, Lahug, Cebu City and transfer the ownership of the BPO Complex to the Cebu Province upon completion in exchange for the right to operate and manage the BPO Complex for the entire term of the agreement and its renewal (see Note 16).

Capital Commitments and Obligations
The Group has contractual commitments and obligations for the construction and development costs to be incurred for investment properties and property and equipment items aggregating ₱6.39 billion and ₱4.38 billion as of December 31, 2023 and 2022, respectively. These will be recognized as liabilities in the Group's consolidated financial statements when the related services are received.

Assignment of Development Rights under a Build, Transfer and Operate Agreement
On June 26, 2015, the Parent Company and a third party entered into an agreement whereby the latter agreed to assign its project development rights and benefits under its BTO Agreement with Cebu Province to the Parent Company. In consideration of this assignment, the Parent Company paid upfront fee amounting ₱50.0 million and ₱150.0 million in 2016 and 2015, respectively. As of December 31, 2023, project construction has not started pending approval from the Province of Cebu on cleared site and this upfront fee is recorded as part of 'Other noncurrent assets' in the consolidated statement of financial position (see Note 16).

Development Agreement with Bases Conversion Development Authority (BCDA)
In 2015, the Parent Company won the contract to develop a 288-hectare area in Clark Green City in Tarlac and paid 10% of the bid premium as bid security amounted to ₱16.0 million. On January 8, 2016, the Joint Venture Agreement with BCDA was signed and pursuant to the terms of the development of the project, the Parent Company paid the ₱160.0 million bid premium representing the right to own 55% of the equity on the joint venture company to be formed with BCDA.

On February 11, 2016, the Parent Company incorporated FCGC Corporation, the entity that will handle the development of the New Clark City (NCC) Project, formerly Clark Green City Project. The bid premium is presented as part of investment properties in the consolidated financial statements (see Note 13). On March 16, 2016, FCGC and BCDA incorporated Filinvest BCDA Clark Inc. (FBCI).

FCGC subscribed 282,880,000 shares at par value amounting to ₱282,880,000. On the other hand, BCDA subscribed 231,000,000 shares amounting ₱231,000,000 and paid its subscription thru the assignment of a 50-year Development and Usufructuary Rights (DUR) over the parcel of land where the NCC project will be developed. FBCI is 55%-owned by FCGCC and 45%-owned by BCDA.

The DUR was recorded in FBCI's books as of December 31, 2023 under investment properties.

33. Registration with PEZA

On February 13, 2002, the Parent Company, FAC and FILRT were registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of RA No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (Ecozone). The same shall be known as Filinvest Technology Park-Calamba.

Under the registration, the Parent Company shall enjoy 5% preferential tax privilege on income generated from the Ecozone in lieu of the regular income tax rate.

On June 11, 2001, FAC was registered with PEZA as the developer/operator of PBCom Tower not entitled to any incentives. However, IT enterprises which shall locate in PBCom Tower shall be entitled to tax incentives pursuant to RA No. 7916.

On June 6, 2000, FILRT was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, it is also entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

On December 15, 2015, PDDC was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, PDDC is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

On July 3, 2019, FBCI was registered with PEZA as an ECOZONE developer/operator enterprise of New Clark City Phase I. As a registered enterprise, FBCI is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

The Group is also entitled to zero percent (0%) value-added tax for sales made to ECOZONE enterprises.

34. Registration with the Board of Investments (BOI)

The Group registered New Leaf Phases 1A and 1B as New Developers of Low-Cost Mass Housing Projects with the BOI under the Omnibus Investments Code of 1987 (Executive Order No. 226), and its validity ended on March 19, 2023. No outstanding projects are registered with the BOI as of December 31, 2023.

35. Notes to Statements of Cash Flows

The Group's noncash activities are as follows:

a) Land and land developments previously presented under inventories were reclassified to investment property in 2022 amounting to ₱94.61 million, (nil in 2023; see Notes 10 and 13).
b) Investment property previously presented under investment properties were reclassified to real estate inventories in 2022 amounting to ₱14.09 million, (nil in 2023).



c) Purchases of investment properties, property and equipment which remain unpaid amounted to ₱2,943.85 million and ₱375.57 million as of December 31, 2023; and ₱3,547.9 million and ₱20.3 million, respectively, as of December 31, 2022 (see Notes 13 and 14).
d) Increase in Other payables and decrease in retirement liabilities amounting to ₱23.2 million in 2022 due to transfer of certain employees to related parties (nil in 2023; see Notes 17 and 25).
e) The Group has remaining unpaid cash dividend amounting to ₱21.4 million out of the dividends declared as of December 31, 2023 and 2022 (see Note 26).
f) Total accretion of interest for loans and bonds payable amounted to ₱133.67 million and ₱59.67 million, respectively, in 2023; and ₱54.92 million and ₱98.30 million, respectively, in 2022 (see Notes 18 and 19).

Changes in liabilities arising from financing activities for the years ended December 31 follows:

	2023			
	January 1, 2023	**Cash flows**	**Noncash movement**	**December 31, 2023**
		(In Thousands)		
Loans payable	**₱32,849,484**	**₱4,131,388**	**₱7,055**	**₱36,987,927**
Bonds payable	**41,132,786**	**(3,604,600)**	**(59,674)**	**37,468,512**
Accrued interest	**830,908**	**(4,118,521)**	**3,961,958**	**674,345**
Dividends payable	**21,413**	**(875,871)**	**875,871**	**21,413**
Lease liabilities	**6,508,490**	**(372,444)**	**583,815**	**6,719,861**
Due to related parties	**754,264**	**(265,778)**	**–**	**488,486**
	₱82,097,345	**(₱5,105,826)**	**₱5,369,025**	**₱82,360,544**

	2022			
	January 1, 2022	Cash flows	Noncash movement	December 31, 2022
		(In Thousands)		
Loans payable	₱32,182,744	₱654,465	₱12,275	₱32,849,484
Bonds payable	36,288,922	4,900,000	(56,136)	41,132,786
Accrued interest	704,994	(3,851,408)	3,977,322	830,908
Dividends payable	19,000	(1,140,525)	1,142,938	21,413
Lease liabilities	6,348,017	(360,103)	520,576	6,508,490
Due to related parties	204,318	549,946	–	754,264
	₱75,747,995	₱752,375	₱5,596,975	₱82,097,345

	2021			
	January 1, 2021	Cash flows	Noncash movement	December 31, 2021
		(In Thousands)		
Loans payable	₱38,105,023	(₱5,997,829)	₱75,550	₱32,182,744
Bonds payable	31,663,528	4,700,000	74,606	36,288,922
Accrued interest	674,060	(3,400,306)	3,431,240	704,994
Dividends payable	49,001	(784,224)	754,223	19,000
Lease liabilities	6,152,960	(351,321)	546,378	6,348,017
Due to related parties	112,021	92,297	–	204,318
	₱76,756,593	(₱5,741,383)	₱4,881,997	₱75,747,995

'Noncash movement' column includes amortization of debt issuance costs and interest expense for loans payable and bonds payable, dividend declaration and share in the net income of noncontrolling interest.

36. **Subsequent Events**

On January 30, 2024, the Parent Company and the Province of Cebu entered into an Amendment Agreement to the BTO Agreement, recognizing the full assignment not only of the rights and benefits but also the obligations under the BTO Agreement in favor of the Parent Company as the successor proponent to the contemplated project development. This is a non-adjusting subsequent event and does not impact the Group's financial position and performance as of and for the year ended December 31, 2023.

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group") as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated February 27, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-137-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10082009, January 6, 2024, Makati City

February 27, 2024

FILINVEST LAND, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex C: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

ANNEX A

FILINVEST LAND, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2023

(Amounts in Thousands of Pesos)

Unappropriated Retained Earnings, beginning of reporting period		₱47,486,649
Add: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of retained earnings appropriation	–	
Effect of restatements	–	
Others	912,769	912,769
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	875,871	
Retained earnings appropriated during the reporting period	–	
Effect of restatements	–	
Others	–	875,871
Unappropriated Retained Earnings, as adjusted		47,523,547
Add/Less: Net income (loss) for the current year		4,315,172
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and equivalents	–	
Unrealized fair value adjustment (marked-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain of investment property	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Sub-total		–
Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	–	
Realized fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss FVTPL)	–	
Realized fair value gain of Investment Property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Sub-total		–

(Forward)

Add: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	₱ –	
Reversal of previously recorded fair value adjustment (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Reversal of previously recorded fair value gain of Investment Property	–	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	–	
Sub-total		–
Adjusted Net Income/Loss		4,315,172
Add: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Sub-total		–
Add/Less: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	
Sub-total		–
Add/Less: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	125,965	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(71,385)	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Sub-total	54,580	54,580
Total Retained Earnings, end of reporting period available for dividend		**₱51,893,299**

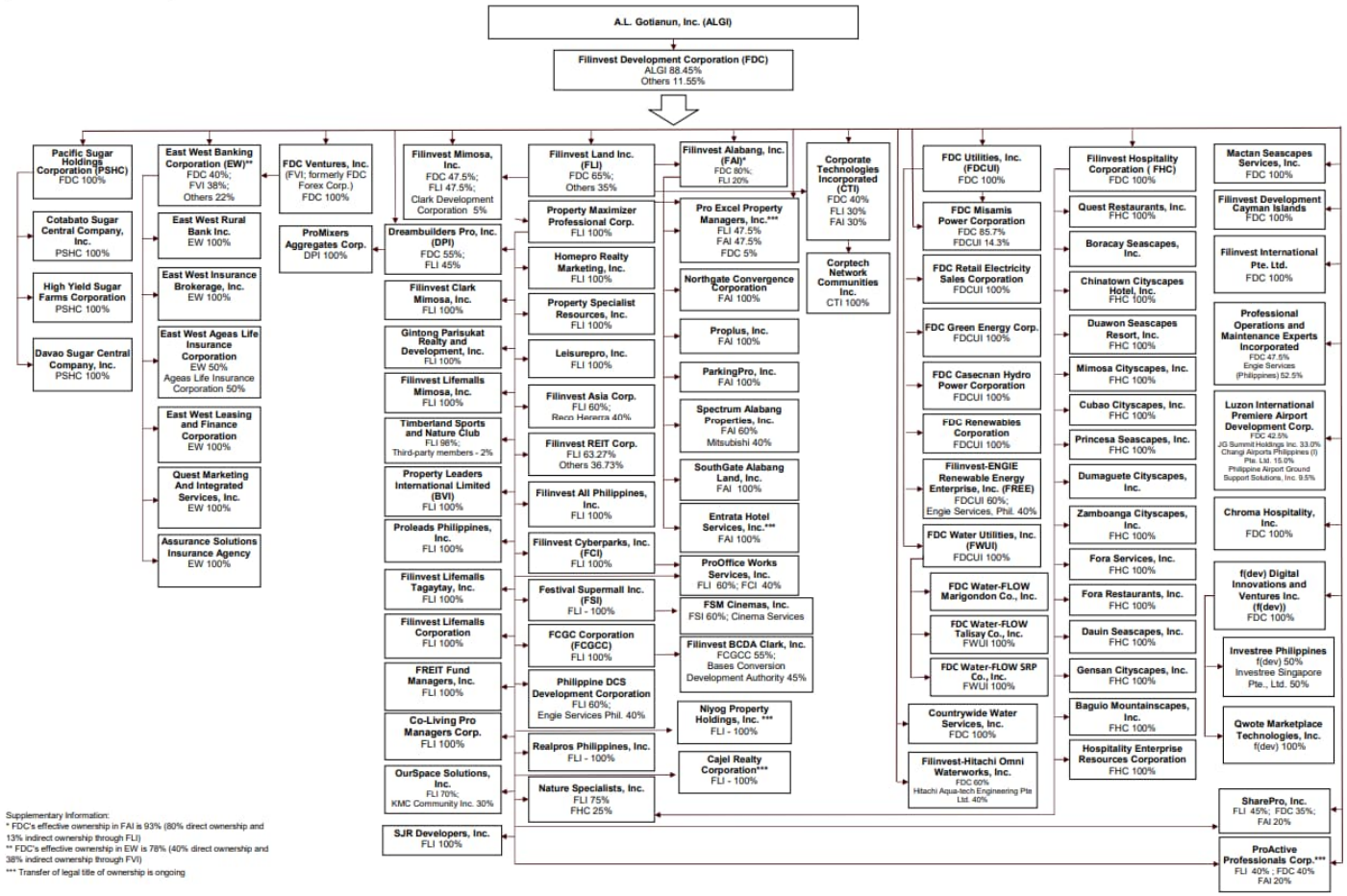
ANNEX B

FILINVEST LAND, INC. AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES

DECEMBER 31, 2023

A.L. GOTIANUN, INC.
MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT, CO-SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
(As of December 31, 2023)



Supplementary Information:
* FDC's effective ownership in FAI is 93% (80% direct ownership and 13% indirect ownership through FLI)
** FDC's effective ownership in EW is 78% (40% direct ownership and 38% indirect ownership through FVI)
*** Transfer of legal title of ownership is ongoing

SCHEDULE A

FILINVEST LAND, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2023

Below is the detailed schedule of the Group's financial assets in equity securities as of December 31, 2023:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
		(In Thousands Except Number of Shares)		
Financial assets at FVOCI				
Quoted:				
Philippine Long Distance Telephone Company	26,100	₱261	₱261	₱–
Manila Electric Company (MERALCO)	1,153,694	6,197	6,197	–
		6,458	6,458	–
Unquoted:				
The Palms Country Club, Inc.	1,000	₱3,060	₱3,060	₱–
Cebu Country Club	1	6,017	6,017	–
		9,077	9,077	–
		₱15,535	₱15,535	₱–

The Group's investment in MERALCO is an unlisted preferred shares acquired in connection with the infrastructure that it provides for the Group's real estate development projects. These are carried at cost less impairment, if any.

SCHEDULE B

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2023

As of December 31, 2023, there were no advances to employees of the Group with balances above ₱100,000.

All amounts receivable from related parties pertained to items arising in the ordinary course of business.

SCHEDULE C

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2023

Below is the schedule of receivables with related parties which are eliminated in the consolidated financial statements as of December 31, 2023 (amounts in thousands):

		Volume of Transactions	Receivable
Filinvest Cyberzone Mimosa, Inc. (FCMI)	Share in expenses	**(₱1,272,950)**	**₱3,074,681**
Filinvest Cyberparks, Inc. (FCI)	Share in expenses	**885,625**	**2,043,349**
Homepro Realty Marketing, Inc. (Homepro)	Share in expenses	**(97,487)**	**714,896**
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Share in expenses	**53,345**	**631,710**
Property Maximizer Professional Corp. (Promax)	Share in expenses	**123,199**	
Property Maximizer Professional Corp. (Promax)	Marketing fee expense	**(50,746)**	**150,055**
Filinvest BCDA Clark, Inc. (FBCI)	Share in Expenses	**(25,203)**	**94,402**
Nature Specialists, Inc.	Share in expenses	**17,320**	**89,429**
Filinvest REIT Corp (FILRT)	Share in expenses	**640,694**	
Filinvest REIT Corp (FILRT)	Rental income	**(21,836)**	**75,155**
FCGC Corporation (FCGCC)	Share in expenses	**(239,999)**	**49,239**
SJR Developers	Share in expenses	**44,259**	**44,259**
Proleads Philippines, Inc. (PPI)	Share in Expenses	**320**	**27,868**
Gintong Parisukat Realty and Development Inc. (GPRDI)	Share in expenses	**4,367**	**27,618**
Timberland Sports and Nature Club, Inc. (TSNC)	Share in expenses	**125**	**19,633**
Realpros Philippines, Inc. (RPI)	Share in expenses	**21**	**15,252**
Co-Living Pro Managers Corp.	Share in expenses	**3,011**	**11,327**
Filinvest AII Philippines, Inc. (FAPI)	Share in expenses	**3,962**	**8,723**
Property Specialist Resources, Inc. (Prosper)	Share in expenses	**582**	**8,002**
Leisurepro, Inc. (Leisurepro)	Share in expenses	**60**	**6,632**
Niyog Property Holdings Inc	Share in expenses	**3,166**	**3,166**
OurSpace Solutions, Inc.	Share in expenses	**1**	**455**
Cajel Realty Corporation	Share in expenses	**449**	**449**
Festival Supermall, Inc. (FSI)	Share in expenses	**376**	**376**
FREIT Fund Managers, Inc. (FFMI)	Share in expenses	**–**	**223**
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Share in expenses	**1**	**212**
Philippine DCS Development Corporation (PDDC)	Share in expenses	**–**	**141**
Property Leaders International Limited (PLIL)	Share in expenses	**–**	**111**
ProOffice Works Services, Inc. (ProOffice)	Share in expenses	**2**	**95**
Filinvest Lifemalls Corporation (FLC)	Share in expenses	**-1**	**88**
FSM Cinemas, Inc. (FSMCI)	Share in expenses	**12**	**15**
		₱72,675	**₱7,097,561**

The table below shows the movement of the receivables from related parties:

	Balance Beginning of Year	Additions	Collections	Balance at End of Year
Filinvest Cyberzone Mimosa, Inc. (FCMI)	**₱4,347,631**	**₱328,553**	**(₱1,601,503)**	**₱3,074,681**
Filinvest Cyberparks, Inc. (FCI)	**1,157,724**	**885,625**	**–**	**2,043,349**
Homepro Realty Marketing, Inc. (Homepro)	**812,383**	**8,494**	**(105,981)**	**714,896**
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	**578,365**	**53,345**	**–**	**631,710**
Property Maximizer Professional Corp. (Promax)	**77,602**	**73,097**	**(644)**	**150,055**
Filinvest BCDA Clark, Inc. (FBCI)	**119,605**	**13,178**	**(38,381)**	**94,402**
Nature Specialists, Inc. (NSI)	**72,109**	**17,320**	**–**	**89,429**
Filinvest REIT Corp (FILRT)	**(543,703)**	**640,694**	**(21,836)**	**75,155**
FCGC Corporation (FCGCC)	**289,238**	**20,001**	**(260,000)**	**49,239**
SJR Developers	**–**	**44,259**	**–**	**44,259**
Proleads Philippines, Inc. (PPI)	**27,548**	**320**	**–**	**27,868**
Gintong Parisukat Realty and Development Inc. (GPRDI)	**23,251**	**4,367**	**–**	**27,618**
Timberland Sports and Nature Club, Inc. (TSNC)	**19,508**	**125**	**–**	**19,633**
Realpros Philippines, Inc. (RPI)	**15,231**	**21**	**–**	**15,252**
Co-Living Pro Managers Corp.	**8,316**	**3,011**	**–**	**11,327**
Filinvest AII Philippines, Inc. (FAPI)	**4,761**	**3,962**	**–**	**8,723**
Property Specialist Resources, Inc. (Prosper)	**7,420**	**811**	**(229)**	**8,002**
Leisurepro, Inc. (Leisurepro)	**6,572**	**60**	**–**	**6,632**
Niyog Property Holdings Inc	**–**	**3,166**	**–**	**3,166**
OurSpace Solutions, Inc.	**454**	**1**	**–**	**455**
Cajel Realty Corporation	**–**	**449**	**–**	**449**
Festival Supermall, Inc. (FSI)	**–**	**376**	**–**	**376**
FREIT Fund Managers, Inc. (FFMI)	**223**	**–**	**–**	**223**
Filinvest Lifemalls Mimosa, Inc. (FLMI)	**211**	**1**	**–**	**212**
Philippine DCS Development Corporation (PDDC)	**141**	**–**	**–**	**141**
Property Leaders International Limited (PLIL)	**111**	**–**	**–**	**111**
ProOffice Works Services, Inc. (ProOffice)	**93**	**2**	**–**	**95**
Filinvest Lifemalls Corporation (FLC)	**89**	**–**	**(1)**	**88**
FSM Cinemas, Inc.	**3**	**12**	**–**	**15**
	₱7,024,886	**₱2,101,250**	**(₱2,028,575)**	**₱7,097,561**

The intercompany transactions between FLI and the subsidiaries pertain to share in common expenses, rental charges, marketing fee and management fee. There were no amounts written off during the year and all amounts are expected to be settled within the year.

SCHEDULE D

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT

DECEMBER 31, 2023

Below is the schedule of long-term debt of the Group:

Title of Issue & Type of Obligation	Amount Authorized by Indenture/Facility Agreement	Current Portion of Long-term Debt (In Thousands)	Long-term Debt (net of Current Portion (In Thousands)	Interest Rate	No. of Periodic Installment	Maturity Date
Filinvest Land Inc.						
Bonds						
Philippine Peso	₱1,700,000	₱1,697,345	₱–	5.6400%	N/A, Bullet	December 4, 2024
Philippine Peso	8,925,000	–	8,861,211	5.3500%	N/A, Bullet	June 23, 2025
Philippine Peso	1,000,000	–	996,930	5.7100%	N/A, Bullet	November 18, 2023
Philippine Peso	5,000,000	–	4,963,257	4.5300%	N/A, Bullet	August 20, 2025
Philippine Peso	1,764,595	–	1,757,158	4.1800%	N/A, Bullet	December 21, 2025
Philippine Peso	11,430,800	–	11,290,787	6.9829%	N/A, Bullet	May 18, 2026
Philippine Peso	2,975,000	–	2,947,340	6.4100%	N/A, Bullet	June 1, 2027
Philippine Peso	5,000,000	–	4,954,484	5.2600%	N/A, Bullet	June 23, 2027
Bank Loan- Peso						
Local Bank	5,105,000	3,591,045	1,498,133	Various fixed / floating rates	Various	Various from 2024 to 2027
Local Bank	7,984,167	2,346,448	5,614,514	Various fixed / floating rates	Various	Various from 2024 to 2026
Local Bank	2,104,167	1,828,724	270,833	Various fixed rates	Various	Various from 2024 to 2025
Local Bank	2,000,000	–	1,991,022	Various fixed rates	Various	September 27, 2026
Local Bank	1,550,000	–	1,541,305	Various fixed / floating rates	Various	Various from 2026 to 2028
Local Bank	3,256,667	3,250,911	–	Various fixed / floating rates	Various	Various from 2024
Local Bank	1,500,000	1,492,902	–	Various floating rates	Various	Various from 2024
Local Bank	2,848,958	1,392,170	1,447,713	Various fixed rates	Various	Various from 2024 to 2025
Sub-total	64,144,353	15,599,545	48,134,687			

Title of Issue & Type of Obligation	Amount Authorized by Indenture/Facility Agreement	Current Portion of Long-term Debt (In Thousands)	Long-term Debt (net of Current Portion (In Thousands)	Interest Rate	No. of Periodic Installment	Maturity Date
Subsidiaries						
Bank Loan- Peso						
Local Bank	₱868,182	₱702,193	₱163,636	Various fixed rates	Various	Various from 2024 to 2025
Local Bank	5,731,667	1,232,174	4,492,169	Various fixed / floating rates	Various	Various from 2024 to 2028
Local Bank	3,000,000	–	2,999,333	Various fixed rates	Various	Various from 2025
Local Bank	260,200	–	258,623	Various fixed / floating rates	Various	Various from 2026 to 2028
Local Bank	575,000	573,038	–	Various fixed / floating rates	Various	Various from 2024
Local Bank	301,042	70,833	230,208	Various fixed rates	Various	Various from 2025
	₱74,880,443	₱18,177,783	₱56,278,656			

Each loan balance is presented net of unamortized deferred costs. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.0x and minimum interest coverage ratio of 1.0x.

Each bond balance is presented net of unamortized deferred costs. The agreements covering the abovementioned bonds require maintaining certain financial ratios including maximum debt-to-equity ratio ranging from 2.0x to 2.5x ; minimum current ratio ranging from 1.0x to 2.0x; and minimum debt service coverage ratio (DSCR) of 1.0x (except for FILRT bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x).

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

The Group has complied with these contractual agreements. There was neither default nor breach noted for the year ended December 31, 2023.

SCHEDULE E

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2023

This schedule is not applicable as there are no non-current indebtedness which exceed 5% of total assets as of December 31, 2023.

SCHEDULE F

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2023

The Group does not have guarantees of securities of other issuers as of December 31, 2023.

SCHEDULE G

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK

DECEMBER 31, 2023

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
			(In Thousands)			
Common Shares	33,000,000	24,249,760	–	16,200,420	5,525	8,043,815
Preferred Shares	8,000,000	8,000,000	–	8,000,000	–	–

SCHEDULE H

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF BOND ISSUANCES - SECURITIES OFFERED TO THE PUBLIC

DECEMBER 31, 2023

	2013 7.0 Billion Bond	2014 7.0 Billion Bond	2015 8.0 Billion Bond	2017 6.0 Billion Bond	2020 8.1 Billion Bond	2021 10.0 Billion Bond	2022 11.90 Billion Bond	2023 11.43 Billion Bond
Expected gross and net proceeds as disclosed in the prospectus								
Gross Proceeds	₱7,000,000,000	₱7,000,000,000	₱8,000,000,000	₱6,000,000,000	₱9,000,000,000	₱10,000,000,000	₱11,900,000,000	₱12,000,000,000
Less: Expenses	67,594,379	82,327,087	85,330,750	68,308,996	118,002,625	131,785,030	154,432,780	149,808,155
Net Proceeds	₱6,932,405,621	₱6,917,672,913	₱7,914,669,250	₱5,931,691,004	₱8,881,997,375	₱9,868,214,970	₱11,745,567,220	₱11,850,191,845
Actual gross and net proceeds								
Gross Proceeds	₱7,000,000,000	₱7,000,000,000	₱8,000,000,000	₱6,000,000,000	₱8,100,000,000	₱10,000,000,000	₱11,900,000,000	₱11,430,800,000
Less: Expenses	82,906,997	77,906,937	86,811,468	96,582,653	165,450,548	137,330,244	156,399,197	143,059,814
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,452	₱9,862,669,756	₱11,743,600,803	₱11,287,740,186
Expenditure items where the proceeds were used								
Land Acquisition	₱2,965,648,318	₱–	₱88,961,000	₱–	₱595,776,352	₱2,000,000,000	₱2,273,000,000	₱–
Project Development	1,185,554,209	2,422,093,063	2,888,760,022	–	693,494,229	532,498,565	597,600,803	2,786,885,000
Investment Property	2,765,890,476	–	4,935,467,510	5,903,417,347	2,104,200,033	1,753,544,108	273,000,000	244,299,000
Debt refinancing	–	4,500,000,000	–	–	4,356,621,959	5,308,627,083	8,600,000,000	4,000,000,000
General Corporate	–	–	–	–	184,456,880	268,000,000	–	–
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,452	₱9,862,669,756	₱11,743,600,803	₱7,031,184,000
Balance of the proceeds as of December 31, 2023								
Net Proceeds	₱6,917,093,003	₱6,922,093,063	₱7,913,188,532	₱5,903,417,347	₱7,934,549,452	₱9,862,669,756	₱11,743,600,803	₱11,287,740,186
Capital Expenses	6,917,093,003	2,422,093,063	7,913,188,532	5,903,417,347	3,577,927,493	4,554,042,673	3,143,600,803	3,031,184,000
Debt refinancing	–	4,500,000,000	-	-	4,356,621,959	5,308,627,083	8,600,000,000	4,000,000,000
Net Proceeds	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱4,256,556,186

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group") at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated February 27, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission ("SEC"), and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the SEC, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-137-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10082009, January 6, 2024, Makati City

February 27, 2024

A member firm of Ernst & Young Global Limited

FILINVEST LAND, INC. AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2023

(Amounts in Thousands of Pesos)

Ratio	Formula		2023	2022
Current Ratio [(1)]	Total Current Assets divided by Total Current Liabilities		**2.97**	2.53
	Total Current Assets	95,607,984		
	Divide by: Total Current Liabilities	32,206,852		
	Current Ratio	2.97		
Interest-bearing Debt-to-Equity ratio	Interest-bearing Debt (*Sum of Consolidated Loans Payable and Consolidated Bonds Payable)* divided by Total Equity		**0.79**	0.81
	Interest-bearing Debt	74,456,439		
	Divide by: Equity	94,271,869		
	Long-term Debt-to-Equity Ratio	0.79		
Debt Ratio	Total Liabilities divided by Total Assets		**0.54**	0.54
	Total Liabilities	110,204,208		
	Divide by: Total Assets	204,476,077		
	Debt Ratio	0.54		
EBITDA to Total Interest Paid	Earnings before Interests and Other Charges, Income Tax, Depreciation and Amortization - EBITDA *(net income plus interest and other finance charges (including interest expense on financial liability on lease contract), provision for income tax, depreciation and amortization)* divided by Total Interest Paid		**2.18**	2.12
	EBITDA	8,969,158		
	Divide by: Total Interest Paid	4,118,521		
	EBITDA to Total Interest Paid	2.18		
Price Earnings Ratio	Closing price divided by Earnings per share		**3.69**	7.50
	Closing price [(2)]	0.59		
	Divide by: Earnings per share	0.16		
	Price Earnings Ratio	3.69		
Quick Asset Ratio	Quick Assets *(total current assets less real estate inventories)* divided by Current Liabilities		**0.71**	0.62
	Total Current Assets	95,607,984		
	Less: Inventories	72,634,830		
	Quick Assets	22,973,154		
	Divide by: Total Current Liabilities	32,206,852		
	Quick Asset Ratio	0.71		
(Forward)				

Ratio	Formula		2023	2022
Solvency Ratio	Net Income before Depreciation and Amortization *(net income plus depreciation and amortization)* divided by Total Liabilities		**0.05**	0.05
	Net Income	4,296,044		
	Add: Depreciation and Amortization	1,593,382		
	Net Income before Depreciation and Amortization	5,889,426		
	Divide by: Total Liabilities	110,204,208		
	Solvency Ratio	0.05		
Interest Coverage Ratio	Earnings before Interest and Other Finance Charges and Income Tax (EBIT) divided by Interest and Other Finance Charges		**3.03**	2.85
	EBIT	7,375,776		
	Divide by: Interest and Other Finance Charges	2,434,393		
	Interest Coverage Ratio	3.03		
Net Profit Margin	Net Income divided by Revenue		**0.19**	0.18
	Net Income	4,296,044		
	Divide by: Revenue	22,554,334		
	Net Profit Margin	0.19		
Return on Equity	Net Income divided by Total Equity		**0.05**	0.04
	Net Income	4,296,044		
	Divide by: Total Equity	94,271,869		
	Return on Equity	0.05		
Asset-to-Equity Ratio	Total Assets divided by Total Equity		**2.17**	2.19
	Total Assets	204,476,077		
	Divide by: Total Equity	94,271,869		
	Return on Equity	2.17		

(1) In computing for the Group's current ratio, current assets include cash and cash equivalents, contracts receivables, contract assets, other receivables, real estate inventories and other current assets and current liabilities include accounts payable and accrued expenses, due to related parties, income tax payable and current portion of loans payable. Determination of current accounts is based on their maturity profile of relevant assets and liabilities.

(2) Closing price at December 31, 2023 and December 31, 2022 is ₱0.59 and ₱0.90, respectively.

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

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Company Information

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Company Name: FILINVEST LAND INC.
Industry Classification: K70120
Company Type: Stock Corporation

Document Information

Document ID: OST10415202482190119
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2023
Submission Type: Parent
Remarks: None

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

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Cc:Jona Arrol A. Varona_Resigned 02/19/2021 <jona.varona@filinvestland.com>

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Submission Date/Time: **Apr 11, 2024 03:57 PM**
Company TIN: **000-533-224**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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FILINVEST LAND, INC.

79 EDSA, Highway Hills
Mandaluyong City, Metro Manila
Trunk line: (632) 918-8188
Customer hotline: (632) 588-1688
Fax number: (632) 918-8189
www.filinvestland.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FILINVEST LAND, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2023 and 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditor, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JONATHAN T. GOTIANUN
Chairman of the Board

TRISTANEIL D. LAS MARIAS
President and CEO

ANA VENUS A. MEJIA
EVP - Treasurer & CFO

SUBSCRIBED AND SWORN TO BEFORE ME in the City of Mandaluyong this ___ day of MAR 04 2024 affiant exhibiting to me _____ as his/her competent evidence of identity.

Signed this ___ day of _____ 2024.

Doc. No. 244;
Page No. 50;
Book No. 10;
Series of 2024

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 5420812; 1-3-24; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	7	0	9	5	7					

COMPANY NAME

F	I	L	I	N	V	E	S	T		L	A	N	D	,		I	N	C	.																						

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

7	9		E	D	S	A	,		B	r	g	y	.		H	i	g	h	w	a	y		H	i	l	l	s	,	
M	a	n	d	a	l	u	y	o	n	g		C	i	t	y															

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	S E C	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	7918-8188	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,606	Every 2nd to the last Friday of April Each Year	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	7918-8188	

CONTACT PERSON's ADDRESS

79 EDSA, Brgy. Highway Hills, Mandaluyong City

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

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Building a better working world

SyCip Gorres Velayo & Co.
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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

Opinion

We have audited the accompanying parent company financial statements of Filinvest Land, Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2023 and 2022, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements as at December 31, 2023 and 2022 and for the years then ended are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs) as modified by the application of the financial reporting reliefs issues and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the parent company financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 to the parent company financial statements which indicates that the financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2023 parent company financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of these parent company financial statements in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC as described in Note 2 to the parent company financial statements and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such



disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in accordance with PFRS, as modified by the application of financial reporting reliefs issued and approved by the SEC as described in Note 2 to the parent company financial statements.

