PNB HOLDINGS CORPORATION
(Incorporated in the Republic of the Philippines)

4th Floor and 12th Floor, PNB Makati Center
6754 Ayala Avenue, Makati City
Telephone Number: (632) 8817-1585

Distribution of up to 23,935,371,000[1] Common Shares of the
Capital Stock of PNB Holdings Corporation as
Property Dividend to the Stockholders of the Philippine National Bank

and

Listing by Way of Introduction of
46,932,100,000 Common Shares
of the Capital Stock of PNB Holdings Corporation on the
Main Board of the Philippine Stock Exchange
with an Initial Listing Price of P1.20

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

This Prospectus is dated as of 7 September 2026

This Prospectus is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

[1] Adjusted for the new par value per share of P1.00 approved by the SEC on May 29, 2023

PNB HOLDINGS CORPORATION
4th Floor and 12th Floor, PNB Makati Center
6754 Ayala Avenue, Makati City, Philippines
Telephone Number: (632) 8817-1585
https://pnbholdings.com.ph

This Prospectus relates to the Common Shares of the capital stock ("Common Shares") of PNB Holdings Corporation ("PHC", the "Company" or the "Issuer"), a company organized under Philippine law, with respect to (i) the distribution by the Philippine National Bank ("PNB") of up to 23,935,371,000 Common Shares[2] of the Company (the "Property Dividend") to all stockholders of PNB as of 18 May 2021 (the "Dividend Distribution"); (ii) registration with the Securities and Exchange Commission ("SEC") of the 46,932,100,000 total outstanding capital stock of the Company, and (iii) the listing by way of introduction in the Main Board of the Philippine Stock Exchange ("PSE") of the 46,932,100,000 Common Shares (the "Listing") representing the Company's total outstanding capital stock after the property dividend declaration of PNB.

As of the date of this Prospectus, the Company has an authorized capital of P50,500,000,000.00 consisting of 50,500,000,000 Common Shares with a par value of P1.00 per share.

Prior to the Dividend Distribution, PNB was the legal and beneficial owner of 100% of the outstanding capital stock of the Issuer. On 12 April 2021, the Board of Directors of PNB approved the distribution to the PNB shareholders as of 18 May 2021(the "PNB Shareholders") by way of property dividends of 51% of PNB's shareholdings in the Company. Following the approval of the SEC, the Property Dividend will result in the distribution to the PNB Shareholders of 0.156886919 shares of the Issuer for every one (1) share of PNB. A total of 239,353,710 Common Shares with a par value of P100.00 per share comprised the Property Dividend declared in 2021, which, adjusted for the new par value per share of P1.00 approved by the SEC on 29 May 2023, is equivalent to 23,935,371,000 Common Shares with a par value of P1.00 per share (the "Dividend Shares").

As a result of the Property Dividend, LT Group, Inc. ("LTG") gained indirect ownership of the Company of up to 30.51% through companies majority-owned by LTG, which received the Dividend Shares in June 2023.

As of the date of this Prospectus, the Bureau of Internal Revenue ("BIR") issued the electronic Certificates Authorizing Registration ("eCARs") for 23,585,544,600 Dividend Shares or 98.54% thereof.

With the distribution of 98.54% of Property Dividend, the shareholders of the Company increased to 5,519 stockholders, 5,516 of whom hold at least 100 Common Shares. Following the same, it can be inferred that the shares for which Listing is sought are of such amount and are so widely held that their adequate marketability when listed can be assumed in line with Article III, Part G, Section 1 of the Amended Listing Rules of the PSE

Neither the Company nor its shareholders will offer Common Shares for sale or subscription by the public in connection with the Listing. The secondary sale of shares by way of private placement which is expected to be transacted on Listing Date is not open to the public. Consequently, there will be no increase in the total number of outstanding Common Shares of the Company upon completion of the Dividend Distribution and the Listing. Neither will there be an underwriter for, or proceeds from, the Dividend Distribution and Listing. Nonetheless,

[2] Adjusted for the new par value per share of P1.00 approved by the SEC on May 29, 2023

the indicative reference opening price ("Initial Listing Price") of the Common Shares upon Listing shall be at P1.20 per share based on the range of valuation recommended in the Valuation and Fairness Opinion dated December 2025 issued by Punongbayan & Araullo, an independent advisor. The Valuation and Fairness Opinion is annexed to this Prospectus.

All the Common Shares of the Company are unclassified and have identical rights and privileges. The Common Shares may be owned by any person or entity regardless of citizenship or nationality, subject to the nationality limits under Philippine law. The Philippine Constitution and other Philippine laws and regulations require that ownership of companies that own land be limited to citizens of the Philippines, or Philippine Nationals. Since the Company owns land, foreign ownership in the Company is limited to a maximum of 40% of the Company's issued and outstanding capital stock entitled to vote.

The Company is authorized to declare dividends to holders of its Common Shares as of a record date set by the Board of Directors (the "Board"). The Company does not have a specific dividend policy apart from the rules and requirements established under the Revised Corporation Code. As such, dividends may be payable, at the discretion of the Board, in cash, property, or stock. A cash or property dividend declaration requires the approval of the Board only. A stock dividend declaration requires the approval of the Board and the shareholders representing at least two-thirds of the outstanding capital stock. The ability to declare dividends is subject to the requirements of applicable laws, rules and regulations; the availability of unrestricted retained earnings; and circumstances which restrict the payment of dividends.

Unless otherwise indicated, all information in this Prospectus is as of the date of this Prospectus. The delivery of this Prospectus shall not, 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 Company's affairs since such date.

The information contained in this Prospectus has been supplied by the Company, unless otherwise stated. The Company confirms that after having taken reasonable care to ensure that such is the case, as of date of this Prospectus, (a) this Prospectus contains all information with respect to the Company, which is material in the context of the Dividend Distribution and Listing; (b) the statements contained in it relating to the Company are in every material respect true and accurate and not misleading; (c) there are no other facts in relation to the Company or the Common Shares which would make any statement in this Prospectus misleading in any material respect; and (d) reasonable inquiries have been made by the Company to ascertain facts, information and statements in this Prospectus. The Company accepts full responsibility for the accuracy of the information contained in this Prospectus.

The Company has exercised the required due diligence in verifying that all material information in this Prospectus, and its amendments and supplements are true and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading.

PNB Capital and Investment Corporation has confirmed to the PSE that: (i) it has exercised due diligence to ascertain that all material information and representations contained in the Company's Prospectus, including amendments or supplements thereto, are true and correct, in material respects and (ii) to the best of its knowledge, no material information was omitted, which was necessary in order to make the material statements contained in the Company's Prospectus not misleading as of the date thereof.

Market data and certain industry forecasts used throughout this Prospectus 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 the Company does not make any representation as to the accuracy of such information.

Before making an investment decision, investors should carefully consider the risks associated with an investment in the Common Shares. These risks include:

- Risks relating to the Company's Business
- Risks relating to the Philippines
- Risks related to the Common Shares

Please refer to the section entitled "*Risk Factors*" beginning on page 11 of this Prospectus, which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with the investment in the Common Shares.