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulation 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of the Filinvest Land, Inc. in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to parent company financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Wanessa G. Salvador.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-137-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10082009, January 6, 2024, Makati City

February 27, 2024

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands of Pesos)

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 19 and 29)	**₱3,197,386**	₱3,205,140
Contracts receivables (Notes 5, 7 and 29)	**1,837,829**	2,120,785
Contract assets (Notes 5 and 29)	**4,741,729**	5,399,792
Other receivables (Notes 8, 19 and 29)	**1,432,447**	1,262,623
Real estate inventories (Note 9)	**69,179,423**	68,430,419
Other current assets (Note 5 and 10)	**6,376,255**	5,812,157
Total Current Assets	**86,765,069**	86,230,916
Noncurrent Assets		
Contract assets - net of current portion (Notes 5 and 29)	**5,037,942**	5,083,164
Investments and advances in subsidiaries and associates (Notes 2, 11 and 19)	**23,730,788**	19,892,056
Investment properties (Note 12)	**58,744,589**	56,029,800
Property and equipment (Note 13)	**2,670,288**	2,567,891
Other noncurrent assets (Note 15)	**6,293,406**	6,671,598
Total Noncurrent Assets	**96,477,013**	90,244,509
TOTAL ASSETS	**₱183,242,082**	₱176,475,425
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 16 and 29)	**₱9,439,353**	₱8,399,615
Contract liabilities (Note 5)	**792,402**	1,012,294
Current portion of lease liabilities (Note 14)	**195,218**	246,051
Due to related parties (Notes 19 and 29)	**144,760**	581,560
Current portion of loans payable (Notes 17, 26 and 29)	**14,676,371**	6,985,891
Current portion of bonds payable (Notes 18, 26 and 29)	**1,697,345**	9,017,683
Total Current Liabilities	**26,945,449**	26,243,094
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 17, 26 and 29)	**12,756,214**	21,524,275
Bonds payable - net of current portion (Notes 18, 26 and 29)	**35,771,172**	26,115,346
Contract liabilities - net of current portion (Note 5)	**149,949**	283,068
Lease liabilities - net of current portion (Note 14)	**4,809,755**	4,378,800
Net retirement liabilities (Note 25)	**329,878**	353,795
Deferred income tax liabilities - net (Note 27)	**6,021,299**	5,741,467
Accounts payable and accrued expenses - net of current portion (Notes 16 and 29)	**5,954,463**	4,770,978
Total Noncurrent Liabilities	**65,792,730**	63,167,729
Total Liabilities	**92,738,179**	89,410,823

(Forward)

	December 31	
	2023	2022
Equity		
Common stock (Note 26)	**₱24,470,708**	₱24,470,708
Preferred stock (Note 26)	**80,000**	80,000
Additional paid-in capital	**5,612,321**	5,612,321
Treasury stock (Note 26)	**(221,041)**	(221,041)
Retained earnings (Note 26)	**60,548,081**	57,108,780
Remeasurement on retirement plan (Note 25)	**16,453**	16,453
Revaluation reserve on financial assets at fair value through other comprehensive income	**(2,619)**	(2,619)
Total Equity	**90,503,903**	87,064,602
TOTAL LIABILITIES AND EQUITY	**₱183,242,082**	₱176,475,425

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2023	2022
REVENUE		
Real estate sales (Note 5)	**₱14,474,588**	₱12,820,185
Rental services (Notes 5, 12, 14 and 15)	**3,259,249**	2,545,229
	17,733,837	15,365,414
OTHER INCOME		
Dividend income (Notes 11 and 19)	**1,421,247**	1,292,581
Interest income (Notes 6, 7, 19 and 23)	**222,035**	329,879
Others - net (Notes 19 and 24)	**223,174**	196,644
	19,600,293	17,184,518
COSTS		
Real estate sales (Note 9)	**8,104,930**	7,343,258
Rental services (Notes 12, 15 and 20)	**1,326,893**	1,240,636
OPERATING EXPENSES		
General and administrative expenses (Note 21)	**2,149,529**	1,883,611
Selling and marketing expenses (Note 22)	**1,322,428**	1,163,525
INTEREST AND OTHER FINANCE CHARGES		
(Notes 17, 18 and 23)	**1,529,742**	1,453,708
	14,433,522	13,084,738
INCOME BEFORE INCOME TAX	**5,166,771**	4,099,780
PROVISION FOR INCOME TAX (Note 27)	**851,599**	662,981
NET INCOME	**₱4,315,172**	₱3,436,799

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2023	2022
NET INCOME	**₱4,315,172**	₱3,436,799
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to profit or loss		
Remeasurement gain on retirement plan, net of tax (Note 25)	–	61,997
TOTAL COMPREHENSIVE INCOME	**₱4,315,172**	₱3,498,796

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Retained Earnings (Note 26)	Remeasurement on Retirement Plan (Note 25)	Revaluation Reserve on Financial Assets at FVOCI (Note 15)	Total
				For the Year Ended December 31, 2023				
Balance as January 1, 2023	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱57,108,780**	**₱16,453**	**(₱2,619)**	**₱87,064,602**
Net income	–	–	–	–	**4,315,172**	–	–	**4,315,172**
Dividends (Note 26)	–	–	–	–	**(875,871)**	–	–	**(875,871)**
Balances as of December 31, 2023	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱60,548,081**	**₱16,453**	**(₱2,619)**	**₱90,503,903**
				For the Year Ended December 31, 2022				
Balance as January 1, 2022	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱54,814,920	(₱45,544)	(₱2,619)	₱84,708,745
Net income	–	–	–	–	3,436,799	–	–	3,436,799
Other comprehensive income	–	–	–	–	–	61,997	–	61,997
Total comprehensive income	–	–	–	–	3,436,799	61,997	–	3,498,796
Dividends (Note 26)	–	–	–	–	(1,142,939)	–	–	(1,142,939)
Balances as of December 31, 2022	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱57,108,780	₱16,453	(₱2,619)	₱87,064,602

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS
(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱5,166,771**	₱4,099,780
Adjustments for:		
Interest expense and amortization of transaction cost (Notes 17, 18 and 23)	**1,377,585**	1,431,961
Depreciation and amortization (Notes 12, 13, and 15)	**1,130,146**	986,910
Net pension expense, net of contribution and benefits paid (Note 25)	**(23,917)**	31,142
Interest income (Note 23)	**(222,035)**	(329,879)
Dividend income (Note 11 and 19)	**(1,421,247)**	(1,292,581)
Operating income before changes in operating assets and liabilities	**6,007,303**	4,927,333
Changes in operating assets and liabilities		
Decrease (increase) in:		
Contracts receivable	**282,957**	3,165,548
Contract assets	**703,284**	(2,152,381)
Other receivables	**(169,824)**	(152,489)
Real estate inventories	**(32,123)**	(1,078,474)
Other assets	**562,623**	(548,688)
Increase (decrease) in:		
Accounts payable and accrued expenses	**2,688,158**	(1,556,338)
Due to related parties (Notes 19 and 29)	**(436,800)**	379,487
Contract liabilities	**(353,010)**	(648,878)
Net cash from operations	**9,252,568**	2,335,120
Income taxes paid	**(715,127)**	(350,302)
Interest received	**222,035**	329,879
Net cash provided by operating activities	**8,759,476**	2,314,697
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investment properties and property and equipment (Notes 12 and 13)	**(3,240,783)**	(4,745,010)
Increase in investments and advances in subsidiaries and associates (Note 11)	**(3,425,820)**	(1,501,752)
Additions to build, transfer and operate rights (Note 15)	**(500,111)**	(1,393,410)
Investment in bonds (Note 15)	**–**	(150,000)
Cash dividends received (Note 11 and 19)	**1,421,247**	1,292,581
Net cash used in investing activities	**(5,745,467)**	(6,497,591)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of:		
Loans payable (Notes 17 and 29)	**17,555,000**	11,405,000
Bonds payable (Note 18)	**11,430,800**	11,900,000
Payments of:		
Lease liabilities (Note 14)	**(332,040)**	(272,588)
Loans payable (Note 17)	**(18,640,379)**	(10,543,939)
Bonds payable (Note 18)	**(9,035,400)**	(7,000,000)
Interest and transaction costs	**(3,123,873)**	(2,799,612)
Cash dividend (Notes 26 and 29)	**(875,871)**	(1,140,526)
Net cash provided by (used in) financing activities	**(3,021,763)**	1,548,335
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(7,754)**	(2,634,559)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,205,140**	5,839,699
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱3,197,386**	₱3,205,140

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Filinvest Land, Inc. (the Parent Company or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and is domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989 and later changed to its present name on July 12, 1993. The Parent Company offers a range of products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects and condominium buildings. The Parent Company also leases out commercial spaces in a mall in Muntinlupa City, Cavite and Cebu City.

The Parent Company is a subsidiary of Filinvest Development Corporation (FDC), a publicly listed entity. A.L. Gotianun, Inc. (ALGI) is its ultimate parent company. Both FDC and ALGI are domiciled in the Philippines.

The Parent Company's registered business address is at 79 E. Delos Santos Ave. (EDSA), Brgy. Highway Hills, Mandaluyong City.

Approval of the Parent Company Financial Statements
The parent company financial statements were approved and authorized for issue by the Board of Directors (BOD) on February 27, 2024.

2. Material Accounting Policy Information

Basis of Preparation
The parent company financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The parent company financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. Amounts are in thousand ₱ except as otherwise stated.

The parent company financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The parent company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the following reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) under Memorandum Circular No. 34-2020 in response to the COVID-19 pandemic.

1. Assessing if the transaction price includes a significant financing component as discussed in Philippine Interpretations Committee (PIC) Questions and Answers (Q&A) No. 2018-12-D
2. Application of International Financial Reporting Interpretation Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (Philippine Accounting Standards (PAS 23), *Borrowing Cost*).

The Parent Company also prepares and issues consolidated financial statements for the same period as the Parent Company financial statements presented in accordance with PFRSs as modified by the application of reporting reliefs issued and approved by the SEC, available at the Parent Company's registered address.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the parent company financial statements are consistent with those of the previous financial years, except for the adoption of the following amendments in PFRS and PAS which became effective beginning January 1, 2023. The adoption of these amendments to existing standards and interpretations did not have an impact on the financial statements of the Parent Company.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments to the Practice Statement provide non-mandatory guidance. The amendments had no material impact on the Parent Company.

- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendment to PAS 12, *International Tax Reform – Pillar Two Model Rules*

Future Changes in Accounting Policy

Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will 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, 2024

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group.

- *Deferral of Certain Provisions of 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)*

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the 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. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

		Deferral Period
a.	Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b.	Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

  After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021.

  The Parent Company availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12 on determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively. The Parent Company will adopt the guidance using the modified retrospective approach. The adoption of this guidance will impact interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability and the opening balance of retained earnings.

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

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35I of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

  The IFRIC agenda decision would change the Parent Company's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

On February 21, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, 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.

The Parent Company opted to avail of the relief as provided by the SEC. Had the Parent Company adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. The Parent Company will adopt the IFRIC agenda decision using the modified retrospective approach. Adoption of this guidance would have impacted net income, real estate inventories, provision for deferred income tax, deferred tax liability, interest and other financing charges and the opening balance of retained earnings for the statement of financial position, and the cash flows from operations and financing activities for the statement of cash flows.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosure: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

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

Deferred effectivity

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

Material Accounting Policies

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.

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

The Parent Company 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.

All assets and liabilities for which fair value is measured or disclosed in the 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 parent company financial statements on a recurring basis, the Parent Company 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 the end of each reporting period.

Financial Instruments *(Date of recognition)*
Financial assets and liabilities are recognized in the parent company statement of financial position when, and only when, the Parent Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Recognition and Measurement of Financial Instruments
Financial Assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient, the Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

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

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

As of December 31, 2023 and 2022, the Parent Company's financial assets comprise of financial assets at amortized cost and financial assets at FVOCI.



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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortized cost
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 Parent Company classified cash and cash equivalents, contracts receivable, other receivables and deposits (included in other assets) as financial assets at amortized cost (see Note 28).

Financial assets at FVOCI (equity instruments)
At initial recognition, the Parent Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in "Revaluation reserve on financial assets at FVOCI" in the parent company statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in "Revaluation reserve on financial assets at FVOCI" is not reclassified to profit or loss, but is reclassified to Retained earnings.

Included under this category are the Parent Company's investments in quoted and unquoted shares of stocks (see Notes 15 and 28).

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, 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.

Subsequent measurement
Loans and borrowings (financial liabilities at amortized cost) is the category most relevant to the Parent Company. 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 parent company statement of income.



As of December 31, 2023 and 2022, loans and borrowings consist primarily of accounts payable and accrued expenses, lease liabilities, loans payable, bonds payable and due to related parties (see Notes 14, 16, 17, 18 and 19).

Impairment of Financial Assets and Contract Assets

The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. 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.

The Parent Company applies a simplified approach in calculating ECLs for financial assets at amortized costs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix for other receivables and a vintage analysis for contracts receivable and contract assets that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

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

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset is derecognized when:

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

Where the Parent Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company's continuing involvement in the asset. 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 Parent Company could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.



Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the parent company statement of income.

Real Estate Inventories

Lots, Condominium and Residential Units for Sale

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition costs and expenses directly related to acquisition
- Amounts paid to contractors for development and construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

In case of sales cancellation, the Group can repossess the properties and hold it for sale in the ordinary course of business at the prevailing market price. The repossessed properties are accounted for as inventories and recognized at its fair value less cost to repossess at the time of cancellation.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventory recognized in parent company statement of income on disposal is determined with reference to the specific costs incurred on the property sold, including an allocation of any non-specific costs based on the relative size of the property sold.

Land and Land Development

Land and land development consists of properties to be developed into real estate projects for sale that are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Parent Company such as transfer taxes and registration fees (c) costs incurred on initial development of the raw land in preparation for future projects, and (d) borrowing costs. They are transferred to lots, condominium and residential units for sale under "Lots, condominium and residential units for sale" when the project plans, development and construction estimates are completed and the necessary permits are secured.

Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are accounted for using the cost method less accumulated provisions for impairment losses in the parent company financial statements.



The Parent Company's investment in subsidiaries and associates, the related percentages of ownership and nature of business as at December 31, 2023 and 2022 are as follows:

Entity Name	Nature of Business	2023	2022
Subsidiaries			
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%
FCGC Corporation (FCGCC)	Real estate developer	**100%**	100%
Filinvest BCDA Clark, Inc. (FBCI)[1]	Real estate developer	**55%**	55%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate development	**100%**	100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	**100%**	100%
Niyog Property Holdings, Inc. (NPHI)[2]	Real estate developer	**100%**	–
Cajel Realty Corporation (CRC)[2]	Real estate developer	**100%**	–
SJR Developers, Inc. (SDI)[3]	Real estate developer	**100%**	100%
Filinvest REIT Corp. (FILRT)[2]	Leasing	**63%**	63%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%
Filinvest Cyberparks, Inc. (FCI)	Leasing	**100%**	100%
Filinvest Clark Mimosa, Inc. (FCMI)	Leasing	**100%**	100%
Festival Supermall, Inc. (FSI)	Property management	**100%**	100%
Filinvest Lifemalls Corporation (FLC)	Property management	**100%**	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	**100%**	100%
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	**100%**	100%
ProOffice Works Services, Inc. (ProOffice)[3]	Property management	**100%**	100%
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%
FSM Cinemas, Inc. (FSM Cinemas)[4]	Theater operator	**60%**	60%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	**60%**	60%
Timberland Sports and Nature Club, Inc. (TSNC)	Recreational sports and nature club	**98%**	98%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%
Proleads Philippines, Inc. (PPI)	Marketing	**100%**	100%
Property Leaders International Limited (PLIL)	Marketing	**100%**	100%
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%
Realpros Philippines, Inc. (RPI)	Marketing	**100%**	100%
Nature Specialists, Inc. (NSI)	Hospitality management	**75%**	75%
FREIT Fund Managers, Inc.	Fund Manager	**100%**	100%
Co-Living Pro Managers Corp. (CPMC)	Dormitels	**100%**	100%
OurSpace Solutions, Inc. (OSI)	Coworking spaces	**70%**	100%

1. *FBCI is owned indirectly through FCGCC.*
2. *NPHI and CRC were acquired in 2023 (see Note 11).*
3. *FSM Cinemas is owned indirectly through FSI.*
4. *On August 2, 2023, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI, resulting to FLI's 70% ownership in OSI (see Note 11).*

Investment Properties

Investment properties consist of commercial mall, land and other properties that are held for long term rental yields and capital appreciation and land held with undetermined future use. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any.

Constructions-in-progress are carried at cost (including borrowing costs) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete.

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

Investment properties built on rented properties are depreciated over their estimated useful lives or lease term, whichever is shorter.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives (EUL) of these assets as follows:

	Years
Buildings and improvement	20-50
Machinery and equipment	5-15

The EUL and the depreciation method is reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognized in the parent company statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost.

Construction-in-progress is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the EUL of the assets, as follows:

	Years
Buildings	20-50
Machinery and equipment	5
Transportation equipment	5
Furniture and fixtures	3-5

Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease term, whichever is shorter.

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

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, is removed from the account. Any gain or loss arising from derecognition of the asset is included in the parent company statement of income in the year the asset is derecognized.

Intangible Assets

Intangible assets include build, transfer and operate (BTO) rights and developmental rights, which are presented under other noncurrent assets.

Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination or contracted arrangements is their fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill, are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives (i.e., BTO rights and developmental rights) are amortized over the economic useful life (i.e., 25 years) and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the parent company statement of income.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the parent company statement of income when the asset is derecognized.

Other Assets

Other current and noncurrent assets are carried at cost and pertain to resources controlled by the Parent Company as a result of past events and from which future economic benefits are expected to flow to the Parent Company.

Value-added Tax (VAT)
Revenues, expenses, and assets 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 parent company statement 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 parent company statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable and payable from the taxation authority is included as part of "Other assets" and "Accounts payable and accrued expenses", respectively, in the parent company statement of financial position, respectively.

Impairment of Nonfinancial Assets
The carrying values of investment in subsidiaries, associates, right-of-use assets, property and equipment, investment properties, development rights and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost of disposal and value-in-use. 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 assessment of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the parent company statement of income.

For nonfinancial assets, 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 Parent Company estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 the parent company statement of income.

Revenue Recognition
Revenue from Contract with Customers
The Parent Company primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. 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 Parent Company expects to be entitled in exchange for those goods or services.
The Parent Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, air-conditioning and common use service area in its mall retail spaces and office leasing activities, wherein it is acting as agent.



The Group recognize the difference between the consideration received from the customer and the transferred goods to the customer as contract asset in the consolidated statement of financial position

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales
The Parent Company derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Parent Company's performance does not create an asset with an alternative use and the Parent Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Parent Company uses output method. The Parent Company 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 project accomplishment reports prepared by the third party project managers for high-rise real estate developments and internal project engineers for mid-rise real estate development. The project technical head integrates, reviews and approves the surveys of performance to date of the construction activities of subcontractors.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables is included in the "contract asset" account in the asset section of the parent company statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the parent company statement of financial position.

In case of sales cancellation, the difference between the fair value of the repossessed property less cost to repossess and the outstanding receivable and related accounts at the time of cancellation is recognized in profit or loss.

Common usage service area charges and air conditioning dues (included as part of 'Rental services')
CUSA charges are recognized when the related services are rendered. The Parent Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, and electricity in its office leasing activities, wherein it is acting as agent. Income from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant and are presented gross of related cost and expenses.

Other dues
For the administration fees, electricity and water usage, the Parent Company determined that it is acting as an agent because the promise of the Parent Company to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Parent Company, are primarily responsible for the provisioning of the utilities while the Parent Company administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.



Theater and parking sales and snack bar sales (included as part of 'Rental and related services')
Revenue from theater and parking sales is recognized over time using output method when theater services are rendered. Revenue from snack bar sales is recognized at a point in time when goods are actually sold to customers.

Cost of real estate sales
The Parent Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, 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 costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Parent Company recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances
Contracts receivables
A receivable represents the Parent Company'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).

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Parent Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Parent Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Parent Company transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Parent Company performs under the contract.

The contract liabilities also include payments received by the Parent Company from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract (Commission expenses)
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Parent Company expects to recover them. The Parent Company 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 marketing expense" account in the parent company statement of 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 Parent Company firstly 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 Parent Company applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the 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) the costs are expected to be recovered. The assessment of these criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Parent Company's contract fulfillment assets pertain to land acquisition costs.

Amortization, de-recognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract
The Parent Company amortizes contract fulfillment assets and capitalized costs to obtain a contract over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization of contract fulfillment assets and cost to obtain a contract is included within "Cost of real estate sales" and "Selling and marketing expense", respectively.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either 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 Parent Company determines whether there is an indication that the contract fulfillment asset or capitalized cost to obtain a contract maybe impaired. If such indication exists, the Parent Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Parent Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Parent Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Revenue and Income Recognition

Rental Income

Rental income arising from investment properties are recognized in the parent company statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.

Income from Forfeited Reservations and Collections

Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest Income

Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Other Income

Other income, including service fees, processing fees, management fees, is recognized when services are rendered and when goods are delivered.

Cost and Expense Recognition

Costs and expenses are recognized in the parent company statement of 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 parent company statement of 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 parent company statement of financial position as an asset.

Expenses

"General and administrative expenses" and "Selling and marketing expenses" are expenses that are incurred in the course of the ordinary operations of the Parent Company. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, property and equipment and investment properties. Selling and marketing expenses are costs incurred to sell real estate inventories, which include commissions, advertising and promotions, among others. General and administrative expenses constitute costs of administering the business.

Expenses are recognized in the parent company statement of income as incurred based on the amounts paid or payable.



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

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets an any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information.

When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Parent Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs.

Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Borrowing Costs
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. They are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the parent company statement of financial position.

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 sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

As discussed in *"Future Changes in Accounting Policy"*, the Philippine SEC MC 34-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (IAS 23, *Borrowing Cost*) until December 31, 2023. The Group opted to avail of the relief as provided by the SEC.

Foreign Currency-Denominated Transactions
The functional and presentation currency of the Parent Company is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.

Equity
Common and Preferred Stock
The Parent Company records common and preferred stock at par value and additional paid-in capital as the excess of the total contributions received over the aggregate par values of the equity shares.

The Parent Company considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. When any member of the Parent Company purchases its capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity.



Treasury Stock
Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings
Retained earnings represent accumulated earnings of the Parent Company, and any other adjustments to it as required by other standards, less dividends declared. Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury.

Dividends on common and preferred shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Income Tax
Current Income Tax
Current income 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 at the reporting date.

Deferred Income Tax
Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or 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 profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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. Income tax relating to items recognized directly in other comprehensive income is recognized in parent company statement of comprehensive income and not in the parent company statement of income.

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

Leases

The Parent Company 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.

Company as Lessor

Leases where the Parent Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight line basis over the lease term. 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.

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 e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term. In case of a lease modification, the lessor shall account for any such modification by recognizing 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.

In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income. No rental income is recognized when the Parent Company waives its right to collect rent and other charges. This is recognized as a rent concession and reported as a negative variable lease payment (see Notes 3 and 14).

Company as Lessee

Except for short-term leases and lease of low-value assets, the Parent Company applies a single recognition and measurement approach for all leases. The Parent Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use-assets

The Parent Company 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 Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Useful life of right-of-use on land ranges from 20 to 50 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.
ii) Lease liabilities
At the commencement date of the lease, the Parent Company 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 Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company 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 Parent Company uses the incremental borrowing rate 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.

iii) Short-term leases and leases of low-value assets
The Parent Company applies the short-term lease recognition exemption to its short-term leases (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. 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.

Segment Reporting
The Parent Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects: (a) the nature of the products and services; (b) the nature of the production processes; (c) the type or class of customer for their products and services; (d) the methods used to distribute their products or provide their services; and, (e) if applicable, the nature of the regulatory environment. The Parent Company's mall retail spaces and office leasing activities are treated as one segment. Financial information on business segments is presented in Note 4 to the parent company financial statements.

Provisions
A provision is recognized when the Parent Company 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. When the Parent Company expects part or all of provision to be reimbursed or recovered, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

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

3. Significant Accounting Judgments Assumptions, and Estimates

The preparation of the parent company financial statements in accordance with PFRSs as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, requires management to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the parent company financial statements as they become reasonably determinable.

Estimates and judgments 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 Parent Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the parent company financial statements.

Real Estate Revenue Recognition

a. Existence of a contract
The Parent Company'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 are not signed by both parties, the combination of its other signed documentation such as purchase application form and official receipts evidencing collections from buyer, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Parent Company before revenue recognition is to assess the probability that the Parent Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price.

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

c. Revenue recognition method and measure of progress
The Parent Company concluded that revenue for real estate sales is to be recognized over time because (a) the Parent Company's performance does not create an asset with an alternative use and; (b) the Parent Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Parent Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

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

Evaluation of Impairment on Nonfinancial Assets
The Parent Company reviews its investments in associates, property and equipment, investment properties, right-of-use assets, intangible assets and other assets (excluding short-term deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends.

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

The recoverable amount is the asset's fair value less cost of disposal, except for investments in associates, which have recoverable value determined using value-in-use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investments in associates. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Assessment on whether rental concessions granted constitute a lease modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Parent Company waived its right to collect rent and other charges from the lessees of its commercial spaces.

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



The rental concessions granted by the Parent Company for the years ended December 31, 2023 and 2022 amounted to ₱50.23 million and ₱286.75 million (see Notes 5 and 14).

Contingencies
In the normal course of business, the Parent Company is currently involved in various legal proceedings and assessments. The assessment of probability and estimate of the probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Parent Company currently does not believe these proceedings will have material or adverse effect on the Parent Company's financial position and results of operations (see Note 30).

Use of Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation and 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:

Revenue Recognition and Measure of Progress for Real Estate Sales
The Parent Company's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Parent Company's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of real estate project.

Following the pattern of real estate revenue recognition, the cost to obtain a contract (e.g., commission), is determined using the percentage of completion.

For the years ended December 31, 2023 and 2022, real estate sales amounted to ₱14.47 billion and ₱12.82 billion, respectively (see Note 5).

Evaluation of Impairment of Contract Receivables and Contract Assets
The Parent Company uses the vintage analysis to calculate ECLs for contracts receivables and contract assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, market segment and collateral type).

The vintage analysis (the model) are initially based on the Parent Company's historical observed default rates. The Parent Company will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (e.g., gross domestic product, inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Parent Company's contract receivables and contract assets is disclosed in Note 7.

The carrying values of contract receivables and contract assets are as follows:

	2023	2022
	(In Thousands)	
Contracts receivables (Note 7)	**₱1,837,829**	₱2,120,785
Contract assets (Note 5)	**9,779,671**	10,482,956

Leases - Estimating the incremental borrowing rate to measure lease liabilities
The Parent Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Parent Company 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 Parent Company '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 Parent Company 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). The incremental borrowing rate used by the Parent Company to measure lease liabilities is 8.18% to 8.54% in 2023 and 2022.

The Parent Company's lease liabilities amounted to ₱5.00 billion and ₱4.62 billion as of December 31, 2023 and 2022, respectively (see Note 14).

Estimating NRV of Real Estate Inventories
The Parent Company adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether the selling prices of those inventories have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In evaluating NRV, recent market conditions and current market prices have been considered.

As of December 31, 2023 and 2022, the carrying amount of real estate inventories amounted to ₱69.18 billion and ₱68.43 billion, respectively (see Note 9). No impairment adjustments were recognized in 2023 and 2022 since the costs are lower than NRV.

Recognition of Deferred Income Tax Assets
The Parent Company reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Parent Company will generate sufficient future taxable profit to allow all or part of its deferred tax assets to be utilized.

As of December 31, 2023 and 2022, the Parent Company recognized gross deferred tax assets amounting to ₱1,425.54 million and ₱1,456.47 million, respectively (see Note 27).

Fair Values of Assets and Liabilities
The Parent Company carries and discloses certain assets and liabilities at fair value, which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., interest rate), the amount of changes in fair value would differ due to usage of different valuation methodology. Any changes in fair value of these assets and liabilities would affect directly the parent company statement of income and other comprehensive income (see Note 28).

4. Segment Reporting

For management purposes, the Parent Company is organized into the following business units:

Real Estate
This involves the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects and condominium buildings.

Leasing
This involves the operations of commercial, offices and industrial spaces located in various cities and municipalities, namely, Muntinlupa, Cavite, Calamba, Makati, Quezon City, Mandaluyong, Dumaguete and Cebu.

Management monitors the operating results of each of its business units for purposes of resource allocation and performance assessment. Performance of each segment is evaluated based on profit or loss or net income.

The chief operating decision-maker of the Parent Company is the Executive Committee. The committee reviews internal reports in order to assess performance and allocate resources.

Based on the reports, it is also able to determine both the operating and non-operating segments. Reporting by geographical segments does not apply as the Parent Company currently operates in the Philippines only.

No operating segments have been aggregated to form the above reportable segments. Transfer prices between segments are based on rates agreed upon by the parties and have terms equivalent to transactions entered into with third parties.

For the years ended December 31, 2023 and 2022, there were no revenue transactions with a single external customer which accounted for 10% or more of the total revenue from external customers.

The financial information about the financial position and results of operations of these business segments for the years ended December 31, 2023 and 2022 are summarized below.

	2023		
	Real Estate Operations	**Leasing Operations**	**Total**
		(In Thousands)	
Revenue	**₱14,474,588**	**₱3,259,249**	**₱17,733,837**
Net income	**₱3,729,290**	**₱585,882**	**₱4,315,172**
EBITDA	**₱5,505,466**	**₱2,321,193**	**₱7,826,659**
Segment assets	**₱123,476,721**	**₱59,765,361**	**₱183,242,082**
Segment liabilities	**₱80,551,022**	**₱12,187,157**	**₱92,738,179**
Less deferred tax liabilities – net	**5,990,746**	**30,553**	**6,021,299**
Net segment liabilities	**₱74,560,276**	**₱12,156,604**	**₱86,716,880**
Cash flows from (used in):			
Operating activities	**5,368,606**	**3,390,870**	**8,759,476**
Investing activities	**(616,726)**	**(5,128,741)**	**(5,745,467)**
Financing activities	**(4,306,123)**	**1,284,360**	**(3,021,763)**

	2022		
	Real Estate Operations	Leasing Operations	Total
		(In Thousands)	
Revenue	₱12,820,185	₱2,545,229	₱15,365,414
Net income	₱3,549,555	(₱112,756)	₱3,436,799
EBITDA	₱5,072,149	₱1,468,249	₱6,540,398
Segment assets	₱109,680,161	₱66,795,264	₱176,475,425
Segment liabilities	₱76,256,904	₱13,133,254	₱89,390,158
Less deferred tax liabilities - net	5,534,967	(48,404)	5,486,563
Net segment liabilities	₱70,721,937	₱13,181,658	₱83,903,595
Cash flows from (used in):			
Operating activities	841,564	1,093,646	1,935,210
Investing activities	(4,801,164)	(1,696,427)	(6,497,591)
Financing activities	3,010,692	(1,082,870)	1,927,822

The following table shows a reconciliation of the total earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA) to total income before income tax in the parent company statements of income.

	2023	2022
	(In Thousands)	
EBITDA	**₱7,826,659**	₱6,540,398
Depreciation and amortization (Notes 12, 13 and 15)	**(1,130,146)**	(986,910)
Operating profit	**6,696,513**	5,553,488
Interest and other finance charges (Note 23)	**(1,529,742)**	(1,453,708)
Income before income tax	**₱5,166,771**	₱4,099,780

5. Revenue from Contracts with Customers

Disaggregated Revenue Information

The Parent Company's disaggregation of each sources of revenue from contracts with customers are presented below:

	2023	2022
	(In Thousands)	
Real estate sales by market segment		
Medium income	**₱9,823,683**	₱8,899,175
Low affordable and affordable	**3,367,527**	2,661,307
High-end and others	**855,169**	1,026,177
Socialized	**428,209**	233,526
	14,474,588	12,820,185
Tenant dues		
Mall operations	**360,561**	326,351
Office leasing	**164,687**	148,407
	525,248	474,758
Rental and related services		
Mall operations	**1,720,943**	1,522,041
Office leasing	**1,013,058**	548,430
	2,734,001	2,070,471
Total Revenue	**₱17,733,837**	₱15,365,414

As of December 31, 2023, contract balances is as follows:

	Current	**Noncurrent**	**Total**
		(In Thousands)	
Contracts receivable	**₱1,837,829**	**₱–**	**₱1,837,829**
Contract asset	**4,741,729**	**5,037,942**	**9,779,671**
Contract liabilities	**792,402**	**149,949**	**942,351**

As of December 31, 2022, contract balances is as follows:

	Current	Noncurrent	Total
		(In Thousands)	
Contracts receivable	₱2,120,785	₱–	₱2,120,785
Contract asset	5,399,792	5,083,164	10,482,956
Contract liabilities	1,012,294	283,068	1,295,362

Real estate sales contracts are collectible in monthly principal installments with varying periods within two (2) to ten (10) years. Interest rates per annum range from 11.5% to 19.0%. Titles to the residential units sold transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration that was already delivered by the Parent Company in excess of the amount recognized as installment contracts receivable. This is reclassified as contracts receivable when the monthly amortization of the customer is already due for collection.