Forward Looking Statements and Use of Estimates

This Prospectus may include forward-looking statements and information that are, by their nature, subject to significant risks and uncertainties. These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements.

The forward-looking statements disclosed in this Prospectus reflect the Company's current projections with respect to future events, which projections are based on assumptions and estimates as of the date of this Prospectus. Words such as "plan", "target", "project", "anticipate", "may", "might", "will", "shall", or the negative forms of these words, and other similar expressions, identify forward-looking statements. Considering the inherent risks and uncertainties, a potential investor should exercise caution and should not heavily rely on these forward-looking statements.

A prospective investor should read this Prospectus, and the documents referenced thereto, completely and with the understanding that the forward-looking events and circumstances disclosed in this Prospectus may or may not occur.

Investor Relations

PHC is firmly committed to upholding the highest standards of transparency, disclosure, and stakeholder engagement as it transitions into a publicly listed entity through a listing by way of introduction. While the Company is not offering new shares to the public at this time, it recognizes that effective investor relations are essential to establishing market credibility, fostering investor confidence, and supporting long-term shareholder value creation.

In preparation for its listing and in compliance with the disclosure and governance requirements of the PSE and the SEC, the Company has implemented a structured and proactive Investor Relations ("IR") Program. This program is designed to ensure that the investing public, analysts, and other stakeholders are provided with timely, accurate, and comprehensive information regarding the Company's financial and operational performance, strategic direction, and governance practices.

As part of its current investor relations initiatives, the Company regularly issues press statements and corporate communications to announce significant developments, strategic milestones, and other material updates. These communications are carefully crafted to ensure consistency and clarity in messaging and are disseminated through multiple channels, including the Company's official website. The Corporate Communications Department plays a central role in managing media relations and engages with the press through media conferences, news releases, fact sheets, social gatherings, one-on-one meetings, and third-party consultants. The Company also supports select media-initiated causes and events that are aligned with its corporate values and advocacies.

To further enhance transparency and accessibility, the Company maintains a dedicated Investor Relations section on its corporate website. This section serves as a centralized platform for accessing key investor materials, including regulatory disclosures, financial highlights, governance documents, media releases, and other relevant information. The website is updated regularly to ensure that stakeholders have access to the most current and accurate data.

Looking ahead, PHC intends to expand and professionalize its Investor Relations Program as it matures as a publicly listed entity. Among the key initiatives planned are the conduct of non-deal roadshows ("NDRs"), which will serve as a platform for senior management to engage directly with institutional investors and market analysts. These sessions will provide deeper insights into the Company's business model, financial performance, and long-term strategic priorities, outside the context of a capital-raising activity.

In addition, the Company plans to participate in both local and international investor conferences and forums. These events are expected to enhance the Company's visibility within the broader investment community and attract interest from a diverse base of institutional investors, both domestic and global. Such participation will reinforce the Company's commitment to transparency and its positioning as a credible and investable enterprise.

To further strengthen investor engagement and promote operational transparency, the Company will also organize guided site visits and facility tours. These immersive experiences will allow investors and analysts to gain firsthand knowledge of the Company's operations, assets, and sustainability practices, thereby fostering a deeper understanding of its business and long-term value proposition.

The Investor Relations function is under the Office of the Chief Financial Officer ("CFO") which is currently headed by Mr. Ponciano S. Carreon, Jr. with operational support from a cross-functional team comprising representatives from Corporate Communications, Finance, Strategic Policy and Compliance. This structure ensures consistency in messaging, timely disclosure of material information, and alignment with the Company's overall corporate governance framework.

To facilitate direct communication with current and prospective investors, the Company has also established a dedicated investor relations email address: **irl@pnbholdings.com.ph** and telephone line: 8817-1585. This channel serves as a formal point of contact for investor inquiries and feedback, further reinforcing the Company's commitment to open and responsive stakeholder engagement.

Through these initiatives, PHC affirms its view that listing is a strategic opportunity to institutionalize a culture of transparency, accountability, and investor trust. The Company remains committed to continuously enhancing its Investor Relations Program in line with evolving market expectations and best practices in corporate governance.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CORRECT.

PNB HOLDINGS CORPORATION

By:

PONCIANO S. CARREON, JR
Chief Financial Officer

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY Metro Manila) S.S

SUBSCRIBED AND SWORN to before me this 07 SEP 2026 in MAKATI CITY, affiant/s exhibiting to me his Professional Identification card No. 0092320 valid until 26 January 2028.

Doc. No. 428;
Page No. 87;
Book No. LXI;
Series of 2026.

MA. ESMERALDA R. CUNANAN
Notary Public for and in Makati City
Until December 31, 2027
Appt. No. M-046 (Ren) (2026-2027) Makati City
Attorney's Roll No. 34562
MCLE Compliance No. VIII-0009662/valid until 4-14-2027
PTR No. 10766011/1-2-2026/Makati City
IBP Lifetime Member No. 05413
G/F Dela Rosa Carpark I, Dela Rosa St.
Legaspi Village, Makati City

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GLOSSARY OF TERMS

In this Prospectus, the following terms shall have the meanings set out below. Other terms are also defined in the body of this Prospectus.

ADR	Average Daily Rates
Affiliate	Under the Revised Listing Rules of the Philippine Stock Exchange, an affiliate means a person who directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with the person specified, through the ownership of voting shares or other means such as contractual agreements.
Articles of Incorporation	The Articles of Incorporation of the Company, as amended
Bay Area	The Bay Area is comprised of approximately 3,000 hectares of reclaimed land in Manila Bay located west of Roxas Boulevard and the Manila–Cavite Expressway in Metro Manila. The area is between the cities of Manila, Pasay and Parañaque. The area includes, among others, the PNB Financial Center.
BGC	Bonifacio Global City
BIR	Bureau of Internal Revenue of the Philippines
BOD, Board or Board of Directors	Board of Directors of PNB Holdings Corporation
BSP	Bangko Sentral ng Pilipinas
By-laws	The By-laws of the Company, as amended
eCAR	Electronic Certificate Authorizing Registration which is issued by the Bureau of Internal Revenue to effect transfers of shares
CBD	Central Business District
CCT	Condominium Certificate of Title
Company	PNB Holdings Corporation
Common Shares	Common shares of the Company with a par value of One Peso (P1.00) per share
DENR	Department of Environment and Natural Resources
Dividend Distribution	The distribution of the property dividend approved by the Board of Directors of the Philippine National Bank

	("PNB") consisting of up to 239,353,710 common shares of PNB Holdings Corporation (with a par value of P100.00 per share) held by PNB to all stockholders of record of PNB on 18 May 2021.
DOLE	Department of Labor and Employment
EBIT	Earnings before income tax
EBITDA	Earnings before interest, taxes, depreciation and amortization
ECC	Environmental Compliance Certificate
EIS	Environmental Impact Assessment
ESG	Environmental, Social and Governance
F&B	Food and Beverage
FIA	Foreign Investments Act, as amended
Genbancor	Genbancor Condominium Corporation, a subsidiary of the Company
Initial Listing Price	P1.20 per share
KPI	Key Performance Indicator
LGC	Local Government Code
Listing	Listing by Way of Introduction
Listing Date	The date on which the Common Shares shall be listed with the PSE
LTG or LT Group	LT Group, Inc.
LPC	Leechiu Property Consultants, Inc.
Management	The Management of PNB Holdings Corporation
MICE	Meetings, Incentives, Conferences, and Exhibitions
NIAT	Net income after tax
₱, Peso, Pesos	Philippine Pesos
PCAB	Philippine Contractors Accreditation Board
PHC or PNB Holdings	PNB Holdings Corporation
PNB	Philippine National Bank
POGO	Philippine offshore gaming operator

POGO Event	Emergence of POGOs as an industry in the Philippines beginning circa 2003 as a generally unregulated service industry.
Projected K-Growth	Economic scenario following a recession where different sectors, industries, or demographic groups recover at different rates
Property Dividend	239,353,710 Common Shares of PNB Holdings Corporation declared as property dividend to shareholders of the Philippine National Bank as of 18 May 2021, which, adjusted for the new par value per share of P1.00 approved by the SEC on May 29, 2023, is equivalent to 23,935,371,000 Common Shares with a par value of P1.00 per share
Prospectus	This Prospectus together with all its annexes, appendices and amendments, if any
PSE or Exchange	Philippine Stock Exchange
RD	Register of Deeds
Revised Corporation Code	Republic Act No. 11232 otherwise known as the Revised Corporation Code of the Philippines
RevPAR	Revenue per Available Room
SEC	Securities and Exchange Commission
SGV & Co.	Sycip Gorres Velayo & Co.
SRC	Securities Regulation Code
SSS	Social Security System
STT	Stock transaction tax
TCT	Transfer Certificate of Title
VAT	Value-added tax
YTD	Year-to-Date

EXECUTIVE SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and audited financial statements, including notes thereto, found in the appendices of this Prospectus. Prospective investors should read this entire Prospectus fully and carefully, including the section on "Risk Factors". In case of any inconsistency between this summary and the more detailed information in this Prospectus, then the more detailed portions, as the case may be, shall at all times prevail.

OVERVIEW OF THE COMPANY

PNB Holdings Corporation (the "Company" or "PHC" or the "Issuer") is a holding company incorporated with the Securities and Exchange Commission (the "SEC") on 20 May 1920. Its current authorized capital stock is 50,500,000,000 Common Shares with a par value of P1.00 per share.

PHC's primary revenue streams are derived from its core business segments, which include the leasing and management of prime office and retail spaces, event venue space rentals, and co-working space operations.

To unlock greater long-term value, PHC intends to undertake a strategic redevelopment program, starting with its Buendia property in Makati City, envisioned as a high-end mixed-use development. Over time, other prime sites in Makati and Pasay will be transformed into curated luxury communities, reinforcing PHC's vision of elevating the Philippine real estate landscape through globally inspired urban experiences.

On 13 January 2021, the SEC approved the amendment of the Company's Articles of Incorporation to include engaging in real estate business as a secondary purpose. On even date, the SEC also approved the increase of the Company's authorized capital stock to ₱ 50,500,000,000.00 divided into 505,000,000 common shares with a par value of ₱100.00 per share. Out of the increase in the authorized capital stock of 500,000,000 shares, 466,770,000 shares with a par value of ₱100.00 per share have been subscribed by the Philippine National Bank ("PNB") in exchange for prime real estate properties, namely the PNB Makati Center, the PNB Financial Center and the PHC Buendia Property. As a result, the Company became wholly owned by PNB as its total shareholdings therein increased to 469,321,000 shares with a par value of P100.00 per share.

On 23 April 2021, the Board of Directors of PNB approved and confirmed the property dividend declaration consisting of up to 239,353,710 common shares of the Company, at the then par value of P100.00 per share (the "Property Dividend"), representing 51.00% PNB's shareholdings in the Company, as property dividend to all stockholders of record of PNB as of 18 May 2021. On 24 December 2021, the SEC issued a Certificate of Filing the Notice of Property Dividend Declaration.

On 29 May 2023, the SEC approved the change in the par value of the shares of the Company from ₱100.00 per share to ₱1.00 per share, without any return of capital. As a result, the authorized capital stock of the Corporation increased from 505,000,000 common shares with a par value of ₱100.00 per share, to 50,500,000,000 common shares with a par value of ₱ 1.00 per share.

Prior to the distribution of the Property Dividend, the Company was a wholly owned subsidiary of PNB. As a result of the Property Dividend, LT Group Inc., a publicly-listed company incorporated and domiciled in the Philippines, gained indirect ownership of the Company of

up to 30.51% through companies majority-owned by LTG, which received the Dividend Shares. The Company's ultimate parent company, Tangent Holdings Corporation, is also incorporated in the Philippines.

The Company has one (1) subsidiary, Genbancor Condominium Corporation ("Genbancor"), which is primarily engaged in the management of the common areas of the Genbancor Office Condominium Building in Ayala Avenue Makati City.

The Company's revenues for the period ending 31 March 2026 were ₱318.57 million, higher by 17% vis-à-vis the same period last year. Net income for the same period amounted to ₱110.58 million which is higher by 71% vis-à-vis the same period last year.

As of 31 March 2026, PHC had total assets of ₱50.71 billion and total equity of ₱49.68 billion.

The Company's revenues for the period ending 31 December 2025 were ₱1.21 billion, lower by 9% than the previous year. Net income for the year ending 31 December 2025 was ₱401.68 million which was lower by 24% than the previous year.

As of 31 December 2025, the Company had total assets of ₱50.46 billion and total equity of ₱49.56 billion.

The Company's revenues for the year ending 31 December 2024 were ₱1.34 billion, lower by 4% than the previous year. Net income for the year ending 31 December 2024 was ₱529.00 million which was lower by 13% than the previous year.

As of 31 December 2024, PHC had total assets of ₱50.15 billion and total equity of ₱49.17 billion.

The Company's revenues for the year ending 31 December 2023 were ₱1.39 billion, down by 2% than the previous year. Net income for the year ending 31 December 2023 was ₱609.52 million which was lower by 9% than the previous year.

As of 31 December 2023, PHC had total assets of ₱50.03 billion and total equity of ₱48.59 billion.

For more information, please refer to the section "Description of Business" beginning on page 29 of this Prospectus.

RISKS OF INVESTING

The Company and its stockholders will not be offering Common Shares to the public for subscription or sale in connection with the Dividend Distribution or the Listing[3]. Investors, however, should consider the following risks associated with an investment in the Common Shares:

- Risks relating to the Company's Business
- Risks relating to the Philippines
- Risks related to the Common Shares

The aforementioned risks are discussed in detail in the section "Risk Factors" beginning on page 11 of this Prospectus.