In 2023 and 2022, the Parent Company entered into an Agreement for Purchase of Contract Assets with local banks. The bank agreed to buy the contract assets on a without recourse basis, and the Parent Company agreed to sell, assign, transfer and convey to the bank all its rights, titles, and interest in and to the contract assets. In 2023 and 2022, total proceeds from these transactions equivalent to the carrying value of the contract assets sold amounted to ₱5.43 billion and ₱2.18 billion, respectively.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred by Parent Company based on percentage of completion. The movement in contract liability mainly due to revenue recognition of completed performance obligations. The amount of revenue recognized in 2023 and 2022 from amounts included in contract liabilities at the beginning of the year amounted to ₱1.08 billion and ₱1.31 billion, respectively.

Performance Obligation
Information about the Parent Company's performance obligations are summarized below:

Real estate sales
The Parent Company entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover either the (a) lot; (b) house and lot and (c) condominium unit and the Parent Company concluded that there is one performance obligation in each of these contracts. The Parent Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the purchase application form and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include down payment of 20% to 30% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The performance obligation is satisfied upon delivery of the completed real estate unit. The Parent Company provides one-year warranty to repair minor defects on the delivered house and lot and condominium unit. This is assessed by the Parent Company as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2023 and 2022 amounted to ₱2.91 billion and ₱3.14 billion, respectively. Performance obligation for the transaction price amounting to ₱2.45 billion and ₱2.31 billion will be satisfied within one year as of December 31, 2023 and 2022, respectively.

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Parent Company's real estate projects. The Parent Company's mid-rise condominium units and high-rise condominium units are completed within three (3) and five (5) years, respectively, from start of construction while house and lots are expected to be completed within 12 months.

Rental agreements
The Parent Company entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space (b) provisioning of utilities and (c) provision of air conditioning and CUSA services presented as tenant dues (d) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Parent Company waived its right to collect rent and other charges as part of lease concessions it granted to lessees. Rent discounts and concessions given vary for merchants that are (1) allowed to operate during community quarantine and operational (2) allowed to operate during community quarantine but not operational (3) not allowed to operate during community quarantine.

Cost to Obtain Contracts and Contract Fulfillment Assets
As at December 31, the rollforward of the cost to obtain contract included in the other current assets is as follows:

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱473,852**	₱474,282
Additions	**632,296**	702,663
Amortization (Note 22)	**(738,634)**	(703,093)
Balance at end of year (Note 10)	**₱367,514**	₱473,852

For the years ended December 31, 2023 and 2022, additions to contract fulfillment costs amounted to ₱648.65 million and ₱786.78 million, respectively. Amortization of contract fulfillment costs amounted to ₱1.07 billion and ₱1.06 billion for the years ended December 31, 2023 and 2022, respectively. Contract fulfillment assets is included as part of real estate inventories.

The Parent Company reviews its major contracts to identify indicators of impairment of contract fulfilment assets by comparing the carrying amount of the asset to the remaining amount of consideration that the Parent Company expects to receive less the costs that relate to providing services under the relevant contract.

In determining the estimated amount of consideration, the Parent Company used the same principles as it does to determine the contract transaction price.

In line with the Parent Company's accounting policy, as set out in Note 2, if a contract or specific performance obligation exhibited marginal profitability or other indicators of impairment, judgement was applied to ascertain whether or not the future economic benefits from these contracts were sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

6. Cash and Cash Equivalents

This account consists of:

	2023	2022
	(In Thousands)	
Cash on hand and in banks	**₱2,925,085**	₱2,897,440
Cash equivalents	**272,301**	307,700
	₱3,197,386	₱3,205,140

Cash includes cash on hand and in banks. Cash in bank earns 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 (3) months or less from dates of placement and are subject to an insignificant risk of change in value.

Interest income earned on the Parent Company's cash and cash equivalents amounted to ₱22.09 million and ₱35.57 million in 2023 and 2022, respectively (see Note 23).

There is no cash restriction on the Parent Company's cash and cash equivalents as at December 31, 2023 and 2022.

7. Contracts Receivable

This account consists of:

	2023	2022
	(In Thousands)	
Contracts receivable	**₱1,582,485**	₱1,898,753
Receivables from government and financial institutions	**255,344**	222,032
	₱1,837,829	₱2,120,785

Real estate sales contracts are collectible over varying periods within two (2) to ten (10) years. The receivables arising from real estate sales are collateralized by the corresponding real estate properties sold. The Parent Company records any excess of progress work over the right to an amount of consideration that is unconditional (i.e., contracts receivable) as contract assets (see Note 5).

Receivables from government and financial institutions pertain to government and bank-financed real estate sales. Receivables from government and financial institutions are collectible within one year.

Interest income recognized on contracts receivable amounted to ₱173.47 million and ₱273.88 million in 2023 and 2022, respectively (see Note 23). Interest rates per annum on contracts receivable range from 11.5% to 19.0% for these years.

The Parent Company has a mortgage insurance contract with Philippine Guarantee Corporation (PhilGuarantee), a government insurance company for a retail guaranty line. As of December 31, 2023 and 2022, the contracts (comprise of both contract receivables and contract assets) covered by the guaranty line amounted to ₱361.45 million and ₱534.05 million, respectively. As of December 31, 2023 and 2022, the remaining unutilized guaranty line amounts to ₱1.37 billion and ₱1.43 billion, respectively.

As of December 31, 2023 and 2022, no impairment losses were recognized from contract receivables.

8. Other Receivables

This account consists of:

	2023	2022
	(In Thousands)	
Receivable from tenants	**₱701,575**	₱582,995
Advances to officers and employees	**368,232**	229,982
Receivables from homeowners' associations	**227,671**	286,148
Due from related parties (Note 19)	**144,408**	136,281
Others	**13,736**	48,312
	1,455,622	1,283,718
Less: Allowance for expected credit losses	**23,175**	21,095
	₱1,432,447	₱1,262,623

"Receivables from tenants" represent charges to tenants for rentals and utilities normally collectible within 15-20 days from billing date. Allowance for expected credit losses related to tenants' accounts specifically determined to be impaired amounted to ₱7.31 million and ₱5.23 million as of December 31, 2023 and 2022, respectively.

"Receivables from homeowners' associations" represent claims from the homeowners' association of the Parent Company's projects for the payments of the expenses on behalf of the association. Allowance for expected credit losses related to these receivables, determined using collective impairment assessment, amounted to ₱15.86 million as of December 31, 2023 and 2022.

"Advances to officers and employees" represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

"Receivables from buyers" mainly pertain to advances for fit-out funds and other advances relating to insurance and other chargeable expenses to buyers which are normally collectible within a year.

"Others" represent advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

9. Real Estate Inventories and Land and Land Development

This account consists of:

	2023	2022
	(In Thousands)	
Real estate inventories - at cost		
Lots, condominium and residential units for sale	**₱45,048,782**	₱44,547,292
Land and land development	**24,130,641**	23,883,127
	₱69,179,423	₱68,430,419

A summary of the movement in lots, condominium and residential units is set out below:

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱44,547,292**	₱43,120,197
Land costs transferred from land and land development	**648,649**	786,781
Net transfers (Note 12)	**–**	(80,520)
Construction/development costs incurred	**7,257,925**	7,488,009
Capitalized borrowing costs	**699,846**	576,083
Cost of real estate sales	**(8,104,930)**	(7,343,258)
Balance at end of year	**₱45,048,782**	₱44,547,292

Capitalization rate for the capitalized borrowing costs is 5.1% and 4.7% in 2023 and 2022, respectively.

A summary of the movement in land and land development is set out below:

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱23,883,127**	₱22,711,699
Land acquisitions	**22,379**	713,700
Land cost transferred to real estate inventories	**(648,649)**	(786,781)
Site development and incidental costs	**873,784**	1,244,509
Balance at end of year	**₱24,130,641**	₱23,883,127

As of December 31, 2023 and 2022, on account additions to land and land development during the year which remain outstanding amounted to ₱3,991.74 million and ₱4,594.88 million, respectively, and these are recognized as part of "Accounts payable and accrued expense" (see Note 16).

Borrowing costs capitalized as part of land and land development, where activities necessary to prepare it for its intended use is ongoing amounted to ₱620.18 million and ₱430.55 million in 2023 and 2022, respectively. Capitalization rate is 5.1% and 4.7% in 2023 and 2022, respectively.

10. Other Current Assets

This account consists of

	2023	2022
	(In Thousands)	
Input taxes - net	**₱3,512,499**	₱3,436,634
Creditable withholding taxes	**1,261,505**	1,130,398
Advances to contractors and suppliers	**436,797**	313,696
Cost to obtain contract (Note 5)	**367,514**	473,852
Construction materials and supplies	**356,983**	252,220
Prepaid expenses and others	**349,391**	130,536
Short-term deposits (Note 29)	**91,566**	74,821
	₱6,376,255	₱5,812,157

"Input taxes" pertains to VAT passed on from purchases of goods and services which is applied against output VAT.

"Creditable withholding taxes" are the taxes withheld by the withholding agents from payments to the sellers which are creditable against the income tax payable.

"Cost to obtain contract" includes commissions paid to brokers relating to the sale of real estate inventories which did not qualify for revenue recognition.

"Advances to contractors and suppliers" pertain to down payments made for real estate inventories by Parent Company which are applied against future billings for development and construction contracts.

"Construction materials and supplies" pertains to inventories to be used in the construction and maintenance of projects.

"Prepaid expenses" consist of prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

11. Investments and Advances in Subsidiaries and Associates

This account consists of:

	2023	2022
	(In Thousands)	
At cost		
Subsidiaries		
FILRT	**₱4,277,826**	₱4,277,826
FCMI	**2,100,000**	1,525,000
GPRDI	**1,944,857**	1,944,857
FCI	**1,750,000**	1,750,000
FLTI	**871,250**	871,250
FAPI	**863,414**	863,414
FAC	**714,050**	714,050
FCGC	**685,550**	435,550
NPHI	**544,440**	–
FLC	**517,195**	517,195
PDDC	**210,000**	210,000
Homepro	**125,938**	125,938
CRC	**88,818**	–
OSI	**70,000**	20,000
FFMI	**50,000**	50,000
NSI	**47,250**	47,250
CPMC	**25,000**	25,000
PPI	**20,000**	20,000
Pro-Office	**17,163**	17,163
PLIL	**14,854**	14,854
RPI	**10,000**	10,000
FLMI	**6,250**	6,250
TLHI	**2,994**	2,994
FSI	**1,250**	1,250
SDI	**1,000**	1,000
Promax	**400**	400
Prosper	**100**	100
Leisurepro	**100**	100
Associates		
FAI	**798,909**	798,909
DPI	**90,000**	90,000
CTI	**51,300**	51,300
FMI	**37,829**	37,829
Pro-Excel	**28,462**	28,462
SharePro, Inc.	**11,250**	11,250
Pro-Active	**10,000**	–
	15,987,449	14,469,191
Advances to associates and subsidiaries (Note 19)	**7,765,707**	5,445,233
	23,753,156	19,914,424
Allowance for impairment loss	**(22,368)**	(22,368)
	₱23,730,788	₱19,892,056

NPHI and CRC
On July 14, 2023, the Parent Company entered into a Share Purchase Agreement with Rizal Commercial Banking Corporation (RCBC) to purchase all outstanding shares of stock of Niyog Property Holdings, Inc. (NPHI) and Cajel Realty Corporation (CRC) for a total consideration of ₱633.26 million, taking over the two latter companies' joint land development activities in Bacoor City, Cavite.

FCMI
In 2023, The Parent Company paid the remaining subscription payable to FCMI amounting to ₱575 million divided into (a) 75 million common shares with a par value of ₱1.00 per share or an aggregate value of ₱75 million and (b) 500 million preferred shares with a par value of ₱1.00 per share or an aggregate value of ₱500 million.

FCGC
In 2023, The Parent Company the paid the subscription payable to FCGC amounting to ₱250 million divided into (a) 170 million common shares with a par value of ₱1.00 per share or an aggregate value of ₱170 million and (b) 80 million preferred shares with a par value of ₱1.00 per share or an aggregate value of ₱80 million.

OSI
In 2022, the Parent Company subscribed and paid ₱20.00 million equivalent to 100% of OSI's outstanding shares. On May 22, 2023, OSI issued a resolution authorizing the issuance of additional shares out of its unissued authorized capital stock, pursuant to the provisions of the Joint Venture Agreement entered into by KMC Communicty, Inc. (KCI) and FLI. On August 2, 2023, FLI subscribed to an additional 45 million common shares for a total consideration of ₱45.00 million. On the same date, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI, resulting in FLI's 70% ownership in OSI for a total consideration of ₱30.00 million.

FAI
The Parent Company has a 20% interest in FAI which is involved primarily in the development of commercial buildings, residential condominiums and land. FAI is also involved in leasing of commercial real estate and marketing. On December 28, 2022, Filinvest Alabang, Inc. (FAI) entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-Excel Property Managers, Inc. (Pro-Excel) to the Parent Company for a total consideration of ₱10.97 million. The resulting ownership interest of the Parent Company in Pro-excel after the transfer is 47.5%. The primary purpose of Pro-Excel is to engage in the business of administration, maintenance and management of real estate development, controlled development projects and subdivision projects.

SDI
On December 14, 2022, the Parent Company entered into a Deed of Assignment to purchase 100% ownership in SJR Developers, Inc. (SDI). The primary purpose of SDI is to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartment and other structures.

DPI
The Parent Company has a 45% interest in DPI which is operating in the Philippines and handles the project construction management for the Parent Company

CTI
The Parent Company has a 30% interest in CTI which is operating in the Philippines. CTI is primarily involved in information technology service management.

FMI
The Parent Company has a 47.5% interest in FMI which is operating in the Philippines and handles the lease of the Mimosa Leisure Estate.

Pro-Excel
On December 28, 2022, FAI entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-excel to the Parent Company for a total consideration of ₱10.97 million. The resulting ownership interest of the Parent Company in Pro-excel after the transfer is 47.5%.

SPI
The Parent Company has a 45% interest in SPI which is operating in the Philippines and handles the technical and project management services for the Parent Company.

Pro-Active
On August 9, 2023, ProActive was incorporated in the Philippines to handle the business process outsourcing services of the Group. The Parent Company subscribed for 40.0% of ProActive's capital stock amounting to ₱10.00 million.

The associates have no contingent liabilities outside of the ordinary course of business or capital commitments as at December 31, 2023 and 2022.

Cash dividends
In 2023 and 2022, cash dividends received from FAC, FILRT, FCI, FLC and FAPI amounted to ₱1.42 billion and ₱1.29 billion, respectively.

12. Investment Properties

The rollforward analysis of this account as of December 31 follows:

	2023					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 14)	Total
			(In Thousands)			
Cost						
Balances at beginning of year	**₱14,366,616**	**₱22,721,677**	**₱328,321**	**₱18,408,168**	**₱4,138,726**	**₱59,963,508**
Additions	**6,796**	**1,426,272**	**13,263**	**1,819,691**	**278,203**	**3,544,225**
Reclassification (Note 15)	–	–	–	–	**(86,383)**	**(86,383)**
Balances at end of year	**14,373,412**	**24,147,949**	**341,584**	**20,227,859**	**4,330,546**	**63,421,350**
Accumulated Depreciation						
Balances at beginning of year	–	**3,180,060**	**265,996**	–	**487,652**	**3,933,708**
Depreciation (Notes 20 and 21)	–	**564,888**	**4,987**	–	**179,823**	**749,698**
Reclassification (Note 15)	–	–	–	–	**(6,645)**	**(6,645)**
Balances at end of year	–	**3,744,948**	**270,983**	–	**660,830**	**4,676,761**
Net Book Value	**₱14,373,412**	**₱20,403,001**	**₱70,601**	**₱20,227,859**	**₱3,669,716**	**₱58,744,589**

	2022					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 14)	Total
			(In Thousands)			
Cost						
Balances at beginning of year	₱13,316,495	₱22,384,811	₱316,557	₱16,241,489	₱4,138,726	₱56,398,078
Additions	955,514	390,909	11,764	2,155,708	–	3,513,895
Transfers (Note 9)	94,607	(54,043)	–	10,971	–	51,535
Balances at end of year	14,366,616	22,721,677	328,321	18,408,168	4,138,726	59,963,508
Accumulated Depreciation						
Balances at beginning of year	–	2,693,879	259,118	–	370,128	3,323,125
Depreciation (Notes 20 and 21)	–	515,166	6,878	–	117,524	639,568
Transfers (Note 9)	–	(28,985)	–	–	–	(28,985)
Balances at end of year	–	3,180,060	265,996	–	487,652	3,933,708
Net Book Value	₱14,366,616	₱19,541,617	₱62,325	₱18,408,168	₱3,651,074	₱56,029,800

Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion.

On June 1, 2022, the Parent Company entered into a Deed of Absolute Sale for the purchase of five (5) parcels of land with a total area of 82,692 sq.m. located at San Jose Del Monte, Bulacan, for a total selling price of ₱1.31 billion. These were acquired for the development of residential mid-rise buildings and mixed-use commercial spaces such as offices, retail establishments, and data centers. As such, ₱657.44 million is presented as part of land and land development under the 'Real estate inventories' in the statement of financial position (see Note 9). The acquisition is fully paid in 2022.

Borrowing costs capitalized as part of investment properties amounted to ₱717.39 million and ₱637.13 million in 2023 and 2022, respectively. The capitalization rate used is 5.1% and 4.7% in 2023 and 2022, respectively. The aggregate fair value of the Parent Company's investment properties amounted to ₱113.20 billion and ₱111.85 billion as of December 31, 2023 and 2022, respectively based on third party appraisals performed by an SEC accredited independent appraiser and management appraisal updated using current and year-end values and assumptions. The fair value of investment properties was determined using the Income Approach based on discounted cash flow analysis for buildings and Market approach for land.

Under the income approach, all expected cash flows from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations.

Market data approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available. For market data approach, the higher the rise per sqm., the higher the fair value.

These include the income produced by the property for buildings and significant unobservable inputs to valuation of investment properties the price per square meter ranging from ₱46,000 to ₱275,000 for the land.

Rental income from investment properties amounted to ₱3.11 billion and ₱2.41 billion in 2023 and 2022, respectively. Cost of rental services from investment properties amounted to ₱1,134.24 million and ₱1,088.19 million in 2023 and 2022, respectively (see Note 20).

13. Property and Equipment

The rollforward analysis of this account as of December 31 follows:

	2023						
	Land, Buildings and Improvements	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress**	**Total**
				(In Thousands)			
Cost							
Balances at beginning of year	**₱722,875**	**₱2,605,023**	**₱179,386**	**₱90,973**	**₱63,476**	**₱21,227**	**₱3,682,960**
Additions	**1,394**	**216,690**	**38,527**	**12,501**	**16,920**	**359**	**286,391**
Balances at end of year	**724,269**	**2,821,713**	**217,913**	**103,474**	**80,396**	**21,586**	**3,969,351**
Accumulated Depreciation							
Balances at beginning of year	**220,644**	**616,862**	**151,510**	**62,936**	**63,117**	**–**	**1,115,069**
Depreciation (Notes 20 and 21)	**11,792**	**128,475**	**15,083**	**11,678**	**16,966**	**-**	**183,994**
Balances at end of year	**232,436**	**745,337**	**166,593**	**74,614**	**80,083**	**-**	**1,299,063**
Net Book Value	**₱491,833**	**₱2,076,376**	**₱51,320**	**₱28,860**	**₱313**	**₱21,586**	**₱2,670,288**

	2022						
	Land, Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
				(In Thousands)			
Cost							
Balances at beginning of year	₱707,364	₱1,679,027,	₱170,140	₱60,902	₱63,476	₱21,036	₱2,701,945
Additions	15,511	925,996	9,246	30,071	–	191	981,015
Balances at end of year	722,875	2,605,023	179,386	90,973	63,476	21,227	3,682,960
Accumulated Depreciation							
Balances at beginning of year	208,942	457,500	140,745	49,876	63,117	–	920,180
Depreciation (Notes 20 and 21)	11,702	159,362	10,765	13,060	–	–	194,889
Balances at end of year	220,644	616,862	151,510	62,936	63,117	–	1,115,069
Net Book Value	₱502,231	₱1,988,161	₱27,876	₱28,037	₱359	₱21,227	₱2,567,891

14. Leases

The Parent Company entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space (b) provisioning of water and electricity and (c) provision of air conditioning and CUSA services (d) administration fee.

Revenue from lease of space is recognized on a straight line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Parent Company waived its right to collect rent and other charges as part of lease concessions it granted to lessees. Rent discounts and concessions given vary for merchants that are (1) allowed to operate during community quarantine and operational (2) allowed to operate during community quarantine but not operational (3) not allowed to operate during community quarantine.

Company as lessee
The Parent Company has lease contracts for land. The Parent Company's obligations under its leases are secured by the lessor's title to the leased assets. The Parent Company has entered into land lease arrangements with lease terms of between 25 and 50 years. There are several leases that include extension option to lease the assets for additional 25 years based on mutual agreement of the parties.

As at December 31, 2023 and 2022, the rollforward analysis of right-of-use assets on land follows (see Note 12):

	2023		
	Investment Properties (Note 12)	**Other Noncurrent Assets** (Note 15)	**Total**
	(In Thousands)		
Cost			
At January 1	**₱4,138,726**	**₱–**	**₱4,138,726**
Additions	**278,203**	**–**	**278,203**
Reclassification	**(86,383)**	**86,383**	**–**
At December 31	**4,330,546**	**86,383**	**4,416,929**
Accumulated Depreciation			
At January 1	**487,652**	**–**	**487,652**
Depreciation (Note 21)	**179,823**	**3,798**	**183,621**
Reclassification	**(6,645)**	**6,645**	**–**
As at December 31	**660,830**	**10,443**	**671,273**
Net Book Value	**₱3,669,716**	**₱75,940**	**₱3,745,656**

	2022		
	Investment Properties (Note 12)	Other Noncurrent Assets (Note 15)	Total
	(In Thousands)		
Cost			
At January 1 and December 31	₱4,138,726	₱–	₱4,138,726
Accumulated Depreciation			
At January 1	370,128	–	370,128
Depreciation (Note 21)	117,524	–	117,524
As at December 31	487,652	–	487,652
Net Book Value	₱3,651,074	₱–	₱3,651,074

The Parent Company renewed its lease agreement with FILRT for the office space located in Alabang. The lease term is 10 years, renewable for another 5 years or 10 years upon mutual agreement by the parties.

The following are the amounts recognized in the parent company statement of income for the years ended December 31:

	2023	2022
	(In Thousands)	
Depreciation expense of right-of-use assets (included in cost of rental services) (Note 20)	**₱179,823**	₱117,524
Interest expense on lease liabilities (included in interest and other finance charges) (Note 23)	**433,959**	380,169
Rent expense on low value assets (included in general and administrative expense) (Note 21)	**8,160**	15,478
	₱621,942	₱513,171

As at December 31, the rollforward analysis of lease liabilities follows:

	2023	2022
	(In Thousands)	
At January 1	**₱4,624,851**	₱4,517,270
Additions	**278,203**	–
Interest expense (Note 23)	**433,959**	380,169
Payments	**(332,040)**	(272,588)
As at December 31	**5,004,973**	4,624,851
Lease liabilities - current portion	**195,218**	246,051
Lease liabilities - net of current portion	**₱4,809,755**	₱4,378,800

The Parent Company also has certain lease of parking space considered as 'low-value assets'. The Parent Company applies the lease of 'low-value assets' recognition exemptions for these leases.

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

	2023	2022
	(In Thousands)	
1 year	**₱248,054**	₱236,242
more than 1 years to 2 years	**260,457**	248,054
more than 2 years to 3 years	**273,480**	260,457
more than 3 years to 4 years	**287,154**	273,480
more than 5 years	**18,467,390**	18,467,390

Company as lessor
As lessor, future minimum rental receivables under renewable operating leases as of December 31 are as follows:

	2023	2022
	(In Thousands)	
Within one year	**₱1,464,973**	₱1,350,063
After one year but not more than five years	**2,247,030**	2,140,122
After five years	**436,007**	265,289
	₱4,148,010	₱3,755,474

The Parent Company entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants with lease ranging from 5 to 15 years.

Rental income recognized based on a percentage of the gross revenue of mall tenants included in "Rental services" account in the parent company statement of income amounted to ₱365.28 million and ₱373.72 million in 2023 and 2022, respectively. In 2023 and 2022, the Parent Company granted rental concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱50.23 million and ₱286.75 million, respectively. These rent concessions did not qualify as a lease modification, thus, were accounted for as negative variable lease payments and reported as reduction of lease income in 2023 and 2022 (see Note 3).

15. Other Noncurrent Assets

This account consists of:

	2023	2022
	(In Thousands)	
BTO rights (Notes 11 and 19)	**₱5,213,490**	₱5,178,938
Advances to contractors and suppliers	**843,662**	998,793
Receivables from joint venture partners	**309,352**	419,903
Investment in bonds	**150,000**	150,000
Right-of-use assets (Note 14)	**86,383**	–
Financial assets at FVOCI (Notes 28 and 29)	**15,535**	15,535
Other assets	**62,302**	92,648
	6,680,724	6,855,817
Less accumulated amortization	**387,318**	184,219
	₱6,293,406	₱6,671,598

"BTO rights" relate to the development cost, construction and operation of BPO Complex at the land properties owned by Cebu Province. As of December 31, 2023, the cost of completed portion pertaining to Cebu Tower 2 of the BTO project amounted to ₱1.41 billion.

Interest expense capitalized amounted to ₱90.71 million and ₱46.25 million in 2023 and 2022, respectively.

Rollforward analysis of BTO rights and right-of-use assets for the year ended December 31 follows:

	2023		
	BTO Rights	Right-of-Use Assets (Note 14)	Total
		(In Thousands)	
Cost			
Balance at beginning of year	**₱5,178,938**	**₱–**	**₱5,178,938**
Additions and adjustments – net	**34,552**	**–**	**34,552**
Reclassification (Note 13)	**–**	**86,383**	**86,383**
Balance at end of year	**5,213,490**	**86,383**	**5,299,873**
Accumulated Amortization			
Balance at beginning of year	**184,219**	**–**	**184,219**
Reclassification (Note 13)	**–**	**6,645**	**6,645**
Amortization	**192,656**	**3,798**	**196,454**
Balance at end of year	**376,875**	**10,443**	**387,318**
Net Book Value	**₱4,836,615**	**₱75,940**	**₱4,912,555**

	2022		
	BTO Rights	Right-of-Use Assets (Note 14)	Total
		(In Thousands)	
Cost			
Balance at beginning of year	₱3,822,469	₱–	₱3,822,469
Additions	1,356,469	–	1,356,469
Balance at end of year	5,178,938	–	5,178,938
Accumulated Amortization			
Balance at beginning of year	31,766	–	31,766
Amortization	152,453	–	152,453
Balance at end of year	184,219	–	184,219
Net Book Value	₱4,994,719	₱–	₱4,994,719

In 2023 and 2022, related amortization recognized as part of "Cost of rental services" amounted to ₱192.66 million and ₱152.45 million, respectively. Rental income amounting to ₱150.22 million and ₱135.17 million in 2023 and 2022, respectively, was recognized as part of "Revenue from rental and related services". Tenant dues from BTO rights amounted to ₱55.86 million and ₱47.72 million in 2023 and 2022, respectively.

"Advances to contractors and suppliers" pertain to down payments made by the Parent Company which are applied against future billings for development and construction contracts of investment properties and property and equipment.

"Receivables from joint venture partners" are advances (e.g., property taxes and permits) which are normally applied against the share of the joint venture partners from sale of the joint venture properties reported under "Other receivables" in parent company statements of financial position.

"Financial assets at FVOCI" consists of quoted and unquoted shares of stocks. Unquoted investments in shares of stock include unlisted preferred shares in a public utility company which the Parent Company will continue to carry out as part of the infrastructure that it provides for its real estate development projects.

"Investment in bonds" consist of a 5-year, non-interest bearing, Class A Senior Notes with a face amount of ₱150.0 million issued by a third party special purpose trust fund duly registered with the Bangko Sentral ng Pilipinas invested by the Parent Company on December 19, 2022.

"Other assets" include advances to sellers for the purchase of land prior to issuance of Contract to Sell. These also include utility and security deposits.

16. Accounts Payable and Accrued Expenses

This account consists of:

	2023			2022		
	Due Within One Year	**Due After One Year**	**Total**	Due Within One Year	Due After One Year	Total
			(In Thousands)			
Accounts payable	**₱5,803,931**	**₱3,093,397**	**₱8,897,328**	₱4,780,917	₱1,958,121	₱6,739,038
Retention fees payable	**1,782,127**	**493,850**	**2,275,977**	1,760,317	511,912	2,272,229
Deposits for registration	**216,220**	**1,561,908**	**1,778,128**	198,536	1,434,161	1,632,697
Deposits from tenants	**455,547**	**805,308**	**1,260,855**	412,671	722,769	1,135,440
Accrued expenses	**780,939**	–	**780,939**	726,180	–	726,180
Accrued interest on bonds and loans	**87,359**	–	**87,359**	313,203	–	313,203
Other payables	**313,230**	–	**313,230**	207,791	144,015	351,806
	₱9,439,353	**₱5,954,463**	**₱15,393,816**	₱8,399,615	₱4,770,978	₱13,170,593

"Accounts payable" includes the outstanding balance of the costs of land acquired by the Parent Company and is payable on scheduled due dates or upon completion of certain requirements (see Note 9, 12 and 13). This account also includes amount payable to contractors and suppliers for the construction and development costs and operating expenses incurred by the Parent Company.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

"Deposits for registration" pertain to amounts collected from buyers for payment of registration of real estate properties.
"Deposits from tenants" are advance payments received for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Accrued expenses" pertain to various operating expenses incurred by the Parent Company in the course of business such as salaries and wages, unbilled construction cost related to ongoing projects, among others.

Accrued expenses account consists of:

	2023	2022
Suppliers and contractors	**₱774,786**	₱716,041
Payroll	**5,752**	9,326
Others	**401**	813
	₱780,939	₱726,180

"Other payables" pertain mainly to withholding taxes and liabilities to government agencies. This also includes the amount due to SPI for the retirement benefits of transferred employees (see Notes 19 and 25).

17. Loans Payable

This account consists of:

	2023	2022
	(In Thousands)	
Short term loans	**₱3,865,000**	₱3,000,000
Long-term loans	**23,653,182**	25,603,561
Developmental loans from local banks	**27,518,182**	28,603,561
Less unamortized transaction costs	**85,597**	93,395
	27,432,585	28,510,166
Less current portion of loans payable	**14,676,371**	6,985,891
Long-term portion of loans payable	**₱12,756,214**	₱21,524,275

Developmental loans from local banks will mature on various dates up to 2027. These Peso-denominated loans bear floating interest rates, which are repriced quarterly, semi-annually or annually based on either 3-month, 6-month or 1-year Bloomberg Valuation (BVAL), plus margin, per annum, or fixed rates of 4.21% to 5.50% per annum. Additional loans availed by the Parent Company in 2023 and 2022 amounted to ₱17.56 billion and ₱11.40 billion, respectively. These include availment of short-term loans payable amounting to ₱15.5 billion and ₱9.6 billion in 2023 and 2022, respectively. Principal payments made in 2023 and 2022 amounted to ₱18.64 billion and ₱10.54 billion, respectively.

As of December 31, 2023 and 2022, short term loans payable, presented under current portion of loans payable amounted to ₱3.87 billion and ₱3.00 billion, respectively.

Interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱1.16 billion and ₱1.30 billion in 2023 and 2022, respectively.

Amortization of transaction costs amounted to ₱59.76 million and ₱46.23 million in 2023 and 2022, respectively and included under "Interest and other financing charges" (see Note 23). Deferred finance charges for new loans during the year amounted to ₱51.96 million and ₱35.19 million in 2023 and 2022, respectively.

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock if it would materially and adversely affect the Parent Company's ability to perform its obligations; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

The Parent Company's loans payable are unsecured and no assets are held as collateral for these debts. As of December 31, 2023 and 2022, the Parent Company complied with these contractual agreements and has not been cited in default on its outstanding loan obligations.