[3] The secondary sale of shares by way of private placement which is expected to be transacted on Listing Date is not open to the public.

TRANSACTION COUNSEL

The firm Roxas De Los Reyes Laurel Rosario & Gonzales Law Offices ("RRLR") is the Company's Transaction Counsel for the registration of the Common Shares with the SEC, and the Listing.

CONTACT INFORMATION

The principal office of the Company is located at the 4th and 12th Floor, PNB Makati Center, 6754 Ayala Avenue, Makati City. Its telephone number is (+632) 8817-1585 and its website is www.pnbholdings.com.ph.

The information on the Company's website is not incorporated by reference into and does not constitute part of this Prospectus.

SUMMARY OF FINANCIAL INFORMATION

The financial information set forth below have been derived from the Company's financial statements which have been audited by Sycip Gorres Velayo & Co. for the three-month period ended 31 March 2026 and for the years ended 31 December 2025, 2024 and 2023, in accordance with the Philippine Financial Reporting Standards. The financial information should be read together with Management's Discussion and Analysis of Financial Condition and Results of Operations.

The financial information set forth below does not purport to project the results of the Company's operations or financial condition for any future period.

Statements of Comprehensive Income
(In Philippine Pesos)

	Three-Month Period Ended 31 March	**Years Ended 31 December**		
	2026	2025	2024	2023
INCOME				
Rental income and dues	**₱318,566,167**	₱1,212,180,380	₱1,337,451,049	₱1,394,790,366
Interest and other income	**25,724,828**	109,351,210	94,029,406	49,289,629
	344,290,995	1,321,531,590	1,431,480,455	1,444,079,995
COSTS AND EXPENSES				
Cost of rental income	**(145,239,366)**	(550,329,864)	(575,052,738)	(609,031,113)
General and administrative expenses	**(62,244,329)**	(250,398,077)	(180,392,644)	(95,027,983)
Finance charges	**(9,311)**	(57,707)	(12,947)	(1,534)
	(207,493,006)	(800,785,648)	(755,458,329)	(704,060,630)
INCOME BEFORE INCOME TAX	**136,797,989**	520,745,942	676,022,126	740,019,365
PROVISION FOR INCOME TAX				
Current	**38,357,613**	123,545,013	111,827,564	118,765,619
Deferred	**(12,141,563)**	(4,478,003)	35,204,657	11,735,291
	26,216,050	119,067,010	147,032,221	130,500,910
NET INCOME	**110,581,939**	401,678,932	528,989,905	609,518,455
OTHER COMPREHENSIVE INCOME				
Item that recycles to profit or loss in subsequent periods				
Net changes in unrealized gains (losses) on financial assets at FVOCI	**210,235**	56,101	(180,452)	(20,128)
Item that does not recycle to profit or loss in subsequent periods				
Net changes in unrealized gains (losses) on financial assets at FVOCI, net of deferred income tax effect	**5,950,000**	(9,690,000)	47,863,452	10,306,635
Actuarial loss on retirement liability, net of deferred income tax effect	**–**		(1,996,456)	–
	6,160,235	(9,633,899)	45,686,544	10,286,507
TOTAL COMPREHENSIVE INCOME	**₱116,742,174**	₱392,045,033	₱574,676,449	₱619,804,962
BASIC AND DILUTED EARNINGS PER SHARE	**₱0.002**	₱0.009	₱0.011	₱0.013

Statements of Financial Position
(In Philippine Pesos)

	31 March	31 December		
	2026	2025	2024	2023
ASSETS				
Current Assets				
Cash and cash equivalents	**₱2,500,360,114**	₱2,330,898,807	₱1,919,455,216	₱1,761,523,579
Trade and other receivables	**783,544,821**	774,605,644	959,388,279	1,633,870,678
Other current assets	**232,753,153**	216,612,134	265,689,040	196,168,996
Total Current Assets	**3,516,658,088**	3,322,116,585	3,144,532,535	3,591,563,253
Noncurrent Assets				
Financial assets at fair value through other comprehensive income (FVOCI)	**213,941,927**	206,694,592	218,028,591	161,930,944
Investment properties	**46,566,235,030**	46,522,866,702	46,176,006,148	46,227,211,551
Property and equipment	**83,305,896**	86,163,467	311,153,431	25,609,926
Deferred rent asset – net of current portion	**325,358,302**	317,931,430	304,553,721	22,430,501
Deferred income tax assets - net	**–**	–	–	1,574,440
Total Noncurrent Assets	**47,188,841,155**	47,133,656,191	47,009,741,891	46,438,757,362
TOTAL ASSETS	**₱50,705,499,243**	₱50,455,772,776	₱50,154,274,426	₱50,030,320,615
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	**₱284,165,644**	₱233,852,955	₱431,512,283	₱416,700,924
Current portion of deposits and other current liabilities	**139,474,168**	114,063,678	58,108,682	300,721,899
Income tax payable	**32,228,305**	25,610,352	–	9,745,679
Total Current Liabilities	**455,868,117**	373,526,985	489,620,965	727,168,502
Noncurrent Liabilities				
Deposits and other noncurrent liabilities - net of current portion	**546,512,243**	484,814,619	451,291,427	711,492,498
Retirement liability	**3,848,799**	3,848,799	5,646,594	–
Deferred income tax liabilities - net	**24,146,813**	35,201,276	41,379,376	–
Total Noncurrent Liabilities	**574,507,855**	523,864,694	498,317,397	711,492,498
Total Liabilities	**1,030,375,972**	897,391,679	987,938,362	1,438,661,000
Equity				
Capital stock	**46,932,100,000**	46,932,100,000	46,932,100,000	46,932,100,000
Retained earnings	**2,579,914,088**	2,469,332,149	2,067,653,217	1,538,663,312
Other comprehensive income	**163,109,183**	156,948,948	166,582,847	120,896,303
Total Equity	**49,675,123,271**	49,558,381,097	49,166,336,064	48,591,659,615
TOTAL LIABILITIES AND EQUITY	**₱50,705,499,243**	₱50,455,772,776	₱50,154,274,426	₱50,030,320,615

Statements of Changes in Equity
(In Philippine Pesos)

				Other Comprehensive Income (Loss)			
		Retained Earnings		Net Unrealized Gain on Financial	Actuarial Loss on Retirement		
	Capital Stock	Unappropriated	Appropriated	Assets at FVOCI	Liability	Total	Total
BALANCES AS AT JANUARY 1, 2023	**₱46,932,100,000**	**₱929,144,857**	**₱–**	**₱110,609,796**	**₱–**	**₱110,609,796**	**₱47,971,854,653**
Net income	–	609,518,455	–	–	–	–	609,518,455
Other comprehensive income	–	–	–	10,286,507	–	10,286,507	10,286,507
Total comprehensive income	–	609,518,455	–	10,286,507	–	10,286,507	619,804,962
BALANCES AS AT DECEMBER 31, 2023	**₱46,932,100,000**	**₱1,538,663,312**	**₱–**	**₱120,896,303**	**₱–**	**₱120,896,303**	**₱48,591,659,615**
Net income	–	528,989,905	–	–	–	–	528,989,905
Other comprehensive income	–	–	–	47,683,000	(1,996,456)	45,686,544	45,686,544
Total comprehensive income	–	528,989,905	–	47,683,000	(1,996,456)	45,686,544	574,676,449
BALANCES AS AT DECEMBER 31, 2024	**₱46,932,100,000**	**₱2,067,653,217**	**₱–**	**₱168,579,303**	**(₱1,996,456)**	**₱166,582,847**	**₱49,166,336,064**
Net income	–	401,678,932	–	–	–	–	401,678,932
Other comprehensive income (loss)	–	–	–	(9,633,899)	–	(9,633,899)	(9,633,899)
Total comprehensive income (loss)	–	401,678,932	–	(9,633,899)	–	(9,633,899)	392,045,033
BALANCES AS AT DECEMBER 31, 2025	**₱46,932,100,000**	**₱2,469,332,149**	**₱–**	**₱158,945,404**	**(₱1,996,456)**	**₱156,948,948**	**₱49,558,381,097**
Net income	–	110,581,939	–	–	–	–	110,581,939
Other comprehensive loss	–	–	–	6,160,235	–	6,160,235	6,160,235
Total comprehensive income	–	110,581,939	–	6,160,235	–	6,160,235	116,742,174
BALANCES AS AT MARCH 31, 2026	**₱46,932,100,000**	**₱2,579,914,088**	**₱–**	**₱165,105,639**	**(₱1,996,456)**	**₱163,109,183**	**₱49,675,123,271**

Statements of Cash Flows
(In Philippine Pesos)

	Three-Month Period Ended 31 March	Years Ended December 31		
	2026	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**₱136,797,989**	₱520,745,942	₱676,022,126	₱740,019,365
Adjustments for:				
Depreciation	**38,070,211**	150,032,483	173,966,779	161,150,958
Interest income	**(24,607,776)**	(105,171,463)	(92,130,176)	(48,605,110)
Movement in retirement benefits liability	**–**	(1,797,795)	2,984,652	–
Gain on sale of transportation equipment	**–**	(463,794)	–	–
Mark-to-market gain on financial assets at FVTPL	**(32,630)**	(124,486)	(112,843)	(131,612)
Interest expense and other finance charges	**9,311**	57,707	12,947	1,534
Operating income before working capital changes	**150,237,105**	563,278,594	760,743,485	852,435,135
Decrease (increase) in:				
Trade and other receivables	**(7,191,819)**	178,877,130	682,327,225	(825,231,031)
Other current assets	**(23,535,259)**	35,765,976	(327,285,831)	175,942,175
Increase (decrease) in:				
Trade and other payables	**50,303,378**	(197,659,327)	14,798,414	121,828,488
Deposits and other liabilities	**87,108,114**	89,478,188	(502,814,288)	427,091,467
Cash generated from operations	**256,921,520**	669,740,561	627,769,005	747,066,234
Interest received	**22,423,578**	112,553,344	82,324,140	46,631,424
Income taxes paid, including final tax	**(31,302,820)**	(99,411,037)	(143,856,627)	(153,860,294)
Net cash provided by operating activities	**248,042,278**	682,882,868	566,236,518	639,837,364
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to investment properties and property and equipment	**(78,580,971)**	(275,153,782)	(408,304,881)	(27,443,584)
Sale of transportation equipment	**–**	3,714,505	–	
Retirement of financial assets at FVOCI	**–**	–	–	5,000,000
Net cash used in investing activities	**(78,580,971)**	(271,439,277)	(408,304,881)	(22,443,584)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**169,461,307**	411,443,591	157,931,637	617,393,780
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,330,898,807**	1,919,455,216	1,761,523,579	1,144,129,799
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱2,500,360,114**	₱2,330,898,807	₱1,919,455,216	₱1,761,523,579

RISK FACTORS

There are several risks associated with investing in the Common Shares. Securities prices can and do change, and any given investment may see increases or decreases in value or even lose all of its value. Purchasing and selling shares carry the inherent risk that losses rather than profits will be realized. The buying and selling prices of the Common Shares may differ significantly, and past performance is not a reliable predictor of future performance and outcomes. Before choosing to purchase Common Shares, investors should carefully review all of the information in this Prospectus, including the risk factors listed below. The market price of the Common Shares may drop if any of the following risks materially affect the Company's operations, financial situation, and business, or if other unanticipated events occur. It is possible to lose all or a portion of an investment in the Common Shares.

This section of the Prospectus primarily outlines the methods by which the Company intends to handle the risk factors covered below. The risks and other important features of investing in the Common Shares are not entirely disclosed in this risk factor discussion. Before commencing any trading activity, investors should conduct their own independent investigation and examination of the securities. On any aspect of the securities, including the types of risks associated with trading them, and particularly those of high-risk securities, investors should consult a professional. Investors can also inquire with the SEC and the PSE for publicly available information on the Company and the Common Shares.

RISKS RELATED TO THE COMPANY'S BUSINESS

Business and Operational Risks

The Company faces significant **competition in the real property sector**. Such competition can pressure the Company's income margins and impact its market share. To mitigate these risks, the Company invests in unique value propositions such as design, amenities and sustainability, and continuously improves customer service and brand reputation. It also monitors competitor activity and adapts pricing or marketing strategies accordingly.

It should also be noted that the Company's performance is subject to **market volatility and fluctuations in the real estate market**. Operational costs brought about by these fluctuations may significantly impact financial results. Unforeseen market conditions may also delay the Company's successful implementation of its business plans and strategies. The real property sector is inherently cyclical, with demand and profitability influenced by broader economic conditions.

To ensure that its business plans and strategies will be properly implemented, Management develops flexible and scenario-based strategic plans, and conducts regular reviews and updates based on market feedback and performance. It also employs project management best practices and key performance indicators. The Company diversifies property portfolio across segments and locations in order to mitigate the risks associated with market volatility and economic cyclicality. Management maintains lean operations during downturns and uses predictive analytics to adjust the development pipeline. Internally, it maintains a strong cash buffer to manage fluctuations in costs and demand, and uses hedging strategies for key input costs.

The Company's ability to secure **funding on favorable terms** is also critical as difficulty in obtaining financing could impede growth and operational goals. Furthermore, volatility in interest and exchange rates may adversely affect borrowing costs and financial stability. To

address these, Management builds strong relationships with a diverse pool of lenders and investors. It is also poised to explore alternative funding options, such as corporate notes, joint ventures or equity offering. The Company utilizes interest rate and currency hedging instruments and matches funding currency with asset currency in order to reduce exposure.

The Company's loan agreements (if any) are subject to certain debt covenants, non-compliance to which can lead to penalties or default on loans. Compliance to debt covenants is continuously monitored using the Company's internal controls. Management also negotiates covenants which reflect realistic performance metrics. The Company also strives to maintain a healthy credit profile and a headroom for key ratios like debt service coverage ratio, interest coverage ratio and debt-to-equity ratio.