18. **Bonds Payable**

This account consists of:

	2023	2022
	(In Thousands)	
Bonds payable	**₱37,795,400**	₱35,400,000
Less unamortized transaction costs	**326,883**	266,971
	37,468,517	35,133,029
Less current portion of bonds payable	**1,697,345**	9,017,683
Long-term portion of bonds payable	**₱35,771,172**	₱26,115,346

a. On November 8, 2013, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱7.00 billion comprised of ₱4.30 billion, 7-year bonds with interest of 4.86% per annum due in 2020 and ₱2.70 billion, 10-year bonds with interest of 5.43% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014. As of December 31, 2023, ₱2.70 billion of the related bonds payable was paid.

Unamortized debt issuance cost on bonds payable amounted to ₱2.16 million of December 31, 2022 (nil in 2023). Accretion in 2023 and 2022 included as part of 'Interest and other finance charges' amounted to ₱2.16 million and ₱2.53 million, respectively (see Note 23).

b. On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion, 7-year fixed rate bonds due in 2021 and ₱1.70 billion, 10-year fixed rate bonds due in 2024. The 7-year bonds carry a fixed rate of 5.40% per annum, while the 10-year bonds have a fixed interest rate of 5.64% per annum. As of December 31, 2023, ₱1.7 billion of the related bonds payable remain outstanding.

Unamortized debt issuance cost on bonds payable amounted to ₱2.65 million and ₱2.95 million as of December 31, 2023 and 2022, respectively. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱0.29 million and ₱1.53 million, respectively (see Note 23).

c. On August 20, 2015, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.00 billion comprising of ₱7.00 billion, 7-year fixed rate bonds due in 2022 and ₱1.00 billion, 10-year fixed rate bonds due in 2025. The 7-year bonds carry a fixed rate of 5.36% per annum while the 10-year bonds have a fixed rate of 5.71% per annum. The Parent Company paid the ₱7.00 billion bonds on August 20, 2022. As of December 31, 2023, ₱1.0 billion of the related bonds payable remain outstanding.

Unamortized debt issuance cost on bonds payable amounted to ₱3.07 million and ₱3.41 million as of December 31, 2023 and 2022, respectively. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱0.34 million and ₱9.54 million, respectively (see Note 23).

d. On November 18, 2020, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.1 billion comprising of ₱6.3 billion, 3-year fixed rate bonds due in 2023 and ₱1.8 billion, 5.5-year fixed rate bonds due in 2026. The 3-year bonds carry a fixed rate of 3.34% per annum, while the 5.5-year bonds have a fixed rate of 4.18% per annum. As of December 31, 2023, ₱1.76 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱7.44 million and ₱24.64 million as of December 31, 2023 and 2022. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱17.21 million and ₱20.32 million (see Note 23).

e. On December 21, 2021, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱10.0 billion comprising of ₱5.0 billion, 4-year fixed rate bonds due in 2025 and ₱5.0 billion, 6-year fixed rate bonds due in 2027. The 4-year bonds carry a fixed rate of 4.5300% per annum, while the 6-year bonds have a fixed rate of 5.2579% per annum. As of December 31, 2023, ₱10 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱82.26 million and ₱103.59 million as of December 31, 2022 and 2021. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱21.33 million and ₱27.44 million, respectively (see Note 23).

f. On June 23, 2022, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.90 billion comprising of ₱8.925 billion, 3-year fixed rate bonds due in 2025 and ₱2.975 billion, 5-year fixed rate bonds due in 2027. The 3-year bonds carry a fixed rate of 5.3455% per annum, while the 5-year bonds have a fixed rate of 6.4146% per annum. As of December 31, 2023, ₱11.9 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱91.45 million and ₱130.21 million as of December 31, 2023 and 2022, respectively. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱38.76 million and ₱24.22 million, respectively (see Note 23).

g. On December 1, 2023, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.43 billion which are 3.5-year fixed rate bonds due in 2027. The bonds carry a fixed rate of 6.9829% per annum. As of December 31, 2023, ₱11.43 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱140.01 million as of December 31, 2023. Accretion in 2023 included as part of "Interest and other finance charges" amounted to ₱3.45 million (see Note 23).

Interest incurred on these bonds (gross of related capitalized borrowing costs) amounted to ₱1.77 billion and ₱1.31 billion for the years ended December 31, 2023 and 2022, respectively. Payments made on these bonds amounted to ₱9.04 billion and ₱7.0 billion in 2023 and 2022, respectively.

The Parent Company's loans payable are unsecured and no assets are held as collateral for these debts. These bonds require the Parent Company to maintain certain financial ratios including debt-to-equity ratio ranging from 2.0x to 2.5x; minimum current ratio of 1.0x; and minimum debt service coverage ratio (DSCR) of 1.0x. As of December 31, 2023 and 2022, the Parent Company is not in breach of these covenants and has not been cited in default on any of its outstanding obligations.

19. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the ultimate company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches ten percent (10%) of the Parent Company's total assets shall be subject to the review by the RPT Committee. Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions ("Policy"). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall subject it to the provisions of the Policy.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.

Outstanding balances at year-end are unsecured, interest free and require settlement in cash, unless otherwise stated. There have been no guarantees provided or received for any related party receivables or payables. As of December 31, 2023 and 2022 the Parent Company has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant related party transactions are as follows. Outstanding liabilities are unsecured and no impairment loss was recognized on any of the assets.

	2023				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
			(In Thousands)		
Bank under common control of the ultimate parent					(a)
Cash and cash equivalents	**₱1,832,632**	**₱1,832,632**	0.50% to 4.50%	No impairment	
Interest income	**16,526**				
		₱1,832,632			
Dividend income					
Dividend income	**₱1,421,247**	**₱1,421,247**	Non-interest	Unrestricted, no impairment	(d)
Ultimate Parent	**₱19**	**₱598**	Non-interest bearing collectible on demand	Unrestricted, no impairment	(b)
Subsidiaries					
Share in common expenses and others	**993,968**	**5,909,335**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Development costs	–	**631,710**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Payment for land acquisition	**8,490**	**714,897**	Interest-bearing, collectible on demand	Unsecured, no impairment	
Rental income	**239,020**	–	Interest-bearing, collectible on demand	Unsecured, no impairment	
Dividend income	**1,254,121**	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		₱7,255,942			
Associates					(e)
Service fee	**₱2,005**	**₱30,631**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Rent income	**946**	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Share in common expenses and others	**6,537**	**479,134**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		509,765			
Affiliates					(f)
Share in common expenses	**8,561**	**90,917**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Development costs (Note 12)	**1,382**	**52,893**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Due from related parties (Note 8 and Note 11)		**₱7,910,115**			
Parent					(c)
Share in group expenses	**(₱9,664)**	**(₱30,802)**	Non-interest bearing collectible on demand	Unrestricted, no impairment	
Subsidiaries					(d)
Share in common expenses	–	**(8,663)**	Non-interest bearing collectible on demand	Unrestricted, no impairment	
Associate					(e)
Share in common expenses and others	**120,716**	**(57,556)**	Non-interest bearing collectible on demand	Unrestricted, no impairment	
Affiliates					(f)
Share in other expenses	**1,017**	**(47,739)**	Non-interest bearing collectible on demand	Unrestricted, no impairment	
Due to related parties		**(₱144,760)**			

	2022				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
			(In Thousands)		
Bank under common control of the ultimate parent					(a)
Cash and cash equivalents	₱2,763,802	₱2,763,802	0.50% to 4.50%	Unrestricted, no impairment	
Interest income	12,910	–			
		₱2,763,802			
Dividend income					
Dividend income	₱1,292,581	₱1,292,581	Noninterest-bearing	Unrestricted, no impairment	(d)
Ultimate Parent	₱186,088	₱467	Noninterest-bearing, collectible on demand	Unsecured	(b)
Subsidiaries					(d)
Share in common expenses and others	1,498,492	3,746,589	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Development costs	–	578,365	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Payment for land acquisition	4,471	812,383	Interest-bearing, collectible on demand	Unsecured, no impairment	
Rental income	237,861	–	Interest-bearing, collectible on demand	Unsecured, no impairment	
Dividend income	1,292,581	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		₱5,137,337			
Associates					(e)
Service fee	₱23,464	₱281,661	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Rent income	2,892	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Share in common expenses and others	5,213	26,236	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		307,897			
Affiliates					(f)
Share in common expenses	17,683	85,558	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Development costs (Note 12)	–	50,255	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		135,813			
Due from related parties (Note 8 and Note 11)		₱5,581,514			
Parent	(₱255,860)	(₱6,327)	Noninterest-bearing, payable on demand	Unsecured	(c)
Subsidiaries					(d)
Share in common expenses	32,156	(545,057)	Noninterest-bearing, payable on demand	Unsecured	
Associate					(e)
Share in common expenses and others	193,225	(8,934)	Noninterest-bearing, payable on demand	Unsecured	
		(8,934)			
Affiliates					(f)
Share in other expenses	4	(21,242)	Noninterest-bearing, payable on demand	Unsecured	
		(21,242)			
Due to related parties		(₱581,560)			

Significant transactions with related parties follow:

a. *Transactions with bank under common control of the ultimate parent (EW)*
On January 3, 2012, the Parent Company entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the ultimate parent. The Parent Company agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EW will be serviced by the Parent Company under an Accounts Servicing Agreement.

Under this agreement, the Parent Company shall be responsible for the monitoring and collection of contracts receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month.

For the performance of the said services, the Parent Company will charge EW a service fee equivalent to a certain percentage of amounts actually received and collected. Although the Parent Company retains the contractual rights to receive cash flows from the contracts receivables sold to EW, this will be subsequently distributed to EW under a 'pass-through arrangement'.

In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and the Parent Company has no liability to EW for such events. Due to this, the Parent Company derecognized the contracts receivables sold and did not recognize any liability in its parent company financial statements.

The Parent Company's plan assets in the form of cash equivalents amounting to ₱75 million as of December 31, 2023 (nil as of December 31, 2022), are maintained with EW (see Note 25). The Parent Company also maintains cash and cash equivalents with EW.

b. *Transactions with ultimate parent (ALGI)*
Transactions with the ultimate parent relates to sharing of common expenses.

c. *Transactions with parent company (FDC)*
The Parent Company charges FDC certain common and general administrative expenses paid by the Parent Company on its behalf.

d. *Transactions with subsidiaries*
Transactions with subsidiaries are as follows:

- Total payments made by the Parent Company in behalf of Homepro for land acquisition amounted to ₱8.49 million and ₱4.47 million in 2023 and 2022, respectively.

- The Parent Company also has a Marketing Agency Agreement (the Marketing Agreement) each with its subsidiaries, Promax and Prosper whereby the subsidiaries are appointed as marketing agents to act for and on behalf of the Parent Company in promoting the marketing and sale of its middle-income and high-end real estate property development projects. In return, the Parent Company pays each subsidiary a marketing fee of a certain percentage of the net selling price, exclusive of commissions, discounts, value added tax and other government-imposed taxes and fees on all sales transactions closed by each subsidiary in accordance with the terms and conditions of the Marketing Agreement.



- The Parent Company also charged the subsidiaries (i.e., Proleads Philippines, Inc and Property Maximizer Professional Corp.) for advances for working capital and for certain common expenses (i.e., rent) being paid by the Parent Company on its behalf.

- The Parent Company charged FLTI for the development costs of Fora Mall.

- In 2023 and 2022, cash dividends received from FAC, FILRT, FCI, FLC and FAPI amounted to ₱1.42 billion and ₱1.29 billion, respectively.

e. Transactions with Associates

Transactions with FAI include noninterest-bearing cash advances and various charges for rent, management fees, marketing fees, water services, share of expenses and commission charges.

The Parent Company, as lessee, entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

On December 28, 2022, FAI entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-excel to the Parent Company for a total consideration of ₱10.97 million. The resulting ownership interest of the Parent Company in Pro-excel after the transfer is 47.5%.

The Parent Company entered into service agreement with CTI related to the management of the computer information system. Amount charged to the Parent Company in 2023 and 2022 amounted to ₱98.80 million and ₱64.58 million, respectively, was recognized as part of 'General and Administrative Expense' in the parent company statement of income (see Note 21).

In 2022 and 2021, certain employees of the Parent Company were transferred to SPI. The related retirement benefits of these employees were also transferred with a corresponding payable to SPI under "Other payables" (see Notes 16 and 25). As of December 31, 2023 and 2022, the outstanding balance of the transferred retirement benefits amounted to ₱144.11 million.

f. Transactions with Affiliates

In 2017, the Parent Company and FDC Retail Electricity Sales (FDC RES) made a retail electricity supply agreement wherein the latter will supply the retail electricity to the former.

Other transactions with affiliate relate to sharing of common expenses paid by the Parent Company on their behalf.

g. Leases with related parties

The Parent Company has several land lease transactions with related parties:

- Mall lease with FAI (as lessee)
  The Parent Company entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

- Land lease with FAI (as lessee)
  The Parent Company entered into a lease agreement with FAI for a portion of land area occupied by a third party lessee. The lease term will expire on December 31, 2034.

- Land lease with FILRT (as lessor)
  The Parent Company entered into a lease agreement with FILRT on the location of the buildings currently leased to third parties by such subsidiary and on those still under construction. Rental is based on certain percentage of the subsidiary's gross rental income. On July 1, 2020, the Parent Company and FILRT amended their existing lease contract. The pertinent amendment provisions include the extension of the term of the lease for another 25 years and to set a minimum fixed rental rate.

  On March 1, 2021, the Parent Company and FILRT amended their existing lease contract. The pertinent amended provisions include removal of the requirement to pay minimum lease and that rental rates shall be solely variable (i.e., 10% or 15% of gross lease income depending on the floor to area ratio). In case of redevelopment, the Parent Company and the FILRT shall mutually agree on the minimum monthly rent during construction period.

Key Management Personnel Compensation
The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱48.74 million and ₱28.40 million in 2023 and 2022, respectively. Post-employment benefits of key management personnel amounted to ₱8.26 million and ₱9.88 million in 2023 and 2022, respectively.

20. Cost of Rental Services

The account consists of:

	2023	2022
	(In Thousands)	
Mall operations	**₱691,338**	₱603,421
Depreciation (Notes 12, 13 and 14)	**631,415**	631,191
Rentals (Note 19)	**4,140**	6,024
	₱1,326,893	₱1,240,636

21. General and Administrative Expenses

The account consists of:

	2023	2022
	(In Thousands)	
Salaries, wages and employee benefits	**₱584,710**	₱487,134
Repairs and maintenance	**339,771**	367,020
Depreciation (Notes 12 and 13)	**306,074**	203,266
Outside services	**245,850**	243,929
Taxes and licenses	**241,623**	213,482
Electronic data processing charges (Note 19)	**104,410**	68,793

(Forward)

	2023	2022
	(In Thousands)	
Entertainment, amusement and recreation	**₱68,714**	₱62,100
Transportation and travel	**63,592**	61,079
Communications, light and water	**48,675**	42,242
Insurance	**27,215**	22,881
Retirement costs (Note 25)	**26,301**	33,629
Office supplies	**14,068**	11,293
Rent (Note 14)	**8,160**	15,478
Others	**70,366**	51,285
	₱2,149,529	₱1,883,611

22. Selling and Marketing Expenses

The account consists of:

	2023	2022
	(In Thousands)	
Brokers' commissions (Note 5)	**₱738,634**	₱703,093
Selling, advertising and promotions	**418,386**	372,857
Salaries and wages	**103,647**	85,441
Sales office direct costs	**56,848**	1,630
Others	**4,913**	504
	₱1,322,428	₱1,163,525

23. Interest and Other Finance Charges

The following table shows the component of interest income and expense recognized in the parent company statement of income:

	2023	2022
	(In Thousands)	
Interest income on:		
Contracts receivable (Note 7)	**₱173,470**	₱273,883
Cash and cash equivalents (Note 6)	**22,093**	35,573
Others	**26,472**	20,423
	₱222,035	₱329,879
Interest and other finance charges:		
Interest expense on loans and bonds payable, net of interest capitalized (Notes 17 and 18)	**₱800,319**	₱919,977
Interest expense on lease liabilities (Note 14)	**433,959**	380,169
Amortization of transaction costs of loans and bonds (Notes 17 and 18)	**143,307**	131,815
Other finance charges (Note 25)	**152,157**	21,747
	₱1,529,742	₱1,453,708

Other finance charges include bank charges, debt issue costs for short-term loans, and other miscellaneous bank fees.

24. Other Income - Net

The account consists of:

	2023	2022
	(In Thousands)	
Forfeited reservations and collections	**₱102,107**	₱85,250
Service fees	**68,406**	53,648
Processing fees	**56,786**	43,493
Foreign currency exchange gain (loss) - net	**(6,914)**	10,612
Others	**2,789**	3,641
	₱223,174	₱196,644

25. Retirement Costs

The Parent Company has a funded, noncontributory defined benefit retirement plan (the Plan) covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The retirement plan provides retirement benefits equivalent to 70% to 125% of the final monthly salary for every year of service.

The funds are administered by the Parent Company's Treasurer under the supervision of the Board of Trustees of the Plan and is responsible for investment strategy of the plan.

The following tables summarize the components of retirement expense recognized in the parent company statements of income and pension liability recognized in the parent company statements of financial position for the existing retirement plan.

	2023		
	Present value of defined benefit Obligation	**Fair value of plan asset**	**Net defined benefit liabilities**
	(In Thousands)		
Balance as of January 1, 2023	**₱339,482**	**(₱14,313)**	**₱353,795**
Net benefit costs in profit or loss			
Current service cost (Note 21)	**26,301**	–	**26,301**
Net interest (Note 23)	**24,782**	–	**24,782**
	51,083	–	**51,083**
Contribution	–	**75,000**	**(75,000)**
Balance as of December 31, 2023	**₱390,565**	**₱60,687**	**₱329,878**

	2022		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liabilities
	(In Thousands)		
Balance as of January 1, 2022	₱401,002	₱16,353	₱384,649
Net benefit costs in profit or loss			
Current service cost (Note 21)	33,629	–	33,629
Net interest (Note 23)	19,921	833	19,088
	53,550	833	52,717
Benefits paid	(8,041)	(8,041)	–
Net transfer	(23,175)	(22,266)	(909)
Remeasurements in other comprehensive income			
Actuarial changes arising from:			
Experience adjustments	(83,854)	–	(83,854)
Return on plan assets, excluding amounts included in interest income	–	(1,192)	1,192
	(83,854)	(1,192)	(82,662)
Balance as of December 31, 2022	₱339,482	(₱14,313)	₱353,795

The Parent Company's plan assets comprise of cash equivalents with original maturities of 3 months or less from dates of placements and are subject to insignificant risk of changes in value. As of December 31, 2023 and 2022, these placements are with EW (see Note 19). As of December 31, 2023 and 2022, the carrying amount of the plan assets approximates its fair value.

In 2022 and 2021, certain employees of the Parent Company were transferred to SPI. The related retirement benefits of these employees were also transferred with a corresponding payable to SPI. As of December 31, 2023 and 2022, the outstanding balance of the transferred retirement benefits amounted to ₱141.11 million (see Note 19).

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The assumptions used in determining pension obligation for the defined benefit plan are as follows:

	2023	2022
Discount rate	**7.30%**	7.30%
Future salary increases	**6.00%**	6.00%

The sensitivity analysis that follow has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation.

Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level for the remaining life of the obligation. The sensitivity analyses below have been determined based on reasonably possible changes of the significant assumption on the DBO as of the end of the financial reporting period, assuming all other assumptions were held constant.

		Increase (decrease) on DBO	
Assumption	Increase (Decrease)	**2023**	2022
Salary rate	+1%	**₱39,333**	₱34,189
	-1%	**(34,306)**	(29,819)
Discount rate	+1%	**(33,624)**	(29,226)
	-1%	**39,214**	34,085

Shown below is the maturity analysis of the undiscounted benefit payments of the Parent Company:

	2023	2022
	(In Thousands)	
Less than one year	**₱28,247**	₱38,948
More than one year and up to five years	**124,301**	132,235
More than five years and up to 10 years	**259,937**	220,907
More than 10 years	**1,889,406**	1,948,748

The Parent Company does not expect to contribute to its plan assets in the next 12 months.

The management performs an Asset-Liability Matching (ALM) Study. The principal technique of the Parent Company's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans, as well as the liquidity of the plan assets. The Parent Company's current investment strategy consists of 100% short-term deposit placements.

26. **Equity**

Capital Stock

The Parent Company's common and preferred shares as of December 31, 2023 and 2022 follow (amounts in thousands, except for par value figures):

	Common Shares	Preferred Shares
Authorized shares	33,000,000	8,000,000
Par value per share	₱1	₱0.01
Issued and subscribed shares	24,470,708	8,000,000
Treasury shares	220,949	–

There were no issuances of additional common shares in 2023 and 2022.

Preferred Shares

As stated in the Parent Company's Amended Articles of Incorporation, the preferred shares may be issued from time to time in one or more series as the Board of Directors (BOD) may determine, and authority is expressly granted to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to

determine the dividend rate and the issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares. Preferred shares of each and any sub-series shall not be entitled to any participation or share in the retained earnings remaining after dividend payments shall have been made on the preferred shares. To the extent not set forth in the Articles of Incorporation, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the BOD prior to the issuance of each of such series (the "Enabling Resolutions"), which resolutions shall thereupon be deemed a part of the Amended Articles of Incorporation.

In an Enabling Resolution approved and adopted by the BOD on October 6, 2006, it was clarified that the preferred shares are not convertible to common shares. In another Enabling Resolution approved and adopted by the BOD on January 5, 2007, the Board approved that preferred shares are entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares.

Thus, in a disclosure made by the Parent Company to the relevant government agency and regulatory body on January 18, 2007, it was clarified that the features of the issued and subscribed preferred shares, in addition to the features indicated in the Parent Company's Amended Articles of Incorporation so long as these features are not inconsistent with the Enabling Resolutions, are as follows: (i) voting, cumulative, and non-redeemable, (ii) par value is one centavo (₱0.01), (iii) entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares, and (iv) not convertible to common shares.

Treasury Shares

On December 20, 2007, the Parent Company's BOD approved the buyback of some of the issued shares of stock of the Parent Company over a period of twelve (12) months up to an aggregate amount of ₱1.5 billion, in view of the strong financial performance of the Parent Company and the very large discrepancy that existed between the current share price and the net asset value of the Parent Company.

The Parent Company had acquired 220.95 million shares at total cost of ₱221.04 million in 2008. There were no additional acquisitions in 2023 and 2022. The retained earnings is restricted from dividend distribution to the extent of the cost of treasury shares.

Dividend Declaration

On April 24, 2023, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.03600 per share or a total of ₱872.99 million for all common stockholders of record as of May 12, 2023 payable on June 06, 2023. The Parent Company has remaining unpaid cash dividend amounting to ₱21.09 million as of December 31, 2023.

On April 24, 2023, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.00036 per share or a total of ₱2.88 million for all preferred stockholders of record as of May 12, 2023 payable on June 06, 2023. The Parent Company has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2023.

On April 22, 2022, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.04700 per share or a total of ₱1.14 billion for all common stockholders of record as of May 11, 2022 payable on June 02, 2022. The Parent Company has remaining unpaid cash dividend amounting to ₱21.09 million as of December 31, 2022.



On April 22, 2022, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.0004 per share or a total of ₱3.2 million for all preferred stockholders of record as of May 11, 2022 payable on June 02, 2022. The share of the noncontrolling interest related to these dividend declarations amounted to ₱378.4 million. The Parent Company has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2022.

Retained Earnings

Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury, unrealized fair value gains on investment properties and BTO rights received as dividends and deferred tax asset recognized in profit or loss as of December 31, 2023 and 2022

The retained earnings is being utilized to cover part of the annual expenditure requirements of the Parent Company for its expansion projects in the real estate and leasing segments.

On October 21, 2020, the Parent Company's BOD approved the appropriation amounting to ₱5.00 billion out of its unrestricted retained earnings as of December 31, 2019 for the following projects:

Project	Location	Description	Amount (In Thousands)	Estimated Completion Date
Activa	Quezon City	Mixed-use	₱3,500,000	Q4 2024
100 West Annex	Makati City	Mixed-use	1,500,000	Q4 2024
			₱5,000,000	

The appropriated retained earnings amounted to ₱5.0 billion as of December 31, 2023 and 2022

Capital Management

The Parent Company prudently monitors its capital and cash positions and cautiously manages its expenditures and disbursements. Furthermore, the Parent Company may also, from time to time, seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

The primary objective of the Parent Company'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. No changes were made in capital management objectives, policies or processes for the years ended December 31, 2023 and 2022.

The Parent Company monitors capital using debt-to-equity ratio, which is the long-term debt (loans payable and bonds payable) divided by total equity. The Parent Company's policy is to keep the debt-to-equity ratio not to exceed 2:1.

The following table shows how the Parent Company computes for its debt-to-equity ratio:

	2023	2022
	(In Thousands)	
Loans payable (Note 17)	**₱27,432,585**	₱28,510,166
Bonds payable (Note 18)	**37,468,517**	35,133,029
Total long-term debt	**64,901,102**	63,643,195
Total equity	**90,503,903**	87,064,602
Debt-to-equity ratio	**0.72 : 1.00**	0.73 : 1.00

On August 12, 1993, the SEC approved the registration of 2.0 billion common shares with issue price of ₱5.25 per share.

On December 15, 2006, the SEC approved the registration of 3.7 billion common shares with issue price of ₱1.60 per share.

Below is the summary of the outstanding number of shares and holders of security as of December 31, 2023:

Year	Number of Shares Registered (In Thousands)	Number of Holders of Securities as of Year End
January 1, 2022	24,249,759	5,646
Add (Deduct) Movement	–	(21)
December 31, 2022	24,249,759	5,625
Add (Deduct) Movement	–	(19)
December 31, 2023	**24,249,759**	**5,606**

Note: Exclusive of 220,949 treasury shares

27. Income Taxes

Provision for (benefit from) income tax consists of:

	2023	2022
	(In Thousands)	
Current	**₱715,122**	₱350,270
Deferred	**136,472**	312,679
Final	**5**	32
	₱851,599	₱662,981

The Parent Company's current income tax pertains to RCIT in 2023 and 2022.

The components of the Parent Company's net deferred income tax liabilities are as follows:

	2023	2022
	(In Thousands)	
Deferred income tax liabilities on:		
Capitalized borrowing costs	**₱4,487,977**	₱4,106,072
Excess of real estate revenue based on financial accounting policy over real estate revenue based on tax rules	**1,893,872**	1,990,247
Right-of-use assets	**936,414**	912,769
Remeasurement gain on retirement plan	**5,484**	5,484
Others	**122,571**	183,369
	7,446,318	7,197,941

(Forward)

	2023	2022
	(In Thousands)	
Deferred income tax assets on:		
Pension expense	**(₱127,190)**	(₱133,170)
Lease liabilities	**(1,251,243)**	(1,156,213)
Provision for expected credit loss	**(8,123)**	(8,123)
MCIT	**–**	(143,360)
Others	**(38,463)**	(15,608)
	(1,425,019)	(1,456,474)
	₱6,021,299	₱5,741,467

Provision for deferred income tax charged directly to other comprehensive income in 2022 relating to remeasurement gain on defined benefit obligation amounted ₱20.67 million (nil in 2023).

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of the Bayanihan 2 Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next three (3) years immediately following the year of such loss.

In 2023, the Company's MCIT amounting to ₱143.36 million were claimed and offset against income tax due as follows:

Year incurred	Availment Period	MCIT	Expired/Used	Unapplied
2020	2021-2023	₱81,992	₱81,992	₱–
2021	2022-2024	61,368	61,368	–
		₱143,360	₱143,360	₱–

The reconciliation of the income tax computed at the statutory tax rate to the actual provision for (benefit from) income tax follows:

	2023	2022
	(In Thousands)	
Income tax at statutory rate	**₱1,291,692**	₱1,024,945
Adjustments for the income tax effect of:		
Dividend income subjected to final tax	**(355,312)**	(323,145)
Nondeductible expense and others	**2,203**	76,437
Income tax holiday incentive on sales of BOI-registered projects (Note 32)	**(84,093)**	(51,577)
Application of NOLCO	**–**	(27,442)
Income covered by PEZA (Note 31)	**2,274**	(15,324)
Tax-exempt net income on socialized housing units	**9,344**	(10,847)
Interest subjected to final tax	**(5,523)**	(9,393)
Interest on HGC-enrolled contracts receivables	**(8,986)**	(673)
	₱851,599	₱662,981

28. Fair Value Measurement

The following table sets forth the fair value hierarchy of the Parent Company's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	2023				
		Fair Value			
	Carrying Value	**Total**	**Quoted Prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI					
Quoted	**₱6,458**	**₱6,458**	**₱6,458**	**₱–**	**₱–**
Unquoted	**9,077**	**9,077**	**–**	**–**	**9,077**
	15,535	**15,535**	**6,458**	**₱–**	**9,077**
Assets for which fair values are disclosed					
Non-financial assets					
Investment properties	**55,074,874**	**113,197,067**			**113,197,067**
Total assets	**₱55,090,409**	**₱113,212,602**	**₱6,458**	**₱–**	**₱113,206,144**
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses					
Accounts payable	**₱8,897,328**	**₱8,295,210**	**₱–**	**₱–**	**₱8,295,210**
Retention fee payable	**1,260,855**	**1,175,528**	**–**	**–**	**1,175,528**
Deposits for registration	**780,939**	**728,090**	**–**	**–**	**728,090**
	10,939,122	**10,198,828**	**–**	**–**	**10,198,828**
Lease liabilities (Note 14)	**5,004,973**	**5,356,527**	**–**	**–**	**5,356,527**
Loans payable (Note 17)	**27,432,585**	**33,898,982**	**–**	**–**	**33,898,982**
Bonds payable (Note 18)	**37,468,517**	**35,426,364**	**–**	**–**	**35,426,364**
	₱80,845,197	**₱84,880,701**	**₱–**	**₱–**	**₱84,880,701**

	2022				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI					
Quoted	₱6,458	₱6,458	₱6,458	₱–	₱–
Unquoted	9,077	9,077	–	–	9,077
	15,535	15,535	6,458		9,077
Assets for which fair values are disclosed					
Non-financial assets					
Investment properties	52,378,727	111,846,839	–	–	111,846,839
	₱52,394,262	₱111,862,374	₱6,458	₱–	₱111,855,916
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses					
Accounts payable	₱6,739,038	₱6,451,792	₱–	₱–	₱6,451,792
Retention fee payable	2,272,229	2,175,076	–	–	2,175,076
Deposits for registration	1,632,697	1,562,888	–	–	1,562,888
	10,643,964	10,189,756	–	–	10,189,756
Lease liabilities (Note 14)	4,624,851	6,557,318	–	–	6,557,318
Loans payable (Note 17)	28,510,166	27,377,659	–	–	27,377,659
Bonds payable (Note 18)	35,133,029	33,488,201	–	–	33,488,201
	₱78,912,942	₱77,612,935	₱–	₱–	₱77,612,935

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, due from and to related parties, other receivables and other assets*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.

- *Contract receivables*: Estimated fair value of contract receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date. Interest rate used was 11.5% to 19.0% in 2023 and 2022, respectively.

  Due to the short-term nature of receivables from government and financial institutions, carrying amounts approximate fair values.

- *Financial assets at FVOCI*: Fair values were determined using quoted market prices at reporting date. Fair value of unquoted equity securities are based on the latest selling price available.

- *Accounts payable and accrued expenses*: On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rates used is 6.77% and 4.28% in 2023 and 2022.

- *Long-term debt:* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. Long-term debt subjected to quarterly repricing is not discounted since it approximates fair value. The discount rates used ranged from 4.21% to 5.50% and 4.21% to 5.50% as of December 31, 2023 and 2022.

During the years ended December 31, 2023 and 2022, 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.

29. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments are composed of cash and cash equivalents, contracts and other receivables, due from related parties, financial assets at FVOCI, accounts payable and accrued expenses, due to related parties and long-term debt (loans payable and bonds payable). The main purpose of these financial instruments is to raise financing for the Parent Company's operations.

The main objectives of the Parent Company'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 Parent Company's finance and treasury function operates as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Parent Company. The Parent Company's BOD reviews and approves the policies for managing each of these risks.

The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Parent Company's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Parent Company's financial instruments are liquidity risk, credit risk and interest rate risk. The Parent Company also monitors the foreign currency arising from all financial instruments.

Liquidity Risk
Liquidity risk is defined as the risk that the Parent Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Parent Company seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Parent Company uses combination of internally generated funds and available long-term and short-term credit facilities.

As of December 31, 2023 and 2022, the Parent Company has ₱25.78 billion and ₱12.81 billion, respectively, of undrawn short-term credit lines, and ₱30.18 billion and ₱18.00 billion of undrawn long-term credit facilities, respectively.

As part of its liquidity risk management, the Parent Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

The tables below summarize the maturity profile of the Parent Company's other financial liabilities as of December 31, 2023 and 2022 based on contractual undiscounted payments.