On the human capital aspect of operations, the Company relies on its **qualified management team**, key employees and skilled professionals to implement its strategies successfully. Loss of key personnel, however, can affect the Company's ability to execute its plans. In response to this risk, the Company offers competitive compensation and career growth opportunities and strives to foster an engaging and inclusive corporate culture. Moreover, Management identifies and develops leadership successors.

The Company or its contractors may also face **labor unrest, disputes** and slowdowns which can disrupt operations resulting in increased costs. To mitigate the risks associated to these labor issues, the Company endeavors to maintain good labor relations and fair employment practices. Management implements grievance redress mechanisms and includes buffer time and cost for potential labor disruptions in its budget.

Titles over parcels of land owned by the Company may be contested by third parties which can lead to legal disputes and potential loss of property rights, if not delays in delivery of projects. Management performs rigorous due diligence before commencing development in order to remove any liens or encumbrances that may affect a particular project. The Company engages the services of reputable law firms to resolve disputes swiftly.

Since the Company is engaged in the real estate business, **delays in project completion and failure to meet customer expectations** and standards could harm the Company's reputation and financial performance. Timely delivery of projects is essential in maintaining customer trust and satisfaction. To mitigate the risks of project delays, Management pre-qualifies and vets consultants, contractors and suppliers before engaging them. It also implements strict project scheduling and milestone tracking, and uses penalty and reward clauses in contracts to ensure timely delivery of goods and services.

Dependence on key suppliers and service providers is critical for successful plan implementation, and any disruption in the supply chain can impact the Company's operations. To prevent any risk associated in the disruption of the Company's supply chain, Management develops a diversified supplier base and conducts regular supplier performance evaluations. It establishes long-term contracts with suppliers where necessary, and maintains an inventory of critical materials to mitigate disruptions.

With respect to insurance, there is no assurance that rates and coverage will remain the same, and available coverage may not be adequate in the future. This can expose the Company to financial risks in case of unforeseen events. Management regularly reviews and updates the Company's insurance coverage and works with brokers to assess evolving risks. It also considers captive insurance for specific high-risk areas.

Changes in accounting standards for real estate may affect revenue recognition and unrestricted retained earnings. This can impact the Company's financial statements and

reported earnings. The Company's Finance Department ensures that it is updated with current accounting standards through attendance in relevant trainings, and expert consultation. The Company also maintains transparent and conservative accounting practices and conducts annual audits through reputable external firms.

Technological and Cybersecurity Risks

The Company relies on technology in certain areas of business operations and uses it to differentiate its developments from those of its competitors. Because of this, the Company may be exposed to cyberattacks which could result in data breaches, financial losses and reputational harm. Management recognizes the fact that any disruption in technology can impact the Company's operations and competitive advantage.

Taking into account the aforementioned risks, the Company invests in robust information technology ("IT") security infrastructure and monitoring mechanisms. Regular penetration testing and staff cybersecurity training are regularly conducted. Response and recovery plan for data and security breaches were also formulated. The Company's technology dependence also necessitated the need to regularly update and maintain its software systems and maintain IT redundancy and data backups. The Company also uses scalable and cloud-based solutions for resilience.

Market and Economic Risks

The Company, in its future projects, may recognize significant cancellation of sales which may negatively impact its revenue and cash flow. Changes in tax policies affecting tax exemptions and incentives could also adversely affect the Company's results of operations and impact its profitability and financial performance.

To counter these, Management will have to strengthen buyer screening and pre-qualification processes, improve after-sales service and buyer engagement, and implement flexible payment schemes and support mechanisms. In relation to tax policies, Management engages in tax planning and scenario analysis, maintains close liaison with tax consultants and regulatory bodies, and prepares business models that remain viable under various tax regimes.

Compliance and Legal Risks

The Company enters into transactions with related parties and must comply with regulations on related party transaction disclosures. Non-compliance can lead to legal and regulatory action. Furthermore, compliance with foreign ownership limitations is necessary when arranging funding sources. Failure to comply can impact the Company's ability to secure financing. The Company may also be involved in legal and other proceedings arising from its operations from time to time. Legal disputes can result in financial liabilities and reputational damage.

To mitigate the risks associated with the aforementioned factors, the Company will secure Board and shareholder approval for material related-party transactions, and disclose these transactions fully and transparently in the financial statements. It also established an independent oversight mechanism to manage conflicts of interest.

Apart from keeping itself updated on current foreign investment regulations, Management also intends to perform legal due diligence on the ownership structures of potential investors. The Company will also engage with foreign investors through compliant financing tools such as preferred shares and debt instruments.

With respect to legal proceedings, the Company maintains an in-house legal team which handles disputes efficiently. Management also implements internal controls to prevent legal liabilities, and allocates reserves and insurance to cover potential legal liabilities.

Ownership and Control Risks

The Company is indirectly controlled by the Tan Family. This concentration of ownership can impact decision-making and corporate governance.

To manage this risk, qualified independent directors are appointed, and strong Board governance structures are created by establishing and implementing clear corporate governance policies and disclosure practices. The Company will also regularly communicate with its minority shareholders and stakeholders through its Investor Relations Program

Financing Risk

The Company may be exposed to financing risk. There can be no assurance that the Company will be able to finance its capital requirements through indebtedness on acceptable terms particularly in periods of adverse market conditions, rising interest rates, or reduced liquidity in the capital markets. Any inability to finance or renew obligations as they fall due may result in higher borrowing costs, reduced financial flexibility, or the need to dispose of assets or raise additional equity on unfavorable terms, which could materially and adversely affect the Company's business, financial condition, and results of operations. To mitigate this, the Company is expanding funding options available to it which might include a follow-on offering or other capital market issuances.

There are no cross-default provisions in any of the Company's liabilities.

Financial/Credit Risk

The Company is exposed to counter-party default due to delayed payments of its tenants. This may affect the Company's cash or cash equivalents, and trade and other receivables. To mitigate any credit risk, however, the Company has in place specific provisions in its lease agreements which covers the need to have a security deposit, advance payment and possible penalties which may be due once a tenant violates any condition stated in the lease agreement.

RISKS RELATED TO THE PHILIPPINES

Philippine Economic and Political Situation

In general, the Company's ability to perform is significantly impacted by the economic and political conditions in the Philippines as all of the Company's business operations and assets are based in the Philippines. Considering this, the operations, financial health, and profitability of the business could be negatively impacted by a number of variables, including political instability, inflation, interest rate volatility, currency fluctuations, economic slowdowns and changes in laws and regulations. Furthermore, the strength of the Philippine economy and the overall level of business activity in the country influence the demand for the services that the Company offers.

The country's gross domestic product grew by 2.8% as of 31 March 2026. It was slightly lower than the 3.0% growth in the last quarter of 2025 but weaker than the 5.4% growth recorded in the first quarter of 2025.

From a political standpoint, the Philippines had also experienced instability in the past. Significant political events in the last ten years include the territorial dispute with China concerning the West Philippine Sea; alleged extrajudicial and summary killings perpetrated by the police during drug raids as part of the so-called "War on Drugs"; red-tagging, terror-tagging and/or enforced disappearances of activists, and land rights and environmental defenders; filing of charges, arrest and detention of government critics including a then-incumbent senator; the investigation on Philippine offshore gaming operators (POGOs); and the proliferation of fake news and false information.

As of the date of this Prospectus, former Philippine President Rodrigo R. Duterte is under the custody of the International Criminal Court for the charge of murder as a crime against humanity in connection to his involvement in the Davao Death Squad. His daughter, incumbent Vice-President Sara Z. Duterte, was impeached by the House of Representatives on 11 May 2026. Her impeachment trial for culpable violation of the Constitution; bribery, and graft and corruption; betrayal of public trust; and other high crimes is ongoing before the Senate of the Philippines. In addition, several incumbent and past officials of the national and local government are being investigated for misuse of public funds particularly with respect to flood control and other infrastructure projects.

A mid-term election was also held in May 2025 where members of the House of Representatives, local government officials and twelve senators were elected. This change in the composition of the legislative body can bring about the enactment of new laws and regulations, or the amendment or repeal of subsisting ones, which can significantly affect the operations of businesses in the Philippines, especially in areas concerning labor, taxation, land use and the environment.

Ongoing conflicts in various parts of the world, including the war between the United States and Iran and its regional allies, may also have a negative effect on the Philippine economy and can indirectly affect the Company's business. Among others, the US-Iran war caused the supply disruption of the global oil market which resulted in a drastic rise in oil prices. With the increase in cost of production, the price of goods and services, including construction materials, also increased.

Natural Calamities and Force Majeure Events in the Philippines

Climate change has given rise to more severe natural disasters over the recent years. Some of the strongest typhoons in recorded history occurred in the Philippines, namely Severe Tropical Storm Nalgae (local name: Severe Tropical Storm Paeng) in 2022, Typhoon Rai (local name: Super Typhoon Odette) in 2021, Typhoon Goni (local name: Super Typhoon Rolly) and Typhoon Vamco (local name: Typhoon Ulysses) in 2020, Typhoon Kammuri (local name: Typhoon Tisoy) in 2019, Typhoon Mangkhut (local name: Typhoon Ompong) in 2018, and Typhoon Haiyan (local name: Super Typhoon Yolanda) in 2013. These natural disasters caused major flooding which led to loss of life, limb and property, and severe damage to agriculture and infrastructure.

Apart from the frequent occurrence of tropical storms and typhoons, the Philippines is also vulnerable to earthquakes and volcanic eruptions as the country is situated in the Pacific Ring of Fire. Significant volcanic activities were reported with respect to Mt. Kanlaon in Negros Island; Taal Volcano in Batangas (approximately 50 kilometers from Metro Manila); and Mt. Bulusan in the Bicol region during the latter part of 2024 until the first half of 2025.

On 8 June 2026, a magnitude 7.8 earthquake struck the southern coast of Mindanao. General Santos City, the provinces of Sarangani and South Cotabato, and Davao Occidental in Davao Region were the worst affected.

The occurrence of the Big One, a potentially catastrophic earthquake estimated to be of magnitude 7.2 in Metro Manila's West Valley Fault, remains a cause of serious concern. The West Valley Fault is a major fault line running through Metro Manila and its nearby provinces. According to the Philippine Institute of Volcanology and Seismology, the Big One could result in a death toll of about 51,500 – approximately 33,500 from the earthquake itself, and around 18,000 additional deaths from fire – and 100,000 injured due to building collapses and structural failures. 12% to 13% of residential buildings, 11% of 10- to 30-storey buildings, and 2% of 30- to 60-storey buildings are foreseen to sustain heavy damage. Devastating damage to infrastructure and lifelines is also expected.

Businesses in the Philippines can also be disrupted by terrorist acts, heinous and petty crimes, and outbreaks of infectious diseases, such as the H1N1 influenza commonly known as swine flu and the Covid-19 virus.

These natural calamities and force majeure events have the potential of delaying the construction and development of the Company's projects, and impair its facilities and properties, thereby causing detrimental effect on financial performance. The Company, however, cannot predict the extent to which its business will be affected by any of the above occurrences or fears that such occurrences will take place. Furthermore, the aforementioned events have the potential of destabilizing the Philippine economy and business environment, which in turn can materially and adversely affect the Company's business, financial position and results of operation.

Philippine Regulatory Setting

Operating in a highly regulated environment in the Philippines, numerous laws and regulations, such as those issued by the SEC, the BIR, the Department of Labor and Employment ("DOLE") and the Department of Environment and Natural Resources ("DENR") apply to the Company. A significant negative impact on its business operations and financial performance could emerge from modifications to these rules, their interpretation, or the Company's non-compliance with them.

To address this risk, the Company maintains an internal compliance team which monitors regulatory developments. The said team engages proactively with regulators and industry associations and conducts regular compliance audits. Management also integrates compliance with environmental laws in project planning and design, and uses green building certifications to guide development. It appoints sustainability officers to oversee ESG standards.

It should be noted, however, that the Company cannot foresee what specific laws or regulations will be amended, enacted or repealed in the future, how the current laws or regulations will be enforced, administered or interpreted, and the amount of expenditures that may be required to comply with these laws or regulations.

RISKS RELATED TO THE COMMON SHARES

Price Volatility of Securities in the Philippine Market

The performance of the PSE, investor sentiment, and political and economic developments in the Philippines can all have an impact on the market price of securities. Moreover, predicting the movement of share prices is impossible to predict.

Trading prices can be influenced by the following factors, among others:

- Management's ability to achieve a company's goals by carrying out its business and growth strategies;
- positive or negative variance between a company's actual results of operations vis-à-vis the budget;
- changes in market and economic conditions, security analysts' recommendations and public perception;
- involvement in litigation and other legal proceedings of a company or any of its directors and principal officers;
- gain or loss of key officer or personnel;

Before the Listing, there has been no public market for the Common Shares in the Philippines, and there is no certainty that an active trading market for the Common Shares will be sustained after the Listing. It is also uncertain whether the Initial Listing Price will correspond to the price at which the Common Shares will trade after the listing.

Foreign Ownership Limitations

Under the 1987 Constitution and related laws, land ownership in the Philippines is restricted to Philippine nationals.

The Foreign Investments Act ("FIA") defines a "Philippine national" as a citizen of the Philippines; or 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 as doing business in the Philippines under the Revised 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 nationals.

Under SEC Memorandum Circular No. 8, series of 2013, for purposes of determining compliance with the constitutional or statutory ownership requirement, 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. The said Memorandum Circular applies to all corporations engaged in activities or enterprises specifically reserved, wholly or partly, to Philippine nationals by the 1987 Constitution, FIA and other existing laws, amendments thereto, and the implementing rules and regulations of the said laws.