	2023						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts payable and accrued expenses							
Accounts payable	**₱3,358,235**	**₱1,261,651**	**₱690,429**	**₱1,784,673**	**₱1,802,340**	**₱–**	**₱8,897,328**
Retention fees payable	**355,136**	**354,932**	**76,344**	**6,533**	**298,222**	**169,688**	**1,260,855**
Deposits for registration	**–**	**231**	**94,966**	**347,722**	**136,961**	**201,059**	**780,939**
Accrued expenses	**2,275,976**	**–**	**–**	**–**	**–**	**–**	**2,275,976**
Accrued interest	**1,778,128**	**–**	**–**	**–**	**–**	**–**	**1,778,128**
	7,767,475	**1,616,814**	**861,739**	**2,138,928**	**2,237,523**	**370,747**	**14,993,226**
Due to related parties	**144,760**	**–**	**–**	**–**	**–**	**–**	**144,760**
Loans payable	**–**	**4,066,000**	**12,198,001**	**12,227,098**	**1,927,437**	**–**	**30,418,536**
Bonds payable	**–**	**976,504**	**2,929,512**	**19,822,170**	**20,094,336**	**–**	**43,822,522**
Lease liabilities	**–**	**62,014**	**186,041**	**533,937**	**287,154**	**18,467,389**	**19,536,535**
	₱7,912,235	**₱6,721,332**	**₱16,175,293**	**₱34,722,133**	**₱24,546,450**	**₱18,838,136**	**₱108,915,579**

	2022						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts payable and accrued expenses							
Accounts payable	₱2,543,955	₱955,735	₱523,019	₱1,351,939	₱1,365,322	₱–	₱6,739,970
Retention fees payable	640,002	639,635	137,582	11,774	537,436	305,800	2,272,229
Deposits for registration	–	482	198,545	726,977	286,342	420,351	1,632,697
Accrued expenses	726,180	–	–	–	–	–	726,180
Accrued interest	313,203	–	–	–	–	–	313,203
	4,223,340	1,595,852	859,146	2,090,690	2,189,100	726,151	11,684,279
Due to related parties	581,560	–	–	–	–	–	581,560
Loans payable	–	2,125,036	6,375,107	15,417,356	8,039,050	–	31,956,549
Bonds payable	–	2,688,727	8,066,180	19,050,675	10,579,412	–	40,384,994
Lease liabilities	–	236,242	248,054	260,457	273,480	18,467,390	19,485,623
	₱4,804,900	₱6,645,857	₱15,548,487	₱36,819,178	₱21,081,042	₱19,193,541	₱104,093,005

The tables below summarize the maturity profile of the Parent Company's financial assets and contract assets held to manage liquidity as of December 31, 2023 and 2022:

	2023						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	**₱2,925,085**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,925,085**
Cash equivalents	–	**272,301**	–	–	–	–	**272,301**
Contracts receivable							
Contracts receivable	**1,582,485**	–	–	–	–	–	**1,582,485**
Receivables from government and financial institutions	**255,344**	–	–	–	–	–	**255,344**
Investment and advances in associates and subsidiaries		–	–	–	–	–	
Advances to associates and subsidiaries	**7,765,707**	–	–	–	–	–	**7,765,707**
Other receivables							
Receivable from tenants-net	**701,575**	–	–	–	–	–	**701,575**
Due from related parties	**144,408**	–	–	–	–	–	**144,408**
Investment in Bonds	**150,000**	–	–	–	–	–	**150,000**
Receivable from homeowners' associations-net	**227,671**						**227,671**
Receivable from buyers	–	–	–	–	–	–	–
Others	**13,736**	–	–	–	–	–	**13,736**
Short-term deposits	**–**	–	**91,566**	–	–	–	**91,566**
	13,766,011	**272,301**	**91,566**	–	–	–	**14,129,878**
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	**6,458**	–	–	–	–	**6,458**
Unquoted	–	**9,077**	–	–	–	–	**9,077**
	–	**15,535**	–	–	–	–	**15,535**
Total financial assets	**13,766,011**	**287,836**	**91,566**	–	–	–	**14,145,413**
Contract assets	**–**	**1,696,313**	**5,088,940**	**589,423**	**261,863**	**2,143,132**	**9,779,671**
	₱13,766,011	**₱1,984,149**	**₱5,180,506**	**₱589,423**	**₱261,863**	**₱2,143,132**	**₱23,925,084**

	2022						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	₱2,897,439	₱–	₱–	₱–	₱–	₱–	₱2,897,439
Cash equivalents	–	307,700	–	–	–	–	307,700
Contracts receivable							
Contracts receivable	1,898,753	–	–	–	–	–	1,898,753
Receivables from government and financial institutions	222,032	–	–	–	–	–	222,032
Investment and advances in associates and subsidiaries		–	–	–	–	–	–
Advances to associates and subsidiaries	5,445,233	–	–	–	–	–	5,445,233
Other receivables		–	–	–	–	–	–
Receivable from tenants-net	582,995	–	–	–	–	–	582,995
Due from related parties	128,182	–	–	–	–	–	128,182
Investment in Bonds	150,000						150,000
Receivable from homeowners' associations-net	286,148	–	–	–	–	–	286,148
Receivable from buyers	–	–	–	–	–	–	–
Others	48,314	–	–	–	–	–	48,314
Short-term deposits	–	–	74,821	–	–	–	74,821
	11,659,096	307,700	74,821	–	–	–	12,041,617
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	6,458	–	–	–	–	6,458
Unquoted	–	9,077	–	–	–	–	9,077
	–	15,535	–	–	–	–	15,535
Total financial assets	11,659,096	323,235	74,821	–	–	–	12,057,152
Contract assets	–	1,691,678	5,075,033	1,613,176	739,746	1,363,323	10,482,956
	₱11,659,096	₱2,014,913	₱5,149,854	₱1,613,176	₱739,746	₱1,363,323	₱22,540,108

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Parent Company is exposed to credit risk from its operating activities, primarily for its contract receivables and other receivables.

It is the Parent Company's policy that buyers who wish to avail of the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, as discussed in Note 7, the Parent Company has a mortgage insurance contract with HGC for a retail guaranty line.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Parent Company has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Parent Company, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Parent Company evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

An impairment analysis is performed at each reporting date using the vintage model to measure expected credit losses. The probability of default rates are based groupings of various customer segments with similar loss patterns (i.e., by market segment and collateral type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Parent Company's contract receivables and contract assets using a provision matrix:

		2023				
	Total	**Socialized**	**Low Affordable**	**Affordable**	**Middle Income**	**High-end**
				(In Thousands)		
Expected credit loss	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Estimated total gross carrying amount at default	**₱11,617,500**	**₱520,811**	**₱1,695,400**	**₱3,894,429**	**₱4,520,571**	**₱986,289**

		2022				
	Total	Socialized	Low Affordable	Affordable	Middle Income	High-end
				(In Thousands)		
Expected credit loss	₱–	₱–	₱–	₱–	₱–	₱–
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	₱12,603,741	₱496,215	₱1,798,591	₱4,251,894	₱4,986,835	₱1,070,206

With respect to credit risk arising from the other financial assets of the Parent Company, which comprise cash and cash equivalents and financial assets at FVOCI, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Based on the Parent Company's experience, the said assets are highly collectible or collectible on demand. The Parent Company holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Parent Company can repossess the collateralized properties and resell them at the prevailing market price.

Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Parent Company has not noted any extraordinary exposure which calls for a substandard grade classification.

As at December 31, 2023 and 2022, the analysis of contracts receivables that were past due follows:

	Past due					
	Less than 30 days	30 to 60 days	61 days to 90 days	91 days to 120 days	Over 120 days	Total
			(In Thousands)			
2023	**₱384,811**	**₱171,577**	**₱250,029**	**₱106,180**	**₱669,888**	**₱1,582,485**
2022	₱414,693	₱256,212	₱185,816	₱178,485	₱871,643	₱1,906,849

There is no concentration risk on the Parent Company's financial assets as of December 31, 2023 and 2022.

Interest Rate Risk
The Parent Company's exposure to market risk for changes in interest rates relates primarily to the Parent Company's loans from various financial institutions. To manage interest rate risk, the Parent Company renegotiates the interest rates for certain long-term debts to convert them from fixed-rate debt to floating-rate debt as the Parent Company believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Parent Company's profit before tax (through the impact on floating rate borrowings). There is no other impact on the Parent Company's other comprehensive income other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax (In Thousands)
2023	**+200**	**(₱254,268)**
	-200	**254,268**
2022	+200	(81,171)
	-200	81,171

The assumed change in rate is based on the currently observable market environment. Effect on the Group's income before tax is computed on the carrying amount of the Group's floating rate loans payable as of December 31, 2023 and 2022.

The following table sets out the carrying amount, by maturity, of the Parent Company's long-term debts that are exposed to interest rate risk (amounts in thousands):

	91-day Treasury bill plus 1% to 2% margin					
Variable interest rate	**Below 1 Year**	**1-2 Years**	**2-3 Years**	**3-4 Years**	**Over 4 Years**	**Total**
As of December 31, 2023	**₱4,156,667**	**₱-**	**₱-**	**₱1,000,000**	**₱50,000**	**₱5,206,667**
As of December 31, 2022	3,083,333	291,667	-	₱-		₱3,375,000

30. Commitments and Contingencies

Contingencies
The Parent Company is involved in various legal actions, claims, and contingencies incidental to the ordinary course of the business. Management believes that any amount the Parent Company may have to pay in connection with any of these matters would not have a material adverse effect on its financial position or operating results. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed as they may prejudice the outcome of the ongoing proceedings.

Capital Commitments and Obligations
The Parent Company has contractual commitments and obligations for the construction and development costs to be incurred for investment properties and property and equipment items aggregating ₱3,328.0 million and ₱2,164.5 million as of December 31, 2023 and 2022, respectively. These will be recognized as liabilities in the Parent Company's financial statements when the related services are received.

Assignment of Development Rights under a Build, Transfer and Operate Agreement
On June 26, 2015, the Parent Company and a third party entered into an agreement whereby the latter agreed to assign its project development rights and benefits under its BTO Agreement with Cebu Province to the Parent Company. In consideration of this assignment, the Parent Company paid upfront fee amounting to ₱200.0 million. As of December 31, 2023, project construction has not started pending approval from the Province of Cebu on cleared site and this upfront fee is recorded as part of 'Other noncurrent assets' in the parent company statement of financial position (see Note 15).

Development Agreement with Bases Conversion Development Authority (BCDA)
In 2015, the Parent Company won the contract to develop a 288-hectare area in Clark Green City in Tarlac and paid 10% of the bid premium as bid security amounted to ₱16.0 million. On January 8, 2016, the Joint Venture Agreement with BCDA was signed and pursuant to the terms of the development of the project, the Parent Company paid the ₱160.0 million bid premium representing the right to own 55% of the equity on the joint venture company to be formed with BCDA.

On February 11, 2016, the Parent Company incorporated FCGC Corporation, the entity that will handle the development of the New Clark City (NCC) Project, formerly Clark Green City Project. The bid premium is presented as part of investment properties in the parent company financial statements (see Note 12).

31. Registration with PEZA

On February 13, 2002, the Parent Company was registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of the Republic Act (RA) No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (the "Ecozone") to be known as Filinvest Technology Park-Calamba.

Under the registration, the Parent Company shall enjoy 5% preferential tax privilege on income generated from the Ecozone in lieu of the regular income tax rate.

32. Registration with BOI

The Parent Company registered New Leaf Phases 1A and 1B as New Developers of Low-Cost Mass Housing Projects with the BOI under the Omnibus Investments Code of 1987 (Executive Order No. 226), whose validity ended on March 19, 2023. Hence, no outstanding projects have been registered with the BOI as of December 31, 2023.

33. Notes to Statements of Cash Flows

Changes in liabilities arising from financing activities for the years ended December 31 follows:

	2023			
	January 1, 2023	**Cash flows**	**Noncash movement**	**December 31, 2023**
		(In Thousands)		
Loans payable	**₱28,510,166**	**(₱1,085,379)**	**₱7,798**	**₱27,432,585**
Bonds payable	**35,133,029**	**2,395,400**	**(59,912)**	**37,468,517**
Accrued interest	**313,203**	**(3,123,873)**	**2,898,029**	**87,359**
Dividends payable*	**21,413**	**(875,871)**	**875,871**	**21,413**
Lease liabilities	**4,624,851**	**(332,040)**	**712,162**	**5,004,973**
	₱68,602,662	**(₱3,021,763)**	**₱4,433,948**	**₱70,014,847**

**Dividends payable is presented as part of "Accounts payable and accrued expenses" (see Note 16).*

	2022			
	January 1, 2022	Cash flows	Noncash movement	December 31, 2022
		(In Thousands)		
Loans payable	₱27,638,065	₱861,061	₱11,040	₱28,510,166
Bonds payable	30,301,877	4,900,000	(68,848)	35,133,029
Accrued interest	258,937	(2,799,612)	2,853,878	313,203
Dividends payable*	19,000	(1,140,526)	1,142,939	21,413
Lease liabilities	4,517,270	(272,588)	380,169	4,624,851
	₱62,735,149	₱1,548,335	₱4,319,178	₱68,602,662

**Dividends payable is presented as part of "Accounts payable and accrued expenses" (see Note 16).*

The Parent Company's noncash activities are as follows:

a. Additions to both right-of-use assets and lease liabilities amounting to ₱278.20 million in 2023 (nil in 2022; see Notes 12 and 14).

b. Purchases of investment properties. property and equipment and BTO rights which remain unpaid amounted to ₱1,445.62 million, ₱7.61 million and ₱274.43 million, respectively, as of December 31, 2023 and ₱1,849.49 million, ₱9.49 million and nil , respectively, of December 31, 2022 (see Notes 9, 12, 13 and 15).

c. The Parent Company has remaining unpaid cash dividend amounting to ₱21.41 million and ₱21.41 million as of December 31, 2023 and 2022, respectively (see Note 26).

34. Subsequent Events

On January 30, 2024, the Parent Company and the Province of Cebu entered into an Amendment Agreement to the BTO Agreement, recognizing the full assignment not only of the rights and benefits but also the obligations under the BTO Agreement in favor of the Parent Company as the successor proponent to the contemplated project development. This is a non-adjusting subsequent event and does not impact the Parent's financial position and performance as of and for the year ended December 31, 2023.

[EXT] Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>
Thu 4/11/2024 3:58 PM
To:Jona Arrol A. Varona_Resigned 02/19/2021 <jona.varona@filinvestland.com>
Cc:Jona Arrol A. Varona_Resigned 02/19/2021 <jona.varona@filinvestland.com>

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Hi FILINVEST LAND, INC,

Valid files

- EAFS000533224ITRTY122023.pdf
- EAFS000533224TCRTY122023-01.pdf
- EAFS000533224RPTTY122023.pdf
- EAFS000533224OTHTY122023.pdf
- EAFS000533224AFSTY122023.pdf

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- <None>

Transaction Code: **AFS-0-8EC6B5980PSP4VPVNQ1ST2VN20MMQN3T2**
Submission Date/Time: **Apr 11, 2024 03:57 PM**
Company TIN: **000-533-224**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

FILINVEST LAND, INC.

79 EDSA, Highway Hills
Mandaluyong City, Metro Manila
Trunk line: (632) 918-8188
Customer hotline: (632) 588-1688
Fax number: (632) 918-8189
www.filinvestland.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FILINVEST LAND, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2023 and 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditor, appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JONATHAN T. GOTIANUN
Chairman of the Board

TRISTANEIL D. LAS MARIAS
President and CEO

ANA VENUS A. MEJIA
EVP - Treasurer & CFO

SUBSCRIBED AND SWORN TO BEFORE ME in the City of Mandaluyong this ___ day of MAR 04 2024 affiant exhibiting to me _____ as his/her competent evidence of identity.

Signed this ___ day of _____ 2024.

Doc. No. 244;
Page No. 50;
Book No. 10;
Series of 2024

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024
IBP LIFETIME NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 5420812; 1-3-24; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	7	0	9	5	7					

COMPANY NAME

F	I	L	I	N	V	E	S	T		L	A	N	D	,		I	N	C	.																						

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

7	9		E	D	S	A	,		B	r	g	y	.		H	i	g	h	w	a	y		H	i	l	l	s	,	
M	a	n	d	a	l	u	y	o	n	g		C	i	t	y															

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	S E C	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	7918-8188	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,606	Every 2nd to the last Friday of April Each Year	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	7918-8188	

CONTACT PERSON's ADDRESS

79 EDSA, Brgy. Highway Hills, Mandaluyong City

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

Opinion

We have audited the accompanying parent company financial statements of Filinvest Land, Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2023 and 2022, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements as at December 31, 2023 and 2022 and for the years then ended are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs) as modified by the application of the financial reporting reliefs issues and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the parent company financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 to the parent company financial statements which indicates that the financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2023 parent company financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of these parent company financial statements in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC as described in Note 2 to the parent company financial statements and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such



disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in accordance with PFRS, as modified by the application of financial reporting reliefs issued and approved by the SEC as described in Note 2 to the parent company financial statements.

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulation 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of the Filinvest Land, Inc. in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to parent company financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Wanessa G. Salvador.

SYCIP GORRES VELAYO & CO.

Wanessa G. Salvador

Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Tax Identification No. 248-679-852
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-137-2023, January 25, 2023, valid until January 24, 2026
PTR No. 10082009, January 6, 2024, Makati City

February 27, 2024

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands of Pesos)

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 19 and 29)	**₱3,197,386**	₱3,205,140
Contracts receivables (Notes 5, 7 and 29)	**1,837,829**	2,120,785
Contract assets (Notes 5 and 29)	**4,741,729**	5,399,792
Other receivables (Notes 8, 19 and 29)	**1,432,447**	1,262,623
Real estate inventories (Note 9)	**69,179,423**	68,430,419
Other current assets (Note 5 and 10)	**6,376,255**	5,812,157
Total Current Assets	**86,765,069**	86,230,916
Noncurrent Assets		
Contract assets - net of current portion (Notes 5 and 29)	**5,037,942**	5,083,164
Investments and advances in subsidiaries and associates (Notes 2, 11 and 19)	**23,730,788**	19,892,056
Investment properties (Note 12)	**58,744,589**	56,029,800
Property and equipment (Note 13)	**2,670,288**	2,567,891
Other noncurrent assets (Note 15)	**6,293,406**	6,671,598
Total Noncurrent Assets	**96,477,013**	90,244,509
TOTAL ASSETS	**₱183,242,082**	₱176,475,425
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 16 and 29)	**₱9,439,353**	₱8,399,615
Contract liabilities (Note 5)	**792,402**	1,012,294
Current portion of lease liabilities (Note 14)	**195,218**	246,051
Due to related parties (Notes 19 and 29)	**144,760**	581,560
Current portion of loans payable (Notes 17, 26 and 29)	**14,676,371**	6,985,891
Current portion of bonds payable (Notes 18, 26 and 29)	**1,697,345**	9,017,683
Total Current Liabilities	**26,945,449**	26,243,094
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 17, 26 and 29)	**12,756,214**	21,524,275
Bonds payable - net of current portion (Notes 18, 26 and 29)	**35,771,172**	26,115,346
Contract liabilities - net of current portion (Note 5)	**149,949**	283,068
Lease liabilities - net of current portion (Note 14)	**4,809,755**	4,378,800
Net retirement liabilities (Note 25)	**329,878**	353,795
Deferred income tax liabilities - net (Note 27)	**6,021,299**	5,741,467
Accounts payable and accrued expenses - net of current portion (Notes 16 and 29)	**5,954,463**	4,770,978
Total Noncurrent Liabilities	**65,792,730**	63,167,729
Total Liabilities	**92,738,179**	89,410,823

(Forward)

	December 31	
	2023	2022
Equity		
Common stock (Note 26)	**₱24,470,708**	₱24,470,708
Preferred stock (Note 26)	**80,000**	80,000
Additional paid-in capital	**5,612,321**	5,612,321
Treasury stock (Note 26)	**(221,041)**	(221,041)
Retained earnings (Note 26)	**60,548,081**	57,108,780
Remeasurement on retirement plan (Note 25)	**16,453**	16,453
Revaluation reserve on financial assets at fair value through other comprehensive income	**(2,619)**	(2,619)
Total Equity	**90,503,903**	87,064,602
TOTAL LIABILITIES AND EQUITY	**₱183,242,082**	₱176,475,425

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2023	2022
REVENUE		
Real estate sales (Note 5)	**₱14,474,588**	₱12,820,185
Rental services (Notes 5, 12, 14 and 15)	**3,259,249**	2,545,229
	17,733,837	15,365,414
OTHER INCOME		
Dividend income (Notes 11 and 19)	**1,421,247**	1,292,581
Interest income (Notes 6, 7, 19 and 23)	**222,035**	329,879
Others - net (Notes 19 and 24)	**223,174**	196,644
	19,600,293	17,184,518
COSTS		
Real estate sales (Note 9)	**8,104,930**	7,343,258
Rental services (Notes 12, 15 and 20)	**1,326,893**	1,240,636
OPERATING EXPENSES		
General and administrative expenses (Note 21)	**2,149,529**	1,883,611
Selling and marketing expenses (Note 22)	**1,322,428**	1,163,525
INTEREST AND OTHER FINANCE CHARGES		
(Notes 17, 18 and 23)	**1,529,742**	1,453,708
	14,433,522	13,084,738
INCOME BEFORE INCOME TAX	**5,166,771**	4,099,780
PROVISION FOR INCOME TAX (Note 27)	**851,599**	662,981
NET INCOME	**₱4,315,172**	₱3,436,799

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2023	2022
NET INCOME	**₱4,315,172**	₱3,436,799
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to profit or loss		
Remeasurement gain on retirement plan, net of tax (Note 25)	–	61,997
TOTAL COMPREHENSIVE INCOME	**₱4,315,172**	₱3,498,796

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands of Pesos)

	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Retained Earnings (Note 26)	Remeasurement on Retirement Plan (Note 25)	Revaluation Reserve on Financial Assets at FVOCI (Note 15)	Total
				For the Year Ended December 31, 2023				
Balance as January 1, 2023	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱57,108,780**	**₱16,453**	**(₱2,619)**	**₱87,064,602**
Net income	–	–	–	–	**4,315,172**	–	–	**4,315,172**
Dividends (Note 26)	–	–	–	–	**(875,871)**	–	–	**(875,871)**
Balances as of December 31, 2023	**₱24,470,708**	**₱80,000**	**₱5,612,321**	**(₱221,041)**	**₱60,548,081**	**₱16,453**	**(₱2,619)**	**₱90,503,903**
				For the Year Ended December 31, 2022				
Balance as January 1, 2022	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱54,814,920	(₱45,544)	(₱2,619)	₱84,708,745
Net income	–	–	–	–	3,436,799	–	–	3,436,799
Other comprehensive income	–	–	–	–	–	61,997	–	61,997
Total comprehensive income	–	–	–	–	3,436,799	61,997	–	3,498,796
Dividends (Note 26)	–	–	–	–	(1,142,939)	–	–	(1,142,939)
Balances as of December 31, 2022	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱57,108,780	₱16,453	(₱2,619)	₱87,064,602

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS
(Amounts in Thousands of Pesos)

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱5,166,771**	₱4,099,780
Adjustments for:		
Interest expense and amortization of transaction cost (Notes 17, 18 and 23)	**1,377,585**	1,431,961
Depreciation and amortization (Notes 12, 13, and 15)	**1,130,146**	986,910
Net pension expense, net of contribution and benefits paid (Note 25)	**(23,917)**	31,142
Interest income (Note 23)	**(222,035)**	(329,879)
Dividend income (Note 11 and 19)	**(1,421,247)**	(1,292,581)
Operating income before changes in operating assets and liabilities	**6,007,303**	4,927,333
Changes in operating assets and liabilities		
Decrease (increase) in:		
Contracts receivable	**282,957**	3,165,548
Contract assets	**703,284**	(2,152,381)
Other receivables	**(169,824)**	(152,489)
Real estate inventories	**(32,123)**	(1,078,474)
Other assets	**562,623**	(548,688)
Increase (decrease) in:		
Accounts payable and accrued expenses	**2,688,158**	(1,556,338)
Due to related parties (Notes 19 and 29)	**(436,800)**	379,487
Contract liabilities	**(353,010)**	(648,878)
Net cash from operations	**9,252,568**	2,335,120
Income taxes paid	**(715,127)**	(350,302)
Interest received	**222,035**	329,879
Net cash provided by operating activities	**8,759,476**	2,314,697
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investment properties and property and equipment (Notes 12 and 13)	**(3,240,783)**	(4,745,010)
Increase in investments and advances in subsidiaries and associates (Note 11)	**(3,425,820)**	(1,501,752)
Additions to build, transfer and operate rights (Note 15)	**(500,111)**	(1,393,410)
Investment in bonds (Note 15)	**–**	(150,000)
Cash dividends received (Note 11 and 19)	**1,421,247**	1,292,581
Net cash used in investing activities	**(5,745,467)**	(6,497,591)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of:		
Loans payable (Notes 17 and 29)	**17,555,000**	11,405,000
Bonds payable (Note 18)	**11,430,800**	11,900,000
Payments of:		
Lease liabilities (Note 14)	**(332,040)**	(272,588)
Loans payable (Note 17)	**(18,640,379)**	(10,543,939)
Bonds payable (Note 18)	**(9,035,400)**	(7,000,000)
Interest and transaction costs	**(3,123,873)**	(2,799,612)
Cash dividend (Notes 26 and 29)	**(875,871)**	(1,140,526)
Net cash provided by (used in) financing activities	**(3,021,763)**	1,548,335
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(7,754)**	(2,634,559)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,205,140**	5,839,699
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱3,197,386**	₱3,205,140

See accompanying Notes to Parent Company Financial Statements.

FILINVEST LAND, INC.
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Filinvest Land, Inc. (the Parent Company or "FLI") is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and is domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989 and later changed to its present name on July 12, 1993. The Parent Company offers a range of products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects and condominium buildings. The Parent Company also leases out commercial spaces in a mall in Muntinlupa City, Cavite and Cebu City.

The Parent Company is a subsidiary of Filinvest Development Corporation (FDC), a publicly listed entity. A.L. Gotianun, Inc. (ALGI) is its ultimate parent company. Both FDC and ALGI are domiciled in the Philippines.

The Parent Company's registered business address is at 79 E. Delos Santos Ave. (EDSA), Brgy. Highway Hills, Mandaluyong City.

Approval of the Parent Company Financial Statements
The parent company financial statements were approved and authorized for issue by the Board of Directors (BOD) on February 27, 2024.

2. Material Accounting Policy Information

Basis of Preparation
The parent company financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The parent company financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. Amounts are in thousand ₱ except as otherwise stated.

The parent company financial statements provide comparative information in respect of the previous period.

Statement of Compliance
The parent company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the following reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) under Memorandum Circular No. 34-2020 in response to the COVID-19 pandemic.

1. Assessing if the transaction price includes a significant financing component as discussed in Philippine Interpretations Committee (PIC) Questions and Answers (Q&A) No. 2018-12-D
2. Application of International Financial Reporting Interpretation Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (Philippine Accounting Standards (PAS 23), *Borrowing Cost*).

The Parent Company also prepares and issues consolidated financial statements for the same period as the Parent Company financial statements presented in accordance with PFRSs as modified by the application of reporting reliefs issued and approved by the SEC, available at the Parent Company's registered address.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the parent company financial statements are consistent with those of the previous financial years, except for the adoption of the following amendments in PFRS and PAS which became effective beginning January 1, 2023. The adoption of these amendments to existing standards and interpretations did not have an impact on the financial statements of the Parent Company.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments to the Practice Statement provide non-mandatory guidance. The amendments had no material impact on the Parent Company.

- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendment to PAS 12, *International Tax Reform – Pillar Two Model Rules*

Future Changes in Accounting Policy

Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will 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, 2024

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group.

- *Deferral of Certain Provisions of 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)*

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the 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. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

		Deferral Period
a.	Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b.	Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

  After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021.

  The Parent Company availed of the SEC relief to defer the above specific provision of PIC Q&A No. 2018-12 on determining whether the transaction price includes a significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively. The Parent Company will adopt the guidance using the modified retrospective approach. The adoption of this guidance will impact interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability and the opening balance of retained earnings.

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

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35I of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

  The IFRIC agenda decision would change the Parent Company's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

On February 21, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, 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.

The Parent Company opted to avail of the relief as provided by the SEC. Had the Parent Company adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. The Parent Company will adopt the IFRIC agenda decision using the modified retrospective approach. Adoption of this guidance would have impacted net income, real estate inventories, provision for deferred income tax, deferred tax liability, interest and other financing charges and the opening balance of retained earnings for the statement of financial position, and the cash flows from operations and financing activities for the statement of cash flows.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosure: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

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

Deferred effectivity

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

Material Accounting Policies

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.

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

The Parent Company 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.

All assets and liabilities for which fair value is measured or disclosed in the 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 parent company financial statements on a recurring basis, the Parent Company 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 the end of each reporting period.

Financial Instruments *(Date of recognition)*
Financial assets and liabilities are recognized in the parent company statement of financial position when, and only when, the Parent Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Recognition and Measurement of Financial Instruments
Financial Assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient, the Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

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

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

As of December 31, 2023 and 2022, the Parent Company's financial assets comprise of financial assets at amortized cost and financial assets at FVOCI.



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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortized cost
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 Parent Company classified cash and cash equivalents, contracts receivable, other receivables and deposits (included in other assets) as financial assets at amortized cost (see Note 28).

Financial assets at FVOCI (equity instruments)
At initial recognition, the Parent Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in "Revaluation reserve on financial assets at FVOCI" in the parent company statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in "Revaluation reserve on financial assets at FVOCI" is not reclassified to profit or loss, but is reclassified to Retained earnings.

Included under this category are the Parent Company's investments in quoted and unquoted shares of stocks (see Notes 15 and 28).

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, 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.

Subsequent measurement
Loans and borrowings (financial liabilities at amortized cost) is the category most relevant to the Parent Company. 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 parent company statement of income.



As of December 31, 2023 and 2022, loans and borrowings consist primarily of accounts payable and accrued expenses, lease liabilities, loans payable, bonds payable and due to related parties (see Notes 14, 16, 17, 18 and 19).

Impairment of Financial Assets and Contract Assets

The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. 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.

The Parent Company applies a simplified approach in calculating ECLs for financial assets at amortized costs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix for other receivables and a vintage analysis for contracts receivable and contract assets that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

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

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset is derecognized when:

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

Where the Parent Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company's continuing involvement in the asset. 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 Parent Company could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.



Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the parent company statement of income.

Real Estate Inventories

Lots, Condominium and Residential Units for Sale

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition costs and expenses directly related to acquisition
- Amounts paid to contractors for development and construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

In case of sales cancellation, the Group can repossess the properties and hold it for sale in the ordinary course of business at the prevailing market price. The repossessed properties are accounted for as inventories and recognized at its fair value less cost to repossess at the time of cancellation.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventory recognized in parent company statement of income on disposal is determined with reference to the specific costs incurred on the property sold, including an allocation of any non-specific costs based on the relative size of the property sold.

Land and Land Development

Land and land development consists of properties to be developed into real estate projects for sale that are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Parent Company such as transfer taxes and registration fees (c) costs incurred on initial development of the raw land in preparation for future projects, and (d) borrowing costs. They are transferred to lots, condominium and residential units for sale under "Lots, condominium and residential units for sale" when the project plans, development and construction estimates are completed and the necessary permits are secured.

Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are accounted for using the cost method less accumulated provisions for impairment losses in the parent company financial statements.



The Parent Company's investment in subsidiaries and associates, the related percentages of ownership and nature of business as at December 31, 2023 and 2022 are as follows:

Entity Name	Nature of Business	2023	2022
Subsidiaries			
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	**100%**	100%
FCGC Corporation (FCGCC)	Real estate developer	**100%**	100%
Filinvest BCDA Clark, Inc. (FBCI)[1]	Real estate developer	**55%**	55%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate development	**100%**	100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	**100%**	100%
Niyog Property Holdings, Inc. (NPHI)[2]	Real estate developer	**100%**	–
Cajel Realty Corporation (CRC)[2]	Real estate developer	**100%**	–
SJR Developers, Inc. (SDI)[3]	Real estate developer	**100%**	100%
Filinvest REIT Corp. (FILRT)[2]	Leasing	**63%**	63%
Filinvest Asia Corporation (FAC)	Leasing	**60%**	60%
Filinvest Cyberparks, Inc. (FCI)	Leasing	**100%**	100%
Filinvest Clark Mimosa, Inc. (FCMI)	Leasing	**100%**	100%
Festival Supermall, Inc. (FSI)	Property management	**100%**	100%
Filinvest Lifemalls Corporation (FLC)	Property management	**100%**	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	**100%**	100%
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	**100%**	100%
ProOffice Works Services, Inc. (ProOffice)[3]	Property management	**100%**	100%
Property Specialist Resources, Inc. (Prosper)	Property management	**100%**	100%
FSM Cinemas, Inc. (FSM Cinemas)[4]	Theater operator	**60%**	60%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	**60%**	60%
Timberland Sports and Nature Club, Inc. (TSNC)	Recreational sports and nature club	**98%**	98%
Leisurepro, Inc. (Leisurepro)	Marketing	**100%**	100%
Proleads Philippines, Inc. (PPI)	Marketing	**100%**	100%
Property Leaders International Limited (PLIL)	Marketing	**100%**	100%
Property Maximizer Professional Corp. (Promax)	Marketing	**100%**	100%
Realpros Philippines, Inc. (RPI)	Marketing	**100%**	100%
Nature Specialists, Inc. (NSI)	Hospitality management	**75%**	75%
FREIT Fund Managers, Inc.	Fund Manager	**100%**	100%
Co-Living Pro Managers Corp. (CPMC)	Dormitels	**100%**	100%
OurSpace Solutions, Inc. (OSI)	Coworking spaces	**70%**	100%

1. *FBCI is owned indirectly through FCGCC.*
2. *NPHI and CRC were acquired in 2023 (see Note 11).*
3. *FSM Cinemas is owned indirectly through FSI.*
4. *On August 2, 2023, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI, resulting to FLI's 70% ownership in OSI (see Note 11).*

Investment Properties

Investment properties consist of commercial mall, land and other properties that are held for long term rental yields and capital appreciation and land held with undetermined future use. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any.

Constructions-in-progress are carried at cost (including borrowing costs) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete.

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

Investment properties built on rented properties are depreciated over their estimated useful lives or lease term, whichever is shorter.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives (EUL) of these assets as follows:

	Years
Buildings and improvement	20-50
Machinery and equipment	5-15

The EUL and the depreciation method is reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognized in the parent company statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost.

Construction-in-progress is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the EUL of the assets, as follows:

	Years
Buildings	20-50
Machinery and equipment	5
Transportation equipment	5
Furniture and fixtures	3-5

Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease term, whichever is shorter.

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

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, is removed from the account. Any gain or loss arising from derecognition of the asset is included in the parent company statement of income in the year the asset is derecognized.

Intangible Assets

Intangible assets include build, transfer and operate (BTO) rights and developmental rights, which are presented under other noncurrent assets.

Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination or contracted arrangements is their fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill, are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives (i.e., BTO rights and developmental rights) are amortized over the economic useful life (i.e., 25 years) and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the parent company statement of income.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the parent company statement of income when the asset is derecognized.

Other Assets

Other current and noncurrent assets are carried at cost and pertain to resources controlled by the Parent Company as a result of past events and from which future economic benefits are expected to flow to the Parent Company.

Value-added Tax (VAT)
Revenues, expenses, and assets 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 parent company statement 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 parent company statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable and payable from the taxation authority is included as part of "Other assets" and "Accounts payable and accrued expenses", respectively, in the parent company statement of financial position, respectively.

Impairment of Nonfinancial Assets
The carrying values of investment in subsidiaries, associates, right-of-use assets, property and equipment, investment properties, development rights and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost of disposal and value-in-use. 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 assessment of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the parent company statement of income.

For nonfinancial assets, 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 Parent Company estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 the parent company statement of income.

Revenue Recognition
Revenue from Contract with Customers
The Parent Company primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. 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 Parent Company expects to be entitled in exchange for those goods or services.
The Parent Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, air-conditioning and common use service area in its mall retail spaces and office leasing activities, wherein it is acting as agent.



The Group recognize the difference between the consideration received from the customer and the transferred goods to the customer as contract asset in the consolidated statement of financial position

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales
The Parent Company derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Parent Company's performance does not create an asset with an alternative use and the Parent Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Parent Company uses output method. The Parent Company 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 project accomplishment reports prepared by the third party project managers for high-rise real estate developments and internal project engineers for mid-rise real estate development. The project technical head integrates, reviews and approves the surveys of performance to date of the construction activities of subcontractors.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables is included in the "contract asset" account in the asset section of the parent company statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the parent company statement of financial position.

In case of sales cancellation, the difference between the fair value of the repossessed property less cost to repossess and the outstanding receivable and related accounts at the time of cancellation is recognized in profit or loss.

Common usage service area charges and air conditioning dues (included as part of 'Rental services')
CUSA charges are recognized when the related services are rendered. The Parent Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water, and electricity in its office leasing activities, wherein it is acting as agent. Income from common area and air conditioning dues is computed based on a fixed rate per square meter of the leasable area occupied by the tenant and are presented gross of related cost and expenses.

Other dues
For the administration fees, electricity and water usage, the Parent Company determined that it is acting as an agent because the promise of the Parent Company to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility and service companies, and not the Parent Company, are primarily responsible for the provisioning of the utilities while the Parent Company administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities.



Theater and parking sales and snack bar sales (included as part of 'Rental and related services')
Revenue from theater and parking sales is recognized over time using output method when theater services are rendered. Revenue from snack bar sales is recognized at a point in time when goods are actually sold to customers.

Cost of real estate sales
The Parent Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, 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 costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Parent Company recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances
Contracts receivables
A receivable represents the Parent Company'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).

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Parent Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Parent Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Parent Company transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Parent Company performs under the contract.

The contract liabilities also include payments received by the Parent Company from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract (Commission expenses)
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Parent Company expects to recover them. The Parent Company 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 marketing expense" account in the parent company statement of 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 Parent Company firstly 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 Parent Company applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the 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) the costs are expected to be recovered. The assessment of these criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Parent Company's contract fulfillment assets pertain to land acquisition costs.

Amortization, de-recognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract
The Parent Company amortizes contract fulfillment assets and capitalized costs to obtain a contract over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization of contract fulfillment assets and cost to obtain a contract is included within "Cost of real estate sales" and "Selling and marketing expense", respectively.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either 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 Parent Company determines whether there is an indication that the contract fulfillment asset or capitalized cost to obtain a contract maybe impaired. If such indication exists, the Parent Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Parent Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Parent Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Revenue and Income Recognition

Rental Income

Rental income arising from investment properties are recognized in the parent company statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.

Income from Forfeited Reservations and Collections

Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest Income

Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Other Income

Other income, including service fees, processing fees, management fees, is recognized when services are rendered and when goods are delivered.

Cost and Expense Recognition

Costs and expenses are recognized in the parent company statement of 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 parent company statement of 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 parent company statement of financial position as an asset.

Expenses

"General and administrative expenses" and "Selling and marketing expenses" are expenses that are incurred in the course of the ordinary operations of the Parent Company. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, property and equipment and investment properties. Selling and marketing expenses are costs incurred to sell real estate inventories, which include commissions, advertising and promotions, among others. General and administrative expenses constitute costs of administering the business.

Expenses are recognized in the parent company statement of income as incurred based on the amounts paid or payable.



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

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets an any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information.

When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Parent Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs.

Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Borrowing Costs
Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. They are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the parent company statement of financial position.

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 sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

As discussed in *"Future Changes in Accounting Policy"*, the Philippine SEC MC 34-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (IAS 23, *Borrowing Cost*) until December 31, 2023. The Group opted to avail of the relief as provided by the SEC.

Foreign Currency-Denominated Transactions
The functional and presentation currency of the Parent Company is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.

Equity
Common and Preferred Stock
The Parent Company records common and preferred stock at par value and additional paid-in capital as the excess of the total contributions received over the aggregate par values of the equity shares.

The Parent Company considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. When any member of the Parent Company purchases its capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in equity.



Treasury Stock
Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings
Retained earnings represent accumulated earnings of the Parent Company, and any other adjustments to it as required by other standards, less dividends declared. Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury.

Dividends on common and preferred shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Income Tax
Current Income Tax
Current income 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 at the reporting date.

Deferred Income Tax
Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or 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 profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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. Income tax relating to items recognized directly in other comprehensive income is recognized in parent company statement of comprehensive income and not in the parent company statement of income.

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

Leases

The Parent Company 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.

Company as Lessor

Leases where the Parent Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight line basis over the lease term. 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.

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 e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term. In case of a lease modification, the lessor shall account for any such modification by recognizing 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.

In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income. No rental income is recognized when the Parent Company waives its right to collect rent and other charges. This is recognized as a rent concession and reported as a negative variable lease payment (see Notes 3 and 14).

Company as Lessee

Except for short-term leases and lease of low-value assets, the Parent Company applies a single recognition and measurement approach for all leases. The Parent Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use-assets

The Parent Company 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 Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Useful life of right-of-use on land ranges from 20 to 50 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.
ii) Lease liabilities
At the commencement date of the lease, the Parent Company 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 Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company 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 Parent Company uses the incremental borrowing rate 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.

iii) Short-term leases and leases of low-value assets
The Parent Company applies the short-term lease recognition exemption to its short-term leases (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. 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.

Segment Reporting
The Parent Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects: (a) the nature of the products and services; (b) the nature of the production processes; (c) the type or class of customer for their products and services; (d) the methods used to distribute their products or provide their services; and, (e) if applicable, the nature of the regulatory environment. The Parent Company's mall retail spaces and office leasing activities are treated as one segment. Financial information on business segments is presented in Note 4 to the parent company financial statements.

Provisions
A provision is recognized when the Parent Company 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. When the Parent Company expects part or all of provision to be reimbursed or recovered, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

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

3. Significant Accounting Judgments Assumptions, and Estimates

The preparation of the parent company financial statements in accordance with PFRSs as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, requires management to make judgments, estimates and assumptions that affect the amounts reported in the parent company financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the parent company financial statements as they become reasonably determinable.

Estimates and judgments 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 Parent Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the parent company financial statements.

Real Estate Revenue Recognition

a. Existence of a contract
The Parent Company'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 are not signed by both parties, the combination of its other signed documentation such as purchase application form and official receipts evidencing collections from buyer, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Parent Company before revenue recognition is to assess the probability that the Parent Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price.

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

c. Revenue recognition method and measure of progress
The Parent Company concluded that revenue for real estate sales is to be recognized over time because (a) the Parent Company's performance does not create an asset with an alternative use and; (b) the Parent Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Parent Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

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

Evaluation of Impairment on Nonfinancial Assets
The Parent Company reviews its investments in associates, property and equipment, investment properties, right-of-use assets, intangible assets and other assets (excluding short-term deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends.

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

The recoverable amount is the asset's fair value less cost of disposal, except for investments in associates, which have recoverable value determined using value-in-use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investments in associates. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Assessment on whether rental concessions granted constitute a lease modification
In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Parent Company waived its right to collect rent and other charges from the lessees of its commercial spaces.

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



The rental concessions granted by the Parent Company for the years ended December 31, 2023 and 2022 amounted to ₱50.23 million and ₱286.75 million (see Notes 5 and 14).

Contingencies
In the normal course of business, the Parent Company is currently involved in various legal proceedings and assessments. The assessment of probability and estimate of the probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Parent Company currently does not believe these proceedings will have material or adverse effect on the Parent Company's financial position and results of operations (see Note 30).

Use of Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation and 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:

Revenue Recognition and Measure of Progress for Real Estate Sales
The Parent Company's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Parent Company's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of real estate project.

Following the pattern of real estate revenue recognition, the cost to obtain a contract (e.g., commission), is determined using the percentage of completion.

For the years ended December 31, 2023 and 2022, real estate sales amounted to ₱14.47 billion and ₱12.82 billion, respectively (see Note 5).

Evaluation of Impairment of Contract Receivables and Contract Assets
The Parent Company uses the vintage analysis to calculate ECLs for contracts receivables and contract assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, market segment and collateral type).

The vintage analysis (the model) are initially based on the Parent Company's historical observed default rates. The Parent Company will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (e.g., gross domestic product, inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Parent Company's contract receivables and contract assets is disclosed in Note 7.

The carrying values of contract receivables and contract assets are as follows:

	2023	2022
	(In Thousands)	
Contracts receivables (Note 7)	**₱1,837,829**	₱2,120,785
Contract assets (Note 5)	**9,779,671**	10,482,956

Leases - Estimating the incremental borrowing rate to measure lease liabilities
The Parent Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Parent Company 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 Parent Company '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 Parent Company 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). The incremental borrowing rate used by the Parent Company to measure lease liabilities is 8.18% to 8.54% in 2023 and 2022.

The Parent Company's lease liabilities amounted to ₱5.00 billion and ₱4.62 billion as of December 31, 2023 and 2022, respectively (see Note 14).

Estimating NRV of Real Estate Inventories
The Parent Company adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether the selling prices of those inventories have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In evaluating NRV, recent market conditions and current market prices have been considered.

As of December 31, 2023 and 2022, the carrying amount of real estate inventories amounted to ₱69.18 billion and ₱68.43 billion, respectively (see Note 9). No impairment adjustments were recognized in 2023 and 2022 since the costs are lower than NRV.

Recognition of Deferred Income Tax Assets
The Parent Company reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Parent Company will generate sufficient future taxable profit to allow all or part of its deferred tax assets to be utilized.

As of December 31, 2023 and 2022, the Parent Company recognized gross deferred tax assets amounting to ₱1,425.54 million and ₱1,456.47 million, respectively (see Note 27).

Fair Values of Assets and Liabilities
The Parent Company carries and discloses certain assets and liabilities at fair value, which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., interest rate), the amount of changes in fair value would differ due to usage of different valuation methodology. Any changes in fair value of these assets and liabilities would affect directly the parent company statement of income and other comprehensive income (see Note 28).

4. Segment Reporting

For management purposes, the Parent Company is organized into the following business units:

Real Estate
This involves the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects and condominium buildings.

Leasing
This involves the operations of commercial, offices and industrial spaces located in various cities and municipalities, namely, Muntinlupa, Cavite, Calamba, Makati, Quezon City, Mandaluyong, Dumaguete and Cebu.

Management monitors the operating results of each of its business units for purposes of resource allocation and performance assessment. Performance of each segment is evaluated based on profit or loss or net income.

The chief operating decision-maker of the Parent Company is the Executive Committee. The committee reviews internal reports in order to assess performance and allocate resources.

Based on the reports, it is also able to determine both the operating and non-operating segments. Reporting by geographical segments does not apply as the Parent Company currently operates in the Philippines only.

No operating segments have been aggregated to form the above reportable segments. Transfer prices between segments are based on rates agreed upon by the parties and have terms equivalent to transactions entered into with third parties.

For the years ended December 31, 2023 and 2022, there were no revenue transactions with a single external customer which accounted for 10% or more of the total revenue from external customers.

The financial information about the financial position and results of operations of these business segments for the years ended December 31, 2023 and 2022 are summarized below.

	2023		
	Real Estate Operations	**Leasing Operations**	**Total**
		(In Thousands)	
Revenue	**₱14,474,588**	**₱3,259,249**	**₱17,733,837**
Net income	**₱3,729,290**	**₱585,882**	**₱4,315,172**
EBITDA	**₱5,505,466**	**₱2,321,193**	**₱7,826,659**
Segment assets	**₱123,476,721**	**₱59,765,361**	**₱183,242,082**
Segment liabilities	**₱80,551,022**	**₱12,187,157**	**₱92,738,179**
Less deferred tax liabilities – net	**5,990,746**	**30,553**	**6,021,299**
Net segment liabilities	**₱74,560,276**	**₱12,156,604**	**₱86,716,880**
Cash flows from (used in):			
Operating activities	**5,368,606**	**3,390,870**	**8,759,476**
Investing activities	**(616,726)**	**(5,128,741)**	**(5,745,467)**
Financing activities	**(4,306,123)**	**1,284,360**	**(3,021,763)**

	2022		
	Real Estate Operations	Leasing Operations	Total
		(In Thousands)	
Revenue	₱12,820,185	₱2,545,229	₱15,365,414
Net income	₱3,549,555	(₱112,756)	₱3,436,799
EBITDA	₱5,072,149	₱1,468,249	₱6,540,398
Segment assets	₱109,680,161	₱66,795,264	₱176,475,425
Segment liabilities	₱76,256,904	₱13,133,254	₱89,390,158
Less deferred tax liabilities - net	5,534,967	(48,404)	5,486,563
Net segment liabilities	₱70,721,937	₱13,181,658	₱83,903,595
Cash flows from (used in):			
Operating activities	841,564	1,093,646	1,935,210
Investing activities	(4,801,164)	(1,696,427)	(6,497,591)
Financing activities	3,010,692	(1,082,870)	1,927,822

The following table shows a reconciliation of the total earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA) to total income before income tax in the parent company statements of income.

	2023	2022
	(In Thousands)	
EBITDA	**₱7,826,659**	₱6,540,398
Depreciation and amortization (Notes 12, 13 and 15)	**(1,130,146)**	(986,910)
Operating profit	**6,696,513**	5,553,488
Interest and other finance charges (Note 23)	**(1,529,742)**	(1,453,708)
Income before income tax	**₱5,166,771**	₱4,099,780

5. Revenue from Contracts with Customers

Disaggregated Revenue Information

The Parent Company's disaggregation of each sources of revenue from contracts with customers are presented below:

	2023	2022
	(In Thousands)	
Real estate sales by market segment		
Medium income	**₱9,823,683**	₱8,899,175
Low affordable and affordable	**3,367,527**	2,661,307
High-end and others	**855,169**	1,026,177
Socialized	**428,209**	233,526
	14,474,588	12,820,185
Tenant dues		
Mall operations	**360,561**	326,351
Office leasing	**164,687**	148,407
	525,248	474,758
Rental and related services		
Mall operations	**1,720,943**	1,522,041
Office leasing	**1,013,058**	548,430
	2,734,001	2,070,471
Total Revenue	**₱17,733,837**	₱15,365,414

As of December 31, 2023, contract balances is as follows:

	Current	**Noncurrent**	**Total**
		(In Thousands)	
Contracts receivable	**₱1,837,829**	**₱–**	**₱1,837,829**
Contract asset	**4,741,729**	**5,037,942**	**9,779,671**
Contract liabilities	**792,402**	**149,949**	**942,351**

As of December 31, 2022, contract balances is as follows:

	Current	Noncurrent	Total
		(In Thousands)	
Contracts receivable	₱2,120,785	₱–	₱2,120,785
Contract asset	5,399,792	5,083,164	10,482,956
Contract liabilities	1,012,294	283,068	1,295,362

Real estate sales contracts are collectible in monthly principal installments with varying periods within two (2) to ten (10) years. Interest rates per annum range from 11.5% to 19.0%. Titles to the residential units sold transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration that was already delivered by the Parent Company in excess of the amount recognized as installment contracts receivable. This is reclassified as contracts receivable when the monthly amortization of the customer is already due for collection.

In 2023 and 2022, the Parent Company entered into an Agreement for Purchase of Contract Assets with local banks. The bank agreed to buy the contract assets on a without recourse basis, and the Parent Company agreed to sell, assign, transfer and convey to the bank all its rights, titles, and interest in and to the contract assets. In 2023 and 2022, total proceeds from these transactions equivalent to the carrying value of the contract assets sold amounted to ₱5.43 billion and ₱2.18 billion, respectively.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred by Parent Company based on percentage of completion. The movement in contract liability mainly due to revenue recognition of completed performance obligations. The amount of revenue recognized in 2023 and 2022 from amounts included in contract liabilities at the beginning of the year amounted to ₱1.08 billion and ₱1.31 billion, respectively.

Performance Obligation
Information about the Parent Company's performance obligations are summarized below:

Real estate sales
The Parent Company entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover either the (a) lot; (b) house and lot and (c) condominium unit and the Parent Company concluded that there is one performance obligation in each of these contracts. The Parent Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the purchase application form and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include down payment of 20% to 30% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The performance obligation is satisfied upon delivery of the completed real estate unit. The Parent Company provides one-year warranty to repair minor defects on the delivered house and lot and condominium unit. This is assessed by the Parent Company as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2023 and 2022 amounted to ₱2.91 billion and ₱3.14 billion, respectively. Performance obligation for the transaction price amounting to ₱2.45 billion and ₱2.31 billion will be satisfied within one year as of December 31, 2023 and 2022, respectively.

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Parent Company's real estate projects. The Parent Company's mid-rise condominium units and high-rise condominium units are completed within three (3) and five (5) years, respectively, from start of construction while house and lots are expected to be completed within 12 months.

Rental agreements
The Parent Company entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space (b) provisioning of utilities and (c) provision of air conditioning and CUSA services presented as tenant dues (d) administration fee. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Parent Company waived its right to collect rent and other charges as part of lease concessions it granted to lessees. Rent discounts and concessions given vary for merchants that are (1) allowed to operate during community quarantine and operational (2) allowed to operate during community quarantine but not operational (3) not allowed to operate during community quarantine.

Cost to Obtain Contracts and Contract Fulfillment Assets
As at December 31, the rollforward of the cost to obtain contract included in the other current assets is as follows:

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱473,852**	₱474,282
Additions	**632,296**	702,663
Amortization (Note 22)	**(738,634)**	(703,093)
Balance at end of year (Note 10)	**₱367,514**	₱473,852

For the years ended December 31, 2023 and 2022, additions to contract fulfillment costs amounted to ₱648.65 million and ₱786.78 million, respectively. Amortization of contract fulfillment costs amounted to ₱1.07 billion and ₱1.06 billion for the years ended December 31, 2023 and 2022, respectively. Contract fulfillment assets is included as part of real estate inventories.

The Parent Company reviews its major contracts to identify indicators of impairment of contract fulfilment assets by comparing the carrying amount of the asset to the remaining amount of consideration that the Parent Company expects to receive less the costs that relate to providing services under the relevant contract.

In determining the estimated amount of consideration, the Parent Company used the same principles as it does to determine the contract transaction price.

In line with the Parent Company's accounting policy, as set out in Note 2, if a contract or specific performance obligation exhibited marginal profitability or other indicators of impairment, judgement was applied to ascertain whether or not the future economic benefits from these contracts were sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

6. Cash and Cash Equivalents

This account consists of:

	2023	2022
	(In Thousands)	
Cash on hand and in banks	**₱2,925,085**	₱2,897,440
Cash equivalents	**272,301**	307,700
	₱3,197,386	₱3,205,140

Cash includes cash on hand and in banks. Cash in bank earns 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 (3) months or less from dates of placement and are subject to an insignificant risk of change in value.

Interest income earned on the Parent Company's cash and cash equivalents amounted to ₱22.09 million and ₱35.57 million in 2023 and 2022, respectively (see Note 23).

There is no cash restriction on the Parent Company's cash and cash equivalents as at December 31, 2023 and 2022.

7. Contracts Receivable

This account consists of:

	2023	2022
	(In Thousands)	
Contracts receivable	**₱1,582,485**	₱1,898,753
Receivables from government and financial institutions	**255,344**	222,032
	₱1,837,829	₱2,120,785

Real estate sales contracts are collectible over varying periods within two (2) to ten (10) years. The receivables arising from real estate sales are collateralized by the corresponding real estate properties sold. The Parent Company records any excess of progress work over the right to an amount of consideration that is unconditional (i.e., contracts receivable) as contract assets (see Note 5).

Receivables from government and financial institutions pertain to government and bank-financed real estate sales. Receivables from government and financial institutions are collectible within one year.

Interest income recognized on contracts receivable amounted to ₱173.47 million and ₱273.88 million in 2023 and 2022, respectively (see Note 23). Interest rates per annum on contracts receivable range from 11.5% to 19.0% for these years.

The Parent Company has a mortgage insurance contract with Philippine Guarantee Corporation (PhilGuarantee), a government insurance company for a retail guaranty line. As of December 31, 2023 and 2022, the contracts (comprise of both contract receivables and contract assets) covered by the guaranty line amounted to ₱361.45 million and ₱534.05 million, respectively. As of December 31, 2023 and 2022, the remaining unutilized guaranty line amounts to ₱1.37 billion and ₱1.43 billion, respectively.

As of December 31, 2023 and 2022, no impairment losses were recognized from contract receivables.

8. Other Receivables

This account consists of:

	2023	2022
	(In Thousands)	
Receivable from tenants	**₱701,575**	₱582,995
Advances to officers and employees	**368,232**	229,982
Receivables from homeowners' associations	**227,671**	286,148
Due from related parties (Note 19)	**144,408**	136,281
Others	**13,736**	48,312
	1,455,622	1,283,718
Less: Allowance for expected credit losses	**23,175**	21,095
	₱1,432,447	₱1,262,623

"Receivables from tenants" represent charges to tenants for rentals and utilities normally collectible within 15-20 days from billing date. Allowance for expected credit losses related to tenants' accounts specifically determined to be impaired amounted to ₱7.31 million and ₱5.23 million as of December 31, 2023 and 2022, respectively.

"Receivables from homeowners' associations" represent claims from the homeowners' association of the Parent Company's projects for the payments of the expenses on behalf of the association. Allowance for expected credit losses related to these receivables, determined using collective impairment assessment, amounted to ₱15.86 million as of December 31, 2023 and 2022.

"Advances to officers and employees" represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

"Receivables from buyers" mainly pertain to advances for fit-out funds and other advances relating to insurance and other chargeable expenses to buyers which are normally collectible within a year.

"Others" represent advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

9. Real Estate Inventories and Land and Land Development

This account consists of:

	2023	2022
	(In Thousands)	
Real estate inventories - at cost		
Lots, condominium and residential units for sale	**₱45,048,782**	₱44,547,292
Land and land development	**24,130,641**	23,883,127
	₱69,179,423	₱68,430,419

A summary of the movement in lots, condominium and residential units is set out below:

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱44,547,292**	₱43,120,197
Land costs transferred from land and land development	**648,649**	786,781
Net transfers (Note 12)	**–**	(80,520)
Construction/development costs incurred	**7,257,925**	7,488,009
Capitalized borrowing costs	**699,846**	576,083
Cost of real estate sales	**(8,104,930)**	(7,343,258)
Balance at end of year	**₱45,048,782**	₱44,547,292

Capitalization rate for the capitalized borrowing costs is 5.1% and 4.7% in 2023 and 2022, respectively.

A summary of the movement in land and land development is set out below:

	2023	2022
	(In Thousands)	
Balance at beginning of year	**₱23,883,127**	₱22,711,699
Land acquisitions	**22,379**	713,700
Land cost transferred to real estate inventories	**(648,649)**	(786,781)
Site development and incidental costs	**873,784**	1,244,509
Balance at end of year	**₱24,130,641**	₱23,883,127

As of December 31, 2023 and 2022, on account additions to land and land development during the year which remain outstanding amounted to ₱3,991.74 million and ₱4,594.88 million, respectively, and these are recognized as part of "Accounts payable and accrued expense" (see Note 16).

Borrowing costs capitalized as part of land and land development, where activities necessary to prepare it for its intended use is ongoing amounted to ₱620.18 million and ₱430.55 million in 2023 and 2022, respectively. Capitalization rate is 5.1% and 4.7% in 2023 and 2022, respectively.

10. Other Current Assets

This account consists of

	2023	2022
	(In Thousands)	
Input taxes - net	**₱3,512,499**	₱3,436,634
Creditable withholding taxes	**1,261,505**	1,130,398
Advances to contractors and suppliers	**436,797**	313,696
Cost to obtain contract (Note 5)	**367,514**	473,852
Construction materials and supplies	**356,983**	252,220
Prepaid expenses and others	**349,391**	130,536
Short-term deposits (Note 29)	**91,566**	74,821
	₱6,376,255	₱5,812,157

"Input taxes" pertains to VAT passed on from purchases of goods and services which is applied against output VAT.

"Creditable withholding taxes" are the taxes withheld by the withholding agents from payments to the sellers which are creditable against the income tax payable.

"Cost to obtain contract" includes commissions paid to brokers relating to the sale of real estate inventories which did not qualify for revenue recognition.

"Advances to contractors and suppliers" pertain to down payments made for real estate inventories by Parent Company which are applied against future billings for development and construction contracts.

"Construction materials and supplies" pertains to inventories to be used in the construction and maintenance of projects.

"Prepaid expenses" consist of prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

11. Investments and Advances in Subsidiaries and Associates

This account consists of:

	2023	2022
	(In Thousands)	
At cost		
Subsidiaries		
FILRT	**₱4,277,826**	₱4,277,826
FCMI	**2,100,000**	1,525,000
GPRDI	**1,944,857**	1,944,857
FCI	**1,750,000**	1,750,000
FLTI	**871,250**	871,250
FAPI	**863,414**	863,414
FAC	**714,050**	714,050
FCGC	**685,550**	435,550
NPHI	**544,440**	–
FLC	**517,195**	517,195
PDDC	**210,000**	210,000
Homepro	**125,938**	125,938
CRC	**88,818**	–
OSI	**70,000**	20,000
FFMI	**50,000**	50,000
NSI	**47,250**	47,250
CPMC	**25,000**	25,000
PPI	**20,000**	20,000
Pro-Office	**17,163**	17,163
PLIL	**14,854**	14,854
RPI	**10,000**	10,000
FLMI	**6,250**	6,250
TLHI	**2,994**	2,994
FSI	**1,250**	1,250
SDI	**1,000**	1,000
Promax	**400**	400
Prosper	**100**	100
Leisurepro	**100**	100
Associates		
FAI	**798,909**	798,909
DPI	**90,000**	90,000
CTI	**51,300**	51,300
FMI	**37,829**	37,829
Pro-Excel	**28,462**	28,462
SharePro, Inc.	**11,250**	11,250
Pro-Active	**10,000**	–
	15,987,449	14,469,191
Advances to associates and subsidiaries (Note 19)	**7,765,707**	5,445,233
	23,753,156	19,914,424
Allowance for impairment loss	**(22,368)**	(22,368)
	₱23,730,788	₱19,892,056

NPHI and CRC
On July 14, 2023, the Parent Company entered into a Share Purchase Agreement with Rizal Commercial Banking Corporation (RCBC) to purchase all outstanding shares of stock of Niyog Property Holdings, Inc. (NPHI) and Cajel Realty Corporation (CRC) for a total consideration of ₱633.26 million, taking over the two latter companies' joint land development activities in Bacoor City, Cavite.

FCMI
In 2023, The Parent Company paid the remaining subscription payable to FCMI amounting to ₱575 million divided into (a) 75 million common shares with a par value of ₱1.00 per share or an aggregate value of ₱75 million and (b) 500 million preferred shares with a par value of ₱1.00 per share or an aggregate value of ₱500 million.

FCGC
In 2023, The Parent Company the paid the subscription payable to FCGC amounting to ₱250 million divided into (a) 170 million common shares with a par value of ₱1.00 per share or an aggregate value of ₱170 million and (b) 80 million preferred shares with a par value of ₱1.00 per share or an aggregate value of ₱80 million.

OSI
In 2022, the Parent Company subscribed and paid ₱20.00 million equivalent to 100% of OSI's outstanding shares. On May 22, 2023, OSI issued a resolution authorizing the issuance of additional shares out of its unissued authorized capital stock, pursuant to the provisions of the Joint Venture Agreement entered into by KMC Communicty, Inc. (KCI) and FLI. On August 2, 2023, FLI subscribed to an additional 45 million common shares for a total consideration of ₱45.00 million. On the same date, a Subscription Agreement was executed to issue the 30 million common shares of OSI to KCI, resulting in FLI's 70% ownership in OSI for a total consideration of ₱30.00 million.

FAI
The Parent Company has a 20% interest in FAI which is involved primarily in the development of commercial buildings, residential condominiums and land. FAI is also involved in leasing of commercial real estate and marketing. On December 28, 2022, Filinvest Alabang, Inc. (FAI) entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-Excel Property Managers, Inc. (Pro-Excel) to the Parent Company for a total consideration of ₱10.97 million. The resulting ownership interest of the Parent Company in Pro-excel after the transfer is 47.5%. The primary purpose of Pro-Excel is to engage in the business of administration, maintenance and management of real estate development, controlled development projects and subdivision projects.

SDI
On December 14, 2022, the Parent Company entered into a Deed of Assignment to purchase 100% ownership in SJR Developers, Inc. (SDI). The primary purpose of SDI is to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartment and other structures.

DPI
The Parent Company has a 45% interest in DPI which is operating in the Philippines and handles the project construction management for the Parent Company

CTI
The Parent Company has a 30% interest in CTI which is operating in the Philippines. CTI is primarily involved in information technology service management.

FMI
The Parent Company has a 47.5% interest in FMI which is operating in the Philippines and handles the lease of the Mimosa Leisure Estate.

Pro-Excel
On December 28, 2022, FAI entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-excel to the Parent Company for a total consideration of ₱10.97 million. The resulting ownership interest of the Parent Company in Pro-excel after the transfer is 47.5%.

SPI
The Parent Company has a 45% interest in SPI which is operating in the Philippines and handles the technical and project management services for the Parent Company.

Pro-Active
On August 9, 2023, ProActive was incorporated in the Philippines to handle the business process outsourcing services of the Group. The Parent Company subscribed for 40.0% of ProActive's capital stock amounting to ₱10.00 million.

The associates have no contingent liabilities outside of the ordinary course of business or capital commitments as at December 31, 2023 and 2022.

Cash dividends
In 2023 and 2022, cash dividends received from FAC, FILRT, FCI, FLC and FAPI amounted to ₱1.42 billion and ₱1.29 billion, respectively.