Since the Company owns land, foreign equity participation is limited to a maximum of 40%. In order to comply with the rule, any issuance or transfer of shares that will result in the reduction of Filipino ownership in the Company to less than 60% should not be allowed.

Minimal Protection of Minority Shareholders under Philippine Corporate Law

The Revised Corporation Code provides minimal safeguards to protect the interests of minority shareholders. Minority shareholders are given the opportunity to vote on significant corporate actions requiring the approval of at least two-thirds of a corporation's outstanding capital stock, such as mergers or consolidations, increase or decrease of authorized capital stock, and dissolution of the corporation.

The Revised Corporation Code also grants a dissenting shareholder an appraisal right wherein he may demand the payment of the fair value of his shares if he voted against a proposed corporate action.

Philippine corporate law also recognizes the right of a shareholder to institute a derivative action on behalf of the corporation in circumstances where the corporation itself is unable or unwilling to institute the proceedings to seek redress for wrongs committed against it or to vindicate its rights.

Lifting of Dynamic Threshold for Companies Listed by Way of Introduction

Under Section VI of the Implementing Guidelines of the Revised Trading Rules of PSE, the dynamic threshold is the maximum allowable price difference between an update in the Last Traded Price (LTP) of a given security or group of securities and its preceding LTP that is equal to a percentage set by the PSE, subject to the classification of a security or a group of securities based on its trade frequency.

Effective 2 February 2026, securities were classified into three clusters and subjected to the following dynamic thresholds:

Security Cluster	Trade Frequency Qualifier	Dynamic Thresholds
A	Traded 20 times or less in the past six months	20%
B	Traded 500 times or less but greater than 20 times in the past six months	15%
C	Traded more than 500 times in the past six months	10%

The dynamic threshold for companies listed by way of introduction is lifted until the shares are traded.

USE OF PROCEEDS

The Company and its stockholders will not be offering Common Shares for subscription or sale in connection with the Listing. A secondary sale of shares by way of private placement which is expected to be transacted on Listing Date is not open to the public. There will therefore be no proceeds expected from the Listing.

DETERMINATION OF INITIAL LISTING PRICE

On Listing Date, the Initial Listing Price for the Common Shares will be P1.20 per Common Share.

The Initial Listing Price was determined by the Board of Directors of the Company and is supported by the Valuation and Fairness Opinion dated December 16, 2025 prepared by Punongbayan & Araullo ("**P&A**"), a firm accredited by the PSE in accordance with PSE Guidelines for PSE Opinions and Valuation Reports, as required under Article III, Part H, Section 3 of the Amended Rules on Listing by Way of Introduction.

Summary Report and Fairness Opinion

P&A performed indicative valuation of PHC through two valuation approaches as follows.

- Asset-based approach, with the adjusted net asset value ("**NAV**") method; and
- Market-based approach, with relative price-to-book ("**P/B**") method.

P&A placed primary weight on the Adjusted NAV approach which it considers as the best representation of PHC's intrinsic asset-backed value given its portfolio of prime commercial business district properties and the use of independent Highest and Best Use-based ("**HBU**") appraisals.

The firm assigned secondary but meaningful weight to the market-based P/B valuation which reflects how comparable listed real estate platforms are currently priced in the Philippine capital market. The approach, especially in considering the downside, considered the earlier stage of operations of PHC compared with other publicly listed companies. P&A also considered other factor-based adjustments including non-REIT structure and tax regime, asset quality and location, redevelopment or HBU potential, portfolio concentration, lower expected free float, payout policy, and sponsor or governance profile.

P&A estimated the total fair value range using these methods at PHP55.5 billion to PHP88.8 billion or PHP1.18 per share to PHP1.89 per share.

The following table sets out the summary of the estimated total fair value and fair value per share of PHC under each method, as well as the estimated total fair value and fair value per share arrived at by combining both methods:

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Description	Estimated equity value[1]	Fair value per share[2]
Asset-based approach (net asset value)		
Base	88,845	1.89
Upside	96,132	2.05
Downside	74,473	1.59
Market-based approach (relative method)		
Adjusted price-to-book		
Upside	83,300	1.77
Downside	55,533	1.18
Range of fair values		**1.18 – 1.89**

[1] *Presented in millions of PHP.*
[2] *Derived by dividing the estimated equity value by 46,932 million shares.*

DILUTION

As of the date of this Prospectus, the Company has 46,932,100,000 issued and outstanding Common Shares with a par value of P1.00 per share. There will be no issuance of additional Common Shares from the authorized but unissued capital stock of the Company.

It should be noted, however, that the Property Dividend declared by PNB in 2021 has not yet been fully distributed pending receipt from the BIR of the eCARs corresponding to certain shares subject of the Property Dividend. The full distribution of the said Property Dividend is expected within 2026 and will result in slightly further diluting the share ownership of PNB in the Company.

By way of background, PNB was, prior to the declaration of the Property Dividend, the legal and beneficial owner of 100% of the outstanding capital stock of the Company. On 23 April 2021, the Board of Directors of PNB approved the distribution to the PNB shareholders as of 18 May 2021 (the "PNB Shareholders") by way of property dividends of 51% of PNB's shareholdings in the Company. The Dividend Distribution, however, is subject to compliance with regulatory requirements such as, among others, the issuance of an eCAR by the BIR. As of the date of this Prospectus, approximately 98.54% of the Dividend Distribution has been completed resulting in the dilution of PNB's ownership interest in the Company to 49.75%. Upon full completion of the Dividend Distribution, PNB's ownership in the Company is expected to be further diluted to 49%.

Apart from the foregoing, the Dividend Distribution also resulted in the public gaining ownership in the Company. As of the date of this Prospectus, the Company had a public ownership of 10.10%. On Listing Date, the Company will have an initial public float of at least 15% as a result of a private placement sale by certain Affiliates of their shares equivalent to five and 29/100 percent (5.29%) of the current outstanding capital stock. The Company undertakes to bring its public float to 20% within three (3) years from the Listing Date by way of, among others, a follow-on offering, the proceeds of which shall be used to partly fund the construction of high-end real estate projects in Makati City and Pasay City. Any such follow-on offering will further dilute the major stockholders. In addition, any of the major stockholders may, at any time (subject to the lock-up restrictions), decide to undertake a secondary sale of shares by way of a private placement with investors or joint venture partners.

PLAN OF DISTRIBUTION

Following the approval by the SEC of the Property Dividend, PNB proceeded to distribute the Dividend Shares as Property Dividend to the PNB Shareholders as of the record date 18 May 2021, at the ratio of one (1) Common Share for every 0.156886919 PNB Common Shares owned, subject to the receipt of an electronic Certificate Authorizing Registration ("eCAR") issued by the BIR. PNB has applied for the eCAR for each of its stockholders entitled to the Property Dividend and as of the date of this Prospectus, a total of 23,585,544,600 Dividend Shares equivalent to 98.54% of the Property Dividend has already been distributed.

Upon approval by the PSE of the Company's application for Listing filed in January 2026, the Common shares