12. Investment Properties

The rollforward analysis of this account as of December 31 follows:

	2023					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 14)	Total
			(In Thousands)			
Cost						
Balances at beginning of year	**₱14,366,616**	**₱22,721,677**	**₱328,321**	**₱18,408,168**	**₱4,138,726**	**₱59,963,508**
Additions	**6,796**	**1,426,272**	**13,263**	**1,819,691**	**278,203**	**3,544,225**
Reclassification (Note 15)	–	–	–	–	**(86,383)**	**(86,383)**
Balances at end of year	**14,373,412**	**24,147,949**	**341,584**	**20,227,859**	**4,330,546**	**63,421,350**
Accumulated Depreciation						
Balances at beginning of year	–	**3,180,060**	**265,996**	–	**487,652**	**3,933,708**
Depreciation (Notes 20 and 21)	–	**564,888**	**4,987**	–	**179,823**	**749,698**
Reclassification (Note 15)	–	–	–	–	**(6,645)**	**(6,645)**
Balances at end of year	–	**3,744,948**	**270,983**	–	**660,830**	**4,676,761**
Net Book Value	**₱14,373,412**	**₱20,403,001**	**₱70,601**	**₱20,227,859**	**₱3,669,716**	**₱58,744,589**

	2022					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 14)	Total
			(In Thousands)			
Cost						
Balances at beginning of year	₱13,316,495	₱22,384,811	₱316,557	₱16,241,489	₱4,138,726	₱56,398,078
Additions	955,514	390,909	11,764	2,155,708	–	3,513,895
Transfers (Note 9)	94,607	(54,043)	–	10,971	–	51,535
Balances at end of year	14,366,616	22,721,677	328,321	18,408,168	4,138,726	59,963,508
Accumulated Depreciation						
Balances at beginning of year	–	2,693,879	259,118	–	370,128	3,323,125
Depreciation (Notes 20 and 21)	–	515,166	6,878	–	117,524	639,568
Transfers (Note 9)	–	(28,985)	–	–	–	(28,985)
Balances at end of year	–	3,180,060	265,996	–	487,652	3,933,708
Net Book Value	₱14,366,616	₱19,541,617	₱62,325	₱18,408,168	₱3,651,074	₱56,029,800

Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion.

On June 1, 2022, the Parent Company entered into a Deed of Absolute Sale for the purchase of five (5) parcels of land with a total area of 82,692 sq.m. located at San Jose Del Monte, Bulacan, for a total selling price of ₱1.31 billion. These were acquired for the development of residential mid-rise buildings and mixed-use commercial spaces such as offices, retail establishments, and data centers. As such, ₱657.44 million is presented as part of land and land development under the 'Real estate inventories' in the statement of financial position (see Note 9). The acquisition is fully paid in 2022.

Borrowing costs capitalized as part of investment properties amounted to ₱717.39 million and ₱637.13 million in 2023 and 2022, respectively. The capitalization rate used is 5.1% and 4.7% in 2023 and 2022, respectively. The aggregate fair value of the Parent Company's investment properties amounted to ₱113.20 billion and ₱111.85 billion as of December 31, 2023 and 2022, respectively based on third party appraisals performed by an SEC accredited independent appraiser and management appraisal updated using current and year-end values and assumptions. The fair value of investment properties was determined using the Income Approach based on discounted cash flow analysis for buildings and Market approach for land.

Under the income approach, all expected cash flows from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations.

Market data approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available. For market data approach, the higher the rise per sqm., the higher the fair value.

These include the income produced by the property for buildings and significant unobservable inputs to valuation of investment properties the price per square meter ranging from ₱46,000 to ₱275,000 for the land.

Rental income from investment properties amounted to ₱3.11 billion and ₱2.41 billion in 2023 and 2022, respectively. Cost of rental services from investment properties amounted to ₱1,134.24 million and ₱1,088.19 million in 2023 and 2022, respectively (see Note 20).

13. Property and Equipment

The rollforward analysis of this account as of December 31 follows:

	2023						
	Land, Buildings and Improvements	**Machinery and Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Construction in Progress**	**Total**
				(In Thousands)			
Cost							
Balances at beginning of year	**₱722,875**	**₱2,605,023**	**₱179,386**	**₱90,973**	**₱63,476**	**₱21,227**	**₱3,682,960**
Additions	**1,394**	**216,690**	**38,527**	**12,501**	**16,920**	**359**	**286,391**
Balances at end of year	**724,269**	**2,821,713**	**217,913**	**103,474**	**80,396**	**21,586**	**3,969,351**
Accumulated Depreciation							
Balances at beginning of year	**220,644**	**616,862**	**151,510**	**62,936**	**63,117**	**–**	**1,115,069**
Depreciation (Notes 20 and 21)	**11,792**	**128,475**	**15,083**	**11,678**	**16,966**	**-**	**183,994**
Balances at end of year	**232,436**	**745,337**	**166,593**	**74,614**	**80,083**	**-**	**1,299,063**
Net Book Value	**₱491,833**	**₱2,076,376**	**₱51,320**	**₱28,860**	**₱313**	**₱21,586**	**₱2,670,288**

	2022						
	Land, Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
				(In Thousands)			
Cost							
Balances at beginning of year	₱707,364	₱1,679,027,	₱170,140	₱60,902	₱63,476	₱21,036	₱2,701,945
Additions	15,511	925,996	9,246	30,071	–	191	981,015
Balances at end of year	722,875	2,605,023	179,386	90,973	63,476	21,227	3,682,960
Accumulated Depreciation							
Balances at beginning of year	208,942	457,500	140,745	49,876	63,117	–	920,180
Depreciation (Notes 20 and 21)	11,702	159,362	10,765	13,060	–	–	194,889
Balances at end of year	220,644	616,862	151,510	62,936	63,117	–	1,115,069
Net Book Value	₱502,231	₱1,988,161	₱27,876	₱28,037	₱359	₱21,227	₱2,567,891

14. Leases

The Parent Company entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space (b) provisioning of water and electricity and (c) provision of air conditioning and CUSA services (d) administration fee.

Revenue from lease of space is recognized on a straight line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Parent Company waived its right to collect rent and other charges as part of lease concessions it granted to lessees. Rent discounts and concessions given vary for merchants that are (1) allowed to operate during community quarantine and operational (2) allowed to operate during community quarantine but not operational (3) not allowed to operate during community quarantine.

Company as lessee
The Parent Company has lease contracts for land. The Parent Company's obligations under its leases are secured by the lessor's title to the leased assets. The Parent Company has entered into land lease arrangements with lease terms of between 25 and 50 years. There are several leases that include extension option to lease the assets for additional 25 years based on mutual agreement of the parties.

As at December 31, 2023 and 2022, the rollforward analysis of right-of-use assets on land follows (see Note 12):

	2023		
	Investment Properties (Note 12)	**Other Noncurrent Assets** (Note 15)	**Total**
	(In Thousands)		
Cost			
At January 1	**₱4,138,726**	**₱–**	**₱4,138,726**
Additions	**278,203**	**–**	**278,203**
Reclassification	**(86,383)**	**86,383**	**–**
At December 31	**4,330,546**	**86,383**	**4,416,929**
Accumulated Depreciation			
At January 1	**487,652**	**–**	**487,652**
Depreciation (Note 21)	**179,823**	**3,798**	**183,621**
Reclassification	**(6,645)**	**6,645**	**–**
As at December 31	**660,830**	**10,443**	**671,273**
Net Book Value	**₱3,669,716**	**₱75,940**	**₱3,745,656**

	2022		
	Investment Properties (Note 12)	Other Noncurrent Assets (Note 15)	Total
	(In Thousands)		
Cost			
At January 1 and December 31	₱4,138,726	₱–	₱4,138,726
Accumulated Depreciation			
At January 1	370,128	–	370,128
Depreciation (Note 21)	117,524	–	117,524
As at December 31	487,652	–	487,652
Net Book Value	₱3,651,074	₱–	₱3,651,074

The Parent Company renewed its lease agreement with FILRT for the office space located in Alabang. The lease term is 10 years, renewable for another 5 years or 10 years upon mutual agreement by the parties.

The following are the amounts recognized in the parent company statement of income for the years ended December 31:

	2023	2022
	(In Thousands)	
Depreciation expense of right-of-use assets (included in cost of rental services) (Note 20)	**₱179,823**	₱117,524
Interest expense on lease liabilities (included in interest and other finance charges) (Note 23)	**433,959**	380,169
Rent expense on low value assets (included in general and administrative expense) (Note 21)	**8,160**	15,478
	₱621,942	₱513,171

As at December 31, the rollforward analysis of lease liabilities follows:

	2023	2022
	(In Thousands)	
At January 1	**₱4,624,851**	₱4,517,270
Additions	**278,203**	–
Interest expense (Note 23)	**433,959**	380,169
Payments	**(332,040)**	(272,588)
As at December 31	**5,004,973**	4,624,851
Lease liabilities - current portion	**195,218**	246,051
Lease liabilities - net of current portion	**₱4,809,755**	₱4,378,800

The Parent Company also has certain lease of parking space considered as 'low-value assets'. The Parent Company applies the lease of 'low-value assets' recognition exemptions for these leases.

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

	2023	2022
	(In Thousands)	
1 year	**₱248,054**	₱236,242
more than 1 years to 2 years	**260,457**	248,054
more than 2 years to 3 years	**273,480**	260,457
more than 3 years to 4 years	**287,154**	273,480
more than 5 years	**18,467,390**	18,467,390

Company as lessor
As lessor, future minimum rental receivables under renewable operating leases as of December 31 are as follows:

	2023	2022
	(In Thousands)	
Within one year	**₱1,464,973**	₱1,350,063
After one year but not more than five years	**2,247,030**	2,140,122
After five years	**436,007**	265,289
	₱4,148,010	₱3,755,474

The Parent Company entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants with lease ranging from 5 to 15 years.

Rental income recognized based on a percentage of the gross revenue of mall tenants included in "Rental services" account in the parent company statement of income amounted to ₱365.28 million and ₱373.72 million in 2023 and 2022, respectively. In 2023 and 2022, the Parent Company granted rental concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱50.23 million and ₱286.75 million, respectively. These rent concessions did not qualify as a lease modification, thus, were accounted for as negative variable lease payments and reported as reduction of lease income in 2023 and 2022 (see Note 3).

15. Other Noncurrent Assets

This account consists of:

	2023	2022
	(In Thousands)	
BTO rights (Notes 11 and 19)	**₱5,213,490**	₱5,178,938
Advances to contractors and suppliers	**843,662**	998,793
Receivables from joint venture partners	**309,352**	419,903
Investment in bonds	**150,000**	150,000
Right-of-use assets (Note 14)	**86,383**	–
Financial assets at FVOCI (Notes 28 and 29)	**15,535**	15,535
Other assets	**62,302**	92,648
	6,680,724	6,855,817
Less accumulated amortization	**387,318**	184,219
	₱6,293,406	₱6,671,598

"BTO rights" relate to the development cost, construction and operation of BPO Complex at the land properties owned by Cebu Province. As of December 31, 2023, the cost of completed portion pertaining to Cebu Tower 2 of the BTO project amounted to ₱1.41 billion.

Interest expense capitalized amounted to ₱90.71 million and ₱46.25 million in 2023 and 2022, respectively.

Rollforward analysis of BTO rights and right-of-use assets for the year ended December 31 follows:

	2023		
	BTO Rights	Right-of-Use Assets (Note 14)	Total
		(In Thousands)	
Cost			
Balance at beginning of year	**₱5,178,938**	**₱–**	**₱5,178,938**
Additions and adjustments – net	**34,552**	**–**	**34,552**
Reclassification (Note 13)	**–**	**86,383**	**86,383**
Balance at end of year	**5,213,490**	**86,383**	**5,299,873**
Accumulated Amortization			
Balance at beginning of year	**184,219**	**–**	**184,219**
Reclassification (Note 13)	**–**	**6,645**	**6,645**
Amortization	**192,656**	**3,798**	**196,454**
Balance at end of year	**376,875**	**10,443**	**387,318**
Net Book Value	**₱4,836,615**	**₱75,940**	**₱4,912,555**

	2022		
	BTO Rights	Right-of-Use Assets (Note 14)	Total
		(In Thousands)	
Cost			
Balance at beginning of year	₱3,822,469	₱–	₱3,822,469
Additions	1,356,469	–	1,356,469
Balance at end of year	5,178,938	–	5,178,938
Accumulated Amortization			
Balance at beginning of year	31,766	–	31,766
Amortization	152,453	–	152,453
Balance at end of year	184,219	–	184,219
Net Book Value	₱4,994,719	₱–	₱4,994,719

In 2023 and 2022, related amortization recognized as part of "Cost of rental services" amounted to ₱192.66 million and ₱152.45 million, respectively. Rental income amounting to ₱150.22 million and ₱135.17 million in 2023 and 2022, respectively, was recognized as part of "Revenue from rental and related services". Tenant dues from BTO rights amounted to ₱55.86 million and ₱47.72 million in 2023 and 2022, respectively.

"Advances to contractors and suppliers" pertain to down payments made by the Parent Company which are applied against future billings for development and construction contracts of investment properties and property and equipment.

"Receivables from joint venture partners" are advances (e.g., property taxes and permits) which are normally applied against the share of the joint venture partners from sale of the joint venture properties reported under "Other receivables" in parent company statements of financial position.

"Financial assets at FVOCI" consists of quoted and unquoted shares of stocks. Unquoted investments in shares of stock include unlisted preferred shares in a public utility company which the Parent Company will continue to carry out as part of the infrastructure that it provides for its real estate development projects.

"Investment in bonds" consist of a 5-year, non-interest bearing, Class A Senior Notes with a face amount of ₱150.0 million issued by a third party special purpose trust fund duly registered with the Bangko Sentral ng Pilipinas invested by the Parent Company on December 19, 2022.

"Other assets" include advances to sellers for the purchase of land prior to issuance of Contract to Sell. These also include utility and security deposits.

16. Accounts Payable and Accrued Expenses

This account consists of:

	2023			2022		
	Due Within One Year	**Due After One Year**	**Total**	Due Within One Year	Due After One Year	Total
			(In Thousands)			
Accounts payable	**₱5,803,931**	**₱3,093,397**	**₱8,897,328**	₱4,780,917	₱1,958,121	₱6,739,038
Retention fees payable	**1,782,127**	**493,850**	**2,275,977**	1,760,317	511,912	2,272,229
Deposits for registration	**216,220**	**1,561,908**	**1,778,128**	198,536	1,434,161	1,632,697
Deposits from tenants	**455,547**	**805,308**	**1,260,855**	412,671	722,769	1,135,440
Accrued expenses	**780,939**	–	**780,939**	726,180	–	726,180
Accrued interest on bonds and loans	**87,359**	–	**87,359**	313,203	–	313,203
Other payables	**313,230**	–	**313,230**	207,791	144,015	351,806
	₱9,439,353	**₱5,954,463**	**₱15,393,816**	₱8,399,615	₱4,770,978	₱13,170,593

"Accounts payable" includes the outstanding balance of the costs of land acquired by the Parent Company and is payable on scheduled due dates or upon completion of certain requirements (see Note 9, 12 and 13). This account also includes amount payable to contractors and suppliers for the construction and development costs and operating expenses incurred by the Parent Company.

"Retention fees payable" pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

"Deposits for registration" pertain to amounts collected from buyers for payment of registration of real estate properties.
"Deposits from tenants" are advance payments received for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

"Accrued expenses" pertain to various operating expenses incurred by the Parent Company in the course of business such as salaries and wages, unbilled construction cost related to ongoing projects, among others.

Accrued expenses account consists of:

	2023	2022
Suppliers and contractors	**₱774,786**	₱716,041
Payroll	**5,752**	9,326
Others	**401**	813
	₱780,939	₱726,180

"Other payables" pertain mainly to withholding taxes and liabilities to government agencies. This also includes the amount due to SPI for the retirement benefits of transferred employees (see Notes 19 and 25).

17. Loans Payable

This account consists of:

	2023	2022
	(In Thousands)	
Short term loans	**₱3,865,000**	₱3,000,000
Long-term loans	**23,653,182**	25,603,561
Developmental loans from local banks	**27,518,182**	28,603,561
Less unamortized transaction costs	**85,597**	93,395
	27,432,585	28,510,166
Less current portion of loans payable	**14,676,371**	6,985,891
Long-term portion of loans payable	**₱12,756,214**	₱21,524,275

Developmental loans from local banks will mature on various dates up to 2027. These Peso-denominated loans bear floating interest rates, which are repriced quarterly, semi-annually or annually based on either 3-month, 6-month or 1-year Bloomberg Valuation (BVAL), plus margin, per annum, or fixed rates of 4.21% to 5.50% per annum. Additional loans availed by the Parent Company in 2023 and 2022 amounted to ₱17.56 billion and ₱11.40 billion, respectively. These include availment of short-term loans payable amounting to ₱15.5 billion and ₱9.6 billion in 2023 and 2022, respectively. Principal payments made in 2023 and 2022 amounted to ₱18.64 billion and ₱10.54 billion, respectively.

As of December 31, 2023 and 2022, short term loans payable, presented under current portion of loans payable amounted to ₱3.87 billion and ₱3.00 billion, respectively.

Interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱1.16 billion and ₱1.30 billion in 2023 and 2022, respectively.

Amortization of transaction costs amounted to ₱59.76 million and ₱46.23 million in 2023 and 2022, respectively and included under "Interest and other financing charges" (see Note 23). Deferred finance charges for new loans during the year amounted to ₱51.96 million and ₱35.19 million in 2023 and 2022, respectively.

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock if it would materially and adversely affect the Parent Company's ability to perform its obligations; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

The Parent Company's loans payable are unsecured and no assets are held as collateral for these debts. As of December 31, 2023 and 2022, the Parent Company complied with these contractual agreements and has not been cited in default on its outstanding loan obligations.

18. **Bonds Payable**

This account consists of:

	2023	2022
	(In Thousands)	
Bonds payable	**₱37,795,400**	₱35,400,000
Less unamortized transaction costs	**326,883**	266,971
	37,468,517	35,133,029
Less current portion of bonds payable	**1,697,345**	9,017,683
Long-term portion of bonds payable	**₱35,771,172**	₱26,115,346

a. On November 8, 2013, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱7.00 billion comprised of ₱4.30 billion, 7-year bonds with interest of 4.86% per annum due in 2020 and ₱2.70 billion, 10-year bonds with interest of 5.43% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014. As of December 31, 2023, ₱2.70 billion of the related bonds payable was paid.

Unamortized debt issuance cost on bonds payable amounted to ₱2.16 million of December 31, 2022 (nil in 2023). Accretion in 2023 and 2022 included as part of 'Interest and other finance charges' amounted to ₱2.16 million and ₱2.53 million, respectively (see Note 23).

b. On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion, 7-year fixed rate bonds due in 2021 and ₱1.70 billion, 10-year fixed rate bonds due in 2024. The 7-year bonds carry a fixed rate of 5.40% per annum, while the 10-year bonds have a fixed interest rate of 5.64% per annum. As of December 31, 2023, ₱1.7 billion of the related bonds payable remain outstanding.

Unamortized debt issuance cost on bonds payable amounted to ₱2.65 million and ₱2.95 million as of December 31, 2023 and 2022, respectively. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱0.29 million and ₱1.53 million, respectively (see Note 23).

c. On August 20, 2015, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.00 billion comprising of ₱7.00 billion, 7-year fixed rate bonds due in 2022 and ₱1.00 billion, 10-year fixed rate bonds due in 2025. The 7-year bonds carry a fixed rate of 5.36% per annum while the 10-year bonds have a fixed rate of 5.71% per annum. The Parent Company paid the ₱7.00 billion bonds on August 20, 2022. As of December 31, 2023, ₱1.0 billion of the related bonds payable remain outstanding.

Unamortized debt issuance cost on bonds payable amounted to ₱3.07 million and ₱3.41 million as of December 31, 2023 and 2022, respectively. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱0.34 million and ₱9.54 million, respectively (see Note 23).

d. On November 18, 2020, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.1 billion comprising of ₱6.3 billion, 3-year fixed rate bonds due in 2023 and ₱1.8 billion, 5.5-year fixed rate bonds due in 2026. The 3-year bonds carry a fixed rate of 3.34% per annum, while the 5.5-year bonds have a fixed rate of 4.18% per annum. As of December 31, 2023, ₱1.76 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱7.44 million and ₱24.64 million as of December 31, 2023 and 2022. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱17.21 million and ₱20.32 million (see Note 23).

e. On December 21, 2021, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱10.0 billion comprising of ₱5.0 billion, 4-year fixed rate bonds due in 2025 and ₱5.0 billion, 6-year fixed rate bonds due in 2027. The 4-year bonds carry a fixed rate of 4.5300% per annum, while the 6-year bonds have a fixed rate of 5.2579% per annum. As of December 31, 2023, ₱10 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱82.26 million and ₱103.59 million as of December 31, 2022 and 2021. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱21.33 million and ₱27.44 million, respectively (see Note 23).

f. On June 23, 2022, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.90 billion comprising of ₱8.925 billion, 3-year fixed rate bonds due in 2025 and ₱2.975 billion, 5-year fixed rate bonds due in 2027. The 3-year bonds carry a fixed rate of 5.3455% per annum, while the 5-year bonds have a fixed rate of 6.4146% per annum. As of December 31, 2023, ₱11.9 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱91.45 million and ₱130.21 million as of December 31, 2023 and 2022, respectively. Accretion in 2023 and 2022 included as part of "Interest and other finance charges" amounted to ₱38.76 million and ₱24.22 million, respectively (see Note 23).

g. On December 1, 2023, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱11.43 billion which are 3.5-year fixed rate bonds due in 2027. The bonds carry a fixed rate of 6.9829% per annum. As of December 31, 2023, ₱11.43 billion of the related bonds payable remain outstanding.

   Unamortized debt issuance cost on bonds payable amounted to ₱140.01 million as of December 31, 2023. Accretion in 2023 included as part of "Interest and other finance charges" amounted to ₱3.45 million (see Note 23).

Interest incurred on these bonds (gross of related capitalized borrowing costs) amounted to ₱1.77 billion and ₱1.31 billion for the years ended December 31, 2023 and 2022, respectively. Payments made on these bonds amounted to ₱9.04 billion and ₱7.0 billion in 2023 and 2022, respectively.

The Parent Company's loans payable are unsecured and no assets are held as collateral for these debts. These bonds require the Parent Company to maintain certain financial ratios including debt-to-equity ratio ranging from 2.0x to 2.5x; minimum current ratio of 1.0x; and minimum debt service coverage ratio (DSCR) of 1.0x. As of December 31, 2023 and 2022, the Parent Company is not in breach of these covenants and has not been cited in default on any of its outstanding obligations.

19. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the ultimate company (referred herein as "Affiliates"). Related parties may be individuals or corporate entities.

All material Related Party Transactions ("RPT") with a transaction value that reaches ten percent (10%) of the Parent Company's total assets shall be subject to the review by the RPT Committee. Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions ("Policy"). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall subject it to the provisions of the Policy.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the Policy.

Outstanding balances at year-end are unsecured, interest free and require settlement in cash, unless otherwise stated. There have been no guarantees provided or received for any related party receivables or payables. As of December 31, 2023 and 2022 the Parent Company has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant related party transactions are as follows. Outstanding liabilities are unsecured and no impairment loss was recognized on any of the assets.

	2023				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
			(In Thousands)		
Bank under common control of the ultimate parent					(a)
Cash and cash equivalents	**₱1,832,632**	**₱1,832,632**	0.50% to 4.50%	No impairment	
Interest income	**16,526**				
		₱1,832,632			
Dividend income					
Dividend income	**₱1,421,247**	**₱1,421,247**	Non-interest	Unrestricted, no impairment	(d)
Ultimate Parent	**₱19**	**₱598**	Non-interest bearing collectible on demand	Unrestricted, no impairment	(b)
Subsidiaries					
Share in common expenses and others	**993,968**	**5,909,335**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Development costs	–	**631,710**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Payment for land acquisition	**8,490**	**714,897**	Interest-bearing, collectible on demand	Unsecured, no impairment	
Rental income	**239,020**	–	Interest-bearing, collectible on demand	Unsecured, no impairment	
Dividend income	**1,254,121**	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		₱7,255,942			
Associates					(e)
Service fee	**₱2,005**	**₱30,631**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Rent income	**946**	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Share in common expenses and others	**6,537**	**479,134**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		509,765			
Affiliates					(f)
Share in common expenses	**8,561**	**90,917**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Development costs (Note 12)	**1,382**	**52,893**	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Due from related parties (Note 8 and Note 11)		**₱7,910,115**			
Parent					(c)
Share in group expenses	**(₱9,664)**	**(₱30,802)**	Non-interest bearing collectible on demand	Unrestricted, no impairment	
Subsidiaries					(d)
Share in common expenses	–	**(8,663)**	Non-interest bearing collectible on demand	Unrestricted, no impairment	
Associate					(e)
Share in common expenses and others	**120,716**	**(57,556)**	Non-interest bearing collectible on demand	Unrestricted, no impairment	
Affiliates					(f)
Share in other expenses	**1,017**	**(47,739)**	Non-interest bearing collectible on demand	Unrestricted, no impairment	
Due to related parties		**(₱144,760)**			

	2022				
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
			(In Thousands)		
Bank under common control of the ultimate parent					(a)
Cash and cash equivalents	₱2,763,802	₱2,763,802	0.50% to 4.50%	Unrestricted, no impairment	
Interest income	12,910	–			
		₱2,763,802			
Dividend income					
Dividend income	₱1,292,581	₱1,292,581	Noninterest-bearing	Unrestricted, no impairment	(d)
Ultimate Parent	₱186,088	₱467	Noninterest-bearing, collectible on demand	Unsecured	(b)
Subsidiaries					(d)
Share in common expenses and others	1,498,492	3,746,589	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Development costs	–	578,365	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Payment for land acquisition	4,471	812,383	Interest-bearing, collectible on demand	Unsecured, no impairment	
Rental income	237,861	–	Interest-bearing, collectible on demand	Unsecured, no impairment	
Dividend income	1,292,581	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		₱5,137,337			
Associates					(e)
Service fee	₱23,464	₱281,661	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Rent income	2,892	–	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Share in common expenses and others	5,213	26,236	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		307,897			
Affiliates					(f)
Share in common expenses	17,683	85,558	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Development costs (Note 12)	–	50,255	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
		135,813			
Due from related parties (Note 8 and Note 11)		₱5,581,514			
Parent	(₱255,860)	(₱6,327)	Noninterest-bearing, payable on demand	Unsecured	(c)
Subsidiaries					(d)
Share in common expenses	32,156	(545,057)	Noninterest-bearing, payable on demand	Unsecured	
Associate					(e)
Share in common expenses and others	193,225	(8,934)	Noninterest-bearing, payable on demand	Unsecured	
		(8,934)			
Affiliates					(f)
Share in other expenses	4	(21,242)	Noninterest-bearing, payable on demand	Unsecured	
		(21,242)			
Due to related parties		(₱581,560)			

Significant transactions with related parties follow:

a. *Transactions with bank under common control of the ultimate parent (EW)*
On January 3, 2012, the Parent Company entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the ultimate parent. The Parent Company agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EW will be serviced by the Parent Company under an Accounts Servicing Agreement.

Under this agreement, the Parent Company shall be responsible for the monitoring and collection of contracts receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month.

For the performance of the said services, the Parent Company will charge EW a service fee equivalent to a certain percentage of amounts actually received and collected. Although the Parent Company retains the contractual rights to receive cash flows from the contracts receivables sold to EW, this will be subsequently distributed to EW under a 'pass-through arrangement'.

In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and the Parent Company has no liability to EW for such events. Due to this, the Parent Company derecognized the contracts receivables sold and did not recognize any liability in its parent company financial statements.

The Parent Company's plan assets in the form of cash equivalents amounting to ₱75 million as of December 31, 2023 (nil as of December 31, 2022), are maintained with EW (see Note 25). The Parent Company also maintains cash and cash equivalents with EW.

b. *Transactions with ultimate parent (ALGI)*
Transactions with the ultimate parent relates to sharing of common expenses.

c. *Transactions with parent company (FDC)*
The Parent Company charges FDC certain common and general administrative expenses paid by the Parent Company on its behalf.

d. *Transactions with subsidiaries*
Transactions with subsidiaries are as follows:

- Total payments made by the Parent Company in behalf of Homepro for land acquisition amounted to ₱8.49 million and ₱4.47 million in 2023 and 2022, respectively.

- The Parent Company also has a Marketing Agency Agreement (the Marketing Agreement) each with its subsidiaries, Promax and Prosper whereby the subsidiaries are appointed as marketing agents to act for and on behalf of the Parent Company in promoting the marketing and sale of its middle-income and high-end real estate property development projects. In return, the Parent Company pays each subsidiary a marketing fee of a certain percentage of the net selling price, exclusive of commissions, discounts, value added tax and other government-imposed taxes and fees on all sales transactions closed by each subsidiary in accordance with the terms and conditions of the Marketing Agreement.



- The Parent Company also charged the subsidiaries (i.e., Proleads Philippines, Inc and Property Maximizer Professional Corp.) for advances for working capital and for certain common expenses (i.e., rent) being paid by the Parent Company on its behalf.

- The Parent Company charged FLTI for the development costs of Fora Mall.

- In 2023 and 2022, cash dividends received from FAC, FILRT, FCI, FLC and FAPI amounted to ₱1.42 billion and ₱1.29 billion, respectively.

e. Transactions with Associates

Transactions with FAI include noninterest-bearing cash advances and various charges for rent, management fees, marketing fees, water services, share of expenses and commission charges.

The Parent Company, as lessee, entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

On December 28, 2022, FAI entered into a Deed of Absolute Sale of Shares to sell portion of its interest in Pro-excel to the Parent Company for a total consideration of ₱10.97 million. The resulting ownership interest of the Parent Company in Pro-excel after the transfer is 47.5%.

The Parent Company entered into service agreement with CTI related to the management of the computer information system. Amount charged to the Parent Company in 2023 and 2022 amounted to ₱98.80 million and ₱64.58 million, respectively, was recognized as part of 'General and Administrative Expense' in the parent company statement of income (see Note 21).

In 2022 and 2021, certain employees of the Parent Company were transferred to SPI. The related retirement benefits of these employees were also transferred with a corresponding payable to SPI under "Other payables" (see Notes 16 and 25). As of December 31, 2023 and 2022, the outstanding balance of the transferred retirement benefits amounted to ₱144.11 million.

f. Transactions with Affiliates

In 2017, the Parent Company and FDC Retail Electricity Sales (FDC RES) made a retail electricity supply agreement wherein the latter will supply the retail electricity to the former.

Other transactions with affiliate relate to sharing of common expenses paid by the Parent Company on their behalf.

g. Leases with related parties

The Parent Company has several land lease transactions with related parties:

- Mall lease with FAI (as lessee)
  The Parent Company entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.

- Land lease with FAI (as lessee)
  The Parent Company entered into a lease agreement with FAI for a portion of land area occupied by a third party lessee. The lease term will expire on December 31, 2034.

- Land lease with FILRT (as lessor)
  The Parent Company entered into a lease agreement with FILRT on the location of the buildings currently leased to third parties by such subsidiary and on those still under construction. Rental is based on certain percentage of the subsidiary's gross rental income. On July 1, 2020, the Parent Company and FILRT amended their existing lease contract. The pertinent amendment provisions include the extension of the term of the lease for another 25 years and to set a minimum fixed rental rate.

  On March 1, 2021, the Parent Company and FILRT amended their existing lease contract. The pertinent amended provisions include removal of the requirement to pay minimum lease and that rental rates shall be solely variable (i.e., 10% or 15% of gross lease income depending on the floor to area ratio). In case of redevelopment, the Parent Company and the FILRT shall mutually agree on the minimum monthly rent during construction period.

Key Management Personnel Compensation
The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱48.74 million and ₱28.40 million in 2023 and 2022, respectively. Post-employment benefits of key management personnel amounted to ₱8.26 million and ₱9.88 million in 2023 and 2022, respectively.

20. Cost of Rental Services

The account consists of:

	2023	2022
	(In Thousands)	
Mall operations	**₱691,338**	₱603,421
Depreciation (Notes 12, 13 and 14)	**631,415**	631,191
Rentals (Note 19)	**4,140**	6,024
	₱1,326,893	₱1,240,636

21. General and Administrative Expenses

The account consists of:

	2023	2022
	(In Thousands)	
Salaries, wages and employee benefits	**₱584,710**	₱487,134
Repairs and maintenance	**339,771**	367,020
Depreciation (Notes 12 and 13)	**306,074**	203,266
Outside services	**245,850**	243,929
Taxes and licenses	**241,623**	213,482
Electronic data processing charges (Note 19)	**104,410**	68,793

(Forward)

	2023	2022
	(In Thousands)	
Entertainment, amusement and recreation	**₱68,714**	₱62,100
Transportation and travel	**63,592**	61,079
Communications, light and water	**48,675**	42,242
Insurance	**27,215**	22,881
Retirement costs (Note 25)	**26,301**	33,629
Office supplies	**14,068**	11,293
Rent (Note 14)	**8,160**	15,478
Others	**70,366**	51,285
	₱2,149,529	₱1,883,611

22. Selling and Marketing Expenses

The account consists of:

	2023	2022
	(In Thousands)	
Brokers' commissions (Note 5)	**₱738,634**	₱703,093
Selling, advertising and promotions	**418,386**	372,857
Salaries and wages	**103,647**	85,441
Sales office direct costs	**56,848**	1,630
Others	**4,913**	504
	₱1,322,428	₱1,163,525

23. Interest and Other Finance Charges

The following table shows the component of interest income and expense recognized in the parent company statement of income:

	2023	2022
	(In Thousands)	
Interest income on:		
Contracts receivable (Note 7)	**₱173,470**	₱273,883
Cash and cash equivalents (Note 6)	**22,093**	35,573
Others	**26,472**	20,423
	₱222,035	₱329,879
Interest and other finance charges:		
Interest expense on loans and bonds payable, net of interest capitalized (Notes 17 and 18)	**₱800,319**	₱919,977
Interest expense on lease liabilities (Note 14)	**433,959**	380,169
Amortization of transaction costs of loans and bonds (Notes 17 and 18)	**143,307**	131,815
Other finance charges (Note 25)	**152,157**	21,747
	₱1,529,742	₱1,453,708

Other finance charges include bank charges, debt issue costs for short-term loans, and other miscellaneous bank fees.

24. Other Income - Net

The account consists of:

	2023	2022
	(In Thousands)	
Forfeited reservations and collections	**₱102,107**	₱85,250
Service fees	**68,406**	53,648
Processing fees	**56,786**	43,493
Foreign currency exchange gain (loss) - net	**(6,914)**	10,612
Others	**2,789**	3,641
	₱223,174	₱196,644

25. Retirement Costs

The Parent Company has a funded, noncontributory defined benefit retirement plan (the Plan) covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements. The retirement plan provides retirement benefits equivalent to 70% to 125% of the final monthly salary for every year of service.

The funds are administered by the Parent Company's Treasurer under the supervision of the Board of Trustees of the Plan and is responsible for investment strategy of the plan.

The following tables summarize the components of retirement expense recognized in the parent company statements of income and pension liability recognized in the parent company statements of financial position for the existing retirement plan.

	2023		
	Present value of defined benefit Obligation	**Fair value of plan asset**	**Net defined benefit liabilities**
	(In Thousands)		
Balance as of January 1, 2023	**₱339,482**	**(₱14,313)**	**₱353,795**
Net benefit costs in profit or loss			
Current service cost (Note 21)	**26,301**	–	**26,301**
Net interest (Note 23)	**24,782**	–	**24,782**
	51,083	–	**51,083**
Contribution	–	**75,000**	**(75,000)**
Balance as of December 31, 2023	**₱390,565**	**₱60,687**	**₱329,878**

	2022		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liabilities
	(In Thousands)		
Balance as of January 1, 2022	₱401,002	₱16,353	₱384,649
Net benefit costs in profit or loss			
Current service cost (Note 21)	33,629	–	33,629
Net interest (Note 23)	19,921	833	19,088
	53,550	833	52,717
Benefits paid	(8,041)	(8,041)	–
Net transfer	(23,175)	(22,266)	(909)
Remeasurements in other comprehensive income			
Actuarial changes arising from:			
Experience adjustments	(83,854)	–	(83,854)
Return on plan assets, excluding amounts included in interest income	–	(1,192)	1,192
	(83,854)	(1,192)	(82,662)
Balance as of December 31, 2022	₱339,482	(₱14,313)	₱353,795

The Parent Company's plan assets comprise of cash equivalents with original maturities of 3 months or less from dates of placements and are subject to insignificant risk of changes in value. As of December 31, 2023 and 2022, these placements are with EW (see Note 19). As of December 31, 2023 and 2022, the carrying amount of the plan assets approximates its fair value.

In 2022 and 2021, certain employees of the Parent Company were transferred to SPI. The related retirement benefits of these employees were also transferred with a corresponding payable to SPI. As of December 31, 2023 and 2022, the outstanding balance of the transferred retirement benefits amounted to ₱141.11 million (see Note 19).

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The assumptions used in determining pension obligation for the defined benefit plan are as follows:

	2023	2022
Discount rate	**7.30%**	7.30%
Future salary increases	**6.00%**	6.00%

The sensitivity analysis that follow has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation.

Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level for the remaining life of the obligation. The sensitivity analyses below have been determined based on reasonably possible changes of the significant assumption on the DBO as of the end of the financial reporting period, assuming all other assumptions were held constant.

		Increase (decrease) on DBO	
Assumption	Increase (Decrease)	**2023**	2022
Salary rate	+1%	**₱39,333**	₱34,189
	-1%	**(34,306)**	(29,819)
Discount rate	+1%	**(33,624)**	(29,226)
	-1%	**39,214**	34,085

Shown below is the maturity analysis of the undiscounted benefit payments of the Parent Company:

	2023	2022
	(In Thousands)	
Less than one year	**₱28,247**	₱38,948
More than one year and up to five years	**124,301**	132,235
More than five years and up to 10 years	**259,937**	220,907
More than 10 years	**1,889,406**	1,948,748

The Parent Company does not expect to contribute to its plan assets in the next 12 months.

The management performs an Asset-Liability Matching (ALM) Study. The principal technique of the Parent Company's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans, as well as the liquidity of the plan assets. The Parent Company's current investment strategy consists of 100% short-term deposit placements.

26. **Equity**

Capital Stock

The Parent Company's common and preferred shares as of December 31, 2023 and 2022 follow (amounts in thousands, except for par value figures):

	Common Shares	Preferred Shares
Authorized shares	33,000,000	8,000,000
Par value per share	₱1	₱0.01
Issued and subscribed shares	24,470,708	8,000,000
Treasury shares	220,949	–

There were no issuances of additional common shares in 2023 and 2022.

Preferred Shares

As stated in the Parent Company's Amended Articles of Incorporation, the preferred shares may be issued from time to time in one or more series as the Board of Directors (BOD) may determine, and authority is expressly granted to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to

determine the dividend rate and the issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares. Preferred shares of each and any sub-series shall not be entitled to any participation or share in the retained earnings remaining after dividend payments shall have been made on the preferred shares. To the extent not set forth in the Articles of Incorporation, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the BOD prior to the issuance of each of such series (the "Enabling Resolutions"), which resolutions shall thereupon be deemed a part of the Amended Articles of Incorporation.

In an Enabling Resolution approved and adopted by the BOD on October 6, 2006, it was clarified that the preferred shares are not convertible to common shares. In another Enabling Resolution approved and adopted by the BOD on January 5, 2007, the Board approved that preferred shares are entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares.

Thus, in a disclosure made by the Parent Company to the relevant government agency and regulatory body on January 18, 2007, it was clarified that the features of the issued and subscribed preferred shares, in addition to the features indicated in the Parent Company's Amended Articles of Incorporation so long as these features are not inconsistent with the Enabling Resolutions, are as follows: (i) voting, cumulative, and non-redeemable, (ii) par value is one centavo (₱0.01), (iii) entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares, and (iv) not convertible to common shares.

Treasury Shares

On December 20, 2007, the Parent Company's BOD approved the buyback of some of the issued shares of stock of the Parent Company over a period of twelve (12) months up to an aggregate amount of ₱1.5 billion, in view of the strong financial performance of the Parent Company and the very large discrepancy that existed between the current share price and the net asset value of the Parent Company.

The Parent Company had acquired 220.95 million shares at total cost of ₱221.04 million in 2008. There were no additional acquisitions in 2023 and 2022. The retained earnings is restricted from dividend distribution to the extent of the cost of treasury shares.

Dividend Declaration

On April 24, 2023, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.03600 per share or a total of ₱872.99 million for all common stockholders of record as of May 12, 2023 payable on June 06, 2023. The Parent Company has remaining unpaid cash dividend amounting to ₱21.09 million as of December 31, 2023.

On April 24, 2023, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.00036 per share or a total of ₱2.88 million for all preferred stockholders of record as of May 12, 2023 payable on June 06, 2023. The Parent Company has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2023.

On April 22, 2022, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.04700 per share or a total of ₱1.14 billion for all common stockholders of record as of May 11, 2022 payable on June 02, 2022. The Parent Company has remaining unpaid cash dividend amounting to ₱21.09 million as of December 31, 2022.



On April 22, 2022, the Parent Company's BOD approved the declaration and payment of cash dividends of ₱0.0004 per share or a total of ₱3.2 million for all preferred stockholders of record as of May 11, 2022 payable on June 02, 2022. The share of the noncontrolling interest related to these dividend declarations amounted to ₱378.4 million. The Parent Company has remaining unpaid cash dividend amounting to ₱0.32 million as of December 31, 2022.

Retained Earnings

Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury, unrealized fair value gains on investment properties and BTO rights received as dividends and deferred tax asset recognized in profit or loss as of December 31, 2023 and 2022

The retained earnings is being utilized to cover part of the annual expenditure requirements of the Parent Company for its expansion projects in the real estate and leasing segments.

On October 21, 2020, the Parent Company's BOD approved the appropriation amounting to ₱5.00 billion out of its unrestricted retained earnings as of December 31, 2019 for the following projects:

Project	Location	Description	Amount (In Thousands)	Estimated Completion Date
Activa	Quezon City	Mixed-use	₱3,500,000	Q4 2024
100 West Annex	Makati City	Mixed-use	1,500,000	Q4 2024
			₱5,000,000	

The appropriated retained earnings amounted to ₱5.0 billion as of December 31, 2023 and 2022

Capital Management

The Parent Company prudently monitors its capital and cash positions and cautiously manages its expenditures and disbursements. Furthermore, the Parent Company may also, from time to time, seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

The primary objective of the Parent Company'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. No changes were made in capital management objectives, policies or processes for the years ended December 31, 2023 and 2022.

The Parent Company monitors capital using debt-to-equity ratio, which is the long-term debt (loans payable and bonds payable) divided by total equity. The Parent Company's policy is to keep the debt-to-equity ratio not to exceed 2:1.

The following table shows how the Parent Company computes for its debt-to-equity ratio:

	2023	2022
	(In Thousands)	
Loans payable (Note 17)	**₱27,432,585**	₱28,510,166
Bonds payable (Note 18)	**37,468,517**	35,133,029
Total long-term debt	**64,901,102**	63,643,195
Total equity	**90,503,903**	87,064,602
Debt-to-equity ratio	**0.72 : 1.00**	0.73 : 1.00

On August 12, 1993, the SEC approved the registration of 2.0 billion common shares with issue price of ₱5.25 per share.

On December 15, 2006, the SEC approved the registration of 3.7 billion common shares with issue price of ₱1.60 per share.

Below is the summary of the outstanding number of shares and holders of security as of December 31, 2023:

Year	Number of Shares Registered (In Thousands)	Number of Holders of Securities as of Year End
January 1, 2022	24,249,759	5,646
Add (Deduct) Movement	–	(21)
December 31, 2022	24,249,759	5,625
Add (Deduct) Movement	–	(19)
December 31, 2023	**24,249,759**	**5,606**

Note: Exclusive of 220,949 treasury shares

27. Income Taxes

Provision for (benefit from) income tax consists of:

	2023	2022
	(In Thousands)	
Current	**₱715,122**	₱350,270
Deferred	**136,472**	312,679
Final	**5**	32
	₱851,599	₱662,981

The Parent Company's current income tax pertains to RCIT in 2023 and 2022.

The components of the Parent Company's net deferred income tax liabilities are as follows:

	2023	2022
	(In Thousands)	
Deferred income tax liabilities on:		
Capitalized borrowing costs	**₱4,487,977**	₱4,106,072
Excess of real estate revenue based on financial accounting policy over real estate revenue based on tax rules	**1,893,872**	1,990,247
Right-of-use assets	**936,414**	912,769
Remeasurement gain on retirement plan	**5,484**	5,484
Others	**122,571**	183,369
	7,446,318	7,197,941

(Forward)

	2023	2022
	(In Thousands)	
Deferred income tax assets on:		
Pension expense	**(₱127,190)**	(₱133,170)
Lease liabilities	**(1,251,243)**	(1,156,213)
Provision for expected credit loss	**(8,123)**	(8,123)
MCIT	**–**	(143,360)
Others	**(38,463)**	(15,608)
	(1,425,019)	(1,456,474)
	₱6,021,299	₱5,741,467

Provision for deferred income tax charged directly to other comprehensive income in 2022 relating to remeasurement gain on defined benefit obligation amounted ₱20.67 million (nil in 2023).

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of the Bayanihan 2 Act which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next three (3) years immediately following the year of such loss.

In 2023, the Company's MCIT amounting to ₱143.36 million were claimed and offset against income tax due as follows:

Year incurred	Availment Period	MCIT	Expired/Used	Unapplied
2020	2021-2023	₱81,992	₱81,992	₱–
2021	2022-2024	61,368	61,368	–
		₱143,360	₱143,360	₱–

The reconciliation of the income tax computed at the statutory tax rate to the actual provision for (benefit from) income tax follows:

	2023	2022
	(In Thousands)	
Income tax at statutory rate	**₱1,291,692**	₱1,024,945
Adjustments for the income tax effect of:		
Dividend income subjected to final tax	**(355,312)**	(323,145)
Nondeductible expense and others	**2,203**	76,437
Income tax holiday incentive on sales of BOI-registered projects (Note 32)	**(84,093)**	(51,577)
Application of NOLCO	**–**	(27,442)
Income covered by PEZA (Note 31)	**2,274**	(15,324)
Tax-exempt net income on socialized housing units	**9,344**	(10,847)
Interest subjected to final tax	**(5,523)**	(9,393)
Interest on HGC-enrolled contracts receivables	**(8,986)**	(673)
	₱851,599	₱662,981

28. Fair Value Measurement

The following table sets forth the fair value hierarchy of the Parent Company's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

	2023				
		Fair Value			
	Carrying Value	**Total**	**Quoted Prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI					
Quoted	**₱6,458**	**₱6,458**	**₱6,458**	**₱–**	**₱–**
Unquoted	**9,077**	**9,077**	**–**	**–**	**9,077**
	15,535	**15,535**	**6,458**	**₱–**	**9,077**
Assets for which fair values are disclosed					
Non-financial assets					
Investment properties	**55,074,874**	**113,197,067**			**113,197,067**
Total assets	**₱55,090,409**	**₱113,212,602**	**₱6,458**	**₱–**	**₱113,206,144**
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses					
Accounts payable	**₱8,897,328**	**₱8,295,210**	**₱–**	**₱–**	**₱8,295,210**
Retention fee payable	**1,260,855**	**1,175,528**	**–**	**–**	**1,175,528**
Deposits for registration	**780,939**	**728,090**	**–**	**–**	**728,090**
	10,939,122	**10,198,828**	**–**	**–**	**10,198,828**
Lease liabilities (Note 14)	**5,004,973**	**5,356,527**	**–**	**–**	**5,356,527**
Loans payable (Note 17)	**27,432,585**	**33,898,982**	**–**	**–**	**33,898,982**
Bonds payable (Note 18)	**37,468,517**	**35,426,364**	**–**	**–**	**35,426,364**
	₱80,845,197	**₱84,880,701**	**₱–**	**₱–**	**₱84,880,701**

	2022				
		Fair Value			
	Carrying Value	Total	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
			(In Thousands)		
Assets measured at fair value					
Financial assets at FVOCI					
Quoted	₱6,458	₱6,458	₱6,458	₱–	₱–
Unquoted	9,077	9,077	–	–	9,077
	15,535	15,535	6,458		9,077
Assets for which fair values are disclosed					
Non-financial assets					
Investment properties	52,378,727	111,846,839	–	–	111,846,839
	₱52,394,262	₱111,862,374	₱6,458	₱–	₱111,855,916
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts payable and accrued expenses					
Accounts payable	₱6,739,038	₱6,451,792	₱–	₱–	₱6,451,792
Retention fee payable	2,272,229	2,175,076	–	–	2,175,076
Deposits for registration	1,632,697	1,562,888	–	–	1,562,888
	10,643,964	10,189,756	–	–	10,189,756
Lease liabilities (Note 14)	4,624,851	6,557,318	–	–	6,557,318
Loans payable (Note 17)	28,510,166	27,377,659	–	–	27,377,659
Bonds payable (Note 18)	35,133,029	33,488,201	–	–	33,488,201
	₱78,912,942	₱77,612,935	₱–	₱–	₱77,612,935

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, due from and to related parties, other receivables and other assets*: Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.

- *Contract receivables*: Estimated fair value of contract receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date. Interest rate used was 11.5% to 19.0% in 2023 and 2022, respectively.

  Due to the short-term nature of receivables from government and financial institutions, carrying amounts approximate fair values.

- *Financial assets at FVOCI*: Fair values were determined using quoted market prices at reporting date. Fair value of unquoted equity securities are based on the latest selling price available.

- *Accounts payable and accrued expenses*: On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rates used is 6.77% and 4.28% in 2023 and 2022.

- *Long-term debt:* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date. Long-term debt subjected to quarterly repricing is not discounted since it approximates fair value. The discount rates used ranged from 4.21% to 5.50% and 4.21% to 5.50% as of December 31, 2023 and 2022.

During the years ended December 31, 2023 and 2022, 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.

29. Financial Risk Management Objectives and Policies

The Parent Company's principal financial instruments are composed of cash and cash equivalents, contracts and other receivables, due from related parties, financial assets at FVOCI, accounts payable and accrued expenses, due to related parties and long-term debt (loans payable and bonds payable). The main purpose of these financial instruments is to raise financing for the Parent Company's operations.

The main objectives of the Parent Company'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 Parent Company's finance and treasury function operates as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Parent Company. The Parent Company's BOD reviews and approves the policies for managing each of these risks.

The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Parent Company's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Parent Company's financial instruments are liquidity risk, credit risk and interest rate risk. The Parent Company also monitors the foreign currency arising from all financial instruments.

Liquidity Risk
Liquidity risk is defined as the risk that the Parent Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Parent Company seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Parent Company uses combination of internally generated funds and available long-term and short-term credit facilities.

As of December 31, 2023 and 2022, the Parent Company has ₱25.78 billion and ₱12.81 billion, respectively, of undrawn short-term credit lines, and ₱30.18 billion and ₱18.00 billion of undrawn long-term credit facilities, respectively.

As part of its liquidity risk management, the Parent Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

The tables below summarize the maturity profile of the Parent Company's other financial liabilities as of December 31, 2023 and 2022 based on contractual undiscounted payments.

	2023						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts payable and accrued expenses							
Accounts payable	**₱3,358,235**	**₱1,261,651**	**₱690,429**	**₱1,784,673**	**₱1,802,340**	**₱–**	**₱8,897,328**
Retention fees payable	**355,136**	**354,932**	**76,344**	**6,533**	**298,222**	**169,688**	**1,260,855**
Deposits for registration	**–**	**231**	**94,966**	**347,722**	**136,961**	**201,059**	**780,939**
Accrued expenses	**2,275,976**	**–**	**–**	**–**	**–**	**–**	**2,275,976**
Accrued interest	**1,778,128**	**–**	**–**	**–**	**–**	**–**	**1,778,128**
	7,767,475	**1,616,814**	**861,739**	**2,138,928**	**2,237,523**	**370,747**	**14,993,226**
Due to related parties	**144,760**	**–**	**–**	**–**	**–**	**–**	**144,760**
Loans payable	**–**	**4,066,000**	**12,198,001**	**12,227,098**	**1,927,437**	**–**	**30,418,536**
Bonds payable	**–**	**976,504**	**2,929,512**	**19,822,170**	**20,094,336**	**–**	**43,822,522**
Lease liabilities	**–**	**62,014**	**186,041**	**533,937**	**287,154**	**18,467,389**	**19,536,535**
	₱7,912,235	**₱6,721,332**	**₱16,175,293**	**₱34,722,133**	**₱24,546,450**	**₱18,838,136**	**₱108,915,579**

	2022						
	On demand	**Less than 3 months**	**3 months to 1 year**	**> 1 year but < 3 years**	**3 years to 5 years**	**Over 5 years**	**Total**
				(In Thousands)			
Financial Liabilities at Amortized Cost							
Accounts payable and accrued expenses							
Accounts payable	₱2,543,955	₱955,735	₱523,019	₱1,351,939	₱1,365,322	₱–	₱6,739,970
Retention fees payable	640,002	639,635	137,582	11,774	537,436	305,800	2,272,229
Deposits for registration	–	482	198,545	726,977	286,342	420,351	1,632,697
Accrued expenses	726,180	–	–	–	–	–	726,180
Accrued interest	313,203	–	–	–	–	–	313,203
	4,223,340	1,595,852	859,146	2,090,690	2,189,100	726,151	11,684,279
Due to related parties	581,560	–	–	–	–	–	581,560
Loans payable	–	2,125,036	6,375,107	15,417,356	8,039,050	–	31,956,549
Bonds payable	–	2,688,727	8,066,180	19,050,675	10,579,412	–	40,384,994
Lease liabilities	–	236,242	248,054	260,457	273,480	18,467,390	19,485,623
	₱4,804,900	₱6,645,857	₱15,548,487	₱36,819,178	₱21,081,042	₱19,193,541	₱104,093,005

The tables below summarize the maturity profile of the Parent Company's financial assets and contract assets held to manage liquidity as of December 31, 2023 and 2022:

	2023						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	**₱2,925,085**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,925,085**
Cash equivalents	–	**272,301**	–	–	–	–	**272,301**
Contracts receivable							
Contracts receivable	**1,582,485**	–	–	–	–	–	**1,582,485**
Receivables from government and financial institutions	**255,344**	–	–	–	–	–	**255,344**
Investment and advances in associates and subsidiaries		–	–	–	–	–	
Advances to associates and subsidiaries	**7,765,707**	–	–	–	–	–	**7,765,707**
Other receivables							
Receivable from tenants-net	**701,575**	–	–	–	–	–	**701,575**
Due from related parties	**144,408**	–	–	–	–	–	**144,408**
Investment in Bonds	**150,000**	–	–	–	–	–	**150,000**
Receivable from homeowners' associations-net	**227,671**						**227,671**
Receivable from buyers	–	–	–	–	–	–	–
Others	**13,736**	–	–	–	–	–	**13,736**
Short-term deposits	**–**	–	**91,566**	–	–	–	**91,566**
	13,766,011	**272,301**	**91,566**	–	–	–	**14,129,878**
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	**6,458**	–	–	–	–	**6,458**
Unquoted	–	**9,077**	–	–	–	–	**9,077**
	–	**15,535**	–	–	–	–	**15,535**
Total financial assets	**13,766,011**	**287,836**	**91,566**	–	–	–	**14,145,413**
Contract assets	**–**	**1,696,313**	**5,088,940**	**589,423**	**261,863**	**2,143,132**	**9,779,671**
	₱13,766,011	**₱1,984,149**	**₱5,180,506**	**₱589,423**	**₱261,863**	**₱2,143,132**	**₱23,925,084**

	2022						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
				(In Thousands)			
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	₱2,897,439	₱–	₱–	₱–	₱–	₱–	₱2,897,439
Cash equivalents	–	307,700	–	–	–	–	307,700
Contracts receivable							
Contracts receivable	1,898,753	–	–	–	–	–	1,898,753
Receivables from government and financial institutions	222,032	–	–	–	–	–	222,032
Investment and advances in associates and subsidiaries		–	–	–	–	–	–
Advances to associates and subsidiaries	5,445,233	–	–	–	–	–	5,445,233
Other receivables		–	–	–	–	–	–
Receivable from tenants-net	582,995	–	–	–	–	–	582,995
Due from related parties	128,182	–	–	–	–	–	128,182
Investment in Bonds	150,000						150,000
Receivable from homeowners' associations-net	286,148	–	–	–	–	–	286,148
Receivable from buyers	–	–	–	–	–	–	–
Others	48,314	–	–	–	–	–	48,314
Short-term deposits	–	–	74,821	–	–	–	74,821
	11,659,096	307,700	74,821	–	–	–	12,041,617
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	6,458	–	–	–	–	6,458
Unquoted	–	9,077	–	–	–	–	9,077
	–	15,535	–	–	–	–	15,535
Total financial assets	11,659,096	323,235	74,821	–	–	–	12,057,152
Contract assets	–	1,691,678	5,075,033	1,613,176	739,746	1,363,323	10,482,956
	₱11,659,096	₱2,014,913	₱5,149,854	₱1,613,176	₱739,746	₱1,363,323	₱22,540,108

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Parent Company is exposed to credit risk from its operating activities, primarily for its contract receivables and other receivables.

It is the Parent Company's policy that buyers who wish to avail of the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, as discussed in Note 7, the Parent Company has a mortgage insurance contract with HGC for a retail guaranty line.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Parent Company has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Parent Company, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Parent Company evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

An impairment analysis is performed at each reporting date using the vintage model to measure expected credit losses. The probability of default rates are based groupings of various customer segments with similar loss patterns (i.e., by market segment and collateral type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Parent Company's contract receivables and contract assets using a provision matrix:

		2023				
	Total	**Socialized**	**Low Affordable**	**Affordable**	**Middle Income**	**High-end**
				(In Thousands)		
Expected credit loss	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Estimated total gross carrying amount at default	**₱11,617,500**	**₱520,811**	**₱1,695,400**	**₱3,894,429**	**₱4,520,571**	**₱986,289**

		2022				
	Total	Socialized	Low Affordable	Affordable	Middle Income	High-end
				(In Thousands)		
Expected credit loss	₱–	₱–	₱–	₱–	₱–	₱–
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	₱12,603,741	₱496,215	₱1,798,591	₱4,251,894	₱4,986,835	₱1,070,206

With respect to credit risk arising from the other financial assets of the Parent Company, which comprise cash and cash equivalents and financial assets at FVOCI, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Based on the Parent Company's experience, the said assets are highly collectible or collectible on demand. The Parent Company holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Parent Company can repossess the collateralized properties and resell them at the prevailing market price.

Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Parent Company has not noted any extraordinary exposure which calls for a substandard grade classification.

As at December 31, 2023 and 2022, the analysis of contracts receivables that were past due follows:

	Past due					
	Less than 30 days	30 to 60 days	61 days to 90 days	91 days to 120 days	Over 120 days	Total
			(In Thousands)			
2023	**₱384,811**	**₱171,577**	**₱250,029**	**₱106,180**	**₱669,888**	**₱1,582,485**
2022	₱414,693	₱256,212	₱185,816	₱178,485	₱871,643	₱1,906,849

There is no concentration risk on the Parent Company's financial assets as of December 31, 2023 and 2022.

Interest Rate Risk
The Parent Company's exposure to market risk for changes in interest rates relates primarily to the Parent Company's loans from various financial institutions. To manage interest rate risk, the Parent Company renegotiates the interest rates for certain long-term debts to convert them from fixed-rate debt to floating-rate debt as the Parent Company believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Parent Company's profit before tax (through the impact on floating rate borrowings). There is no other impact on the Parent Company's other comprehensive income other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax (In Thousands)
2023	**+200**	**(₱254,268)**
	-200	**254,268**
2022	+200	(81,171)
	-200	81,171

The assumed change in rate is based on the currently observable market environment. Effect on the Group's income before tax is computed on the carrying amount of the Group's floating rate loans payable as of December 31, 2023 and 2022.

The following table sets out the carrying amount, by maturity, of the Parent Company's long-term debts that are exposed to interest rate risk (amounts in thousands):

	91-day Treasury bill plus 1% to 2% margin					
Variable interest rate	**Below 1 Year**	**1-2 Years**	**2-3 Years**	**3-4 Years**	**Over 4 Years**	**Total**
As of December 31, 2023	**₱4,156,667**	**₱-**	**₱-**	**₱1,000,000**	**₱50,000**	**₱5,206,667**
As of December 31, 2022	3,083,333	291,667	-	₱-		₱3,375,000

30. Commitments and Contingencies

Contingencies
The Parent Company is involved in various legal actions, claims, and contingencies incidental to the ordinary course of the business. Management believes that any amount the Parent Company may have to pay in connection with any of these matters would not have a material adverse effect on its financial position or operating results. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* is not disclosed as they may prejudice the outcome of the ongoing proceedings.

Capital Commitments and Obligations
The Parent Company has contractual commitments and obligations for the construction and development costs to be incurred for investment properties and property and equipment items aggregating ₱3,328.0 million and ₱2,164.5 million as of December 31, 2023 and 2022, respectively. These will be recognized as liabilities in the Parent Company's financial statements when the related services are received.

Assignment of Development Rights under a Build, Transfer and Operate Agreement
On June 26, 2015, the Parent Company and a third party entered into an agreement whereby the latter agreed to assign its project development rights and benefits under its BTO Agreement with Cebu Province to the Parent Company. In consideration of this assignment, the Parent Company paid upfront fee amounting to ₱200.0 million. As of December 31, 2023, project construction has not started pending approval from the Province of Cebu on cleared site and this upfront fee is recorded as part of 'Other noncurrent assets' in the parent company statement of financial position (see Note 15).

Development Agreement with Bases Conversion Development Authority (BCDA)
In 2015, the Parent Company won the contract to develop a 288-hectare area in Clark Green City in Tarlac and paid 10% of the bid premium as bid security amounted to ₱16.0 million. On January 8, 2016, the Joint Venture Agreement with BCDA was signed and pursuant to the terms of the development of the project, the Parent Company paid the ₱160.0 million bid premium representing the right to own 55% of the equity on the joint venture company to be formed with BCDA.

On February 11, 2016, the Parent Company incorporated FCGC Corporation, the entity that will handle the development of the New Clark City (NCC) Project, formerly Clark Green City Project. The bid premium is presented as part of investment properties in the parent company financial statements (see Note 12).

31. Registration with PEZA

On February 13, 2002, the Parent Company was registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of the Republic Act (RA) No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (the "Ecozone") to be known as Filinvest Technology Park-Calamba.

Under the registration, the Parent Company shall enjoy 5% preferential tax privilege on income generated from the Ecozone in lieu of the regular income tax rate.

32. Registration with BOI

The Parent Company registered New Leaf Phases 1A and 1B as New Developers of Low-Cost Mass Housing Projects with the BOI under the Omnibus Investments Code of 1987 (Executive Order No. 226), whose validity ended on March 19, 2023. Hence, no outstanding projects have been registered with the BOI as of December 31, 2023.

33. Notes to Statements of Cash Flows

Changes in liabilities arising from financing activities for the years ended December 31 follows:

	2023			
	January 1, 2023	**Cash flows**	**Noncash movement**	**December 31, 2023**
		(In Thousands)		
Loans payable	**₱28,510,166**	**(₱1,085,379)**	**₱7,798**	**₱27,432,585**
Bonds payable	**35,133,029**	**2,395,400**	**(59,912)**	**37,468,517**
Accrued interest	**313,203**	**(3,123,873)**	**2,898,029**	**87,359**
Dividends payable*	**21,413**	**(875,871)**	**875,871**	**21,413**
Lease liabilities	**4,624,851**	**(332,040)**	**712,162**	**5,004,973**
	₱68,602,662	**(₱3,021,763)**	**₱4,433,948**	**₱70,014,847**

**Dividends payable is presented as part of "Accounts payable and accrued expenses" (see Note 16).*

	2022			
	January 1, 2022	Cash flows	Noncash movement	December 31, 2022
		(In Thousands)		
Loans payable	₱27,638,065	₱861,061	₱11,040	₱28,510,166
Bonds payable	30,301,877	4,900,000	(68,848)	35,133,029
Accrued interest	258,937	(2,799,612)	2,853,878	313,203
Dividends payable*	19,000	(1,140,526)	1,142,939	21,413
Lease liabilities	4,517,270	(272,588)	380,169	4,624,851
	₱62,735,149	₱1,548,335	₱4,319,178	₱68,602,662

**Dividends payable is presented as part of "Accounts payable and accrued expenses" (see Note 16).*

The Parent Company's noncash activities are as follows:

a. Additions to both right-of-use assets and lease liabilities amounting to ₱278.20 million in 2023 (nil in 2022; see Notes 12 and 14).

b. Purchases of investment properties. property and equipment and BTO rights which remain unpaid amounted to ₱1,445.62 million, ₱7.61 million and ₱274.43 million, respectively, as of December 31, 2023 and ₱1,849.49 million, ₱9.49 million and nil , respectively, of December 31, 2022 (see Notes 9, 12, 13 and 15).

c. The Parent Company has remaining unpaid cash dividend amounting to ₱21.41 million and ₱21.41 million as of December 31, 2023 and 2022, respectively (see Note 26).

34. Subsequent Events

On January 30, 2024, the Parent Company and the Province of Cebu entered into an Amendment Agreement to the BTO Agreement, recognizing the full assignment not only of the rights and benefits but also the obligations under the BTO Agreement in favor of the Parent Company as the successor proponent to the contemplated project development. This is a non-adjusting subsequent event and does not impact the Parent's financial position and performance as of and for the year ended December 31, 2023.

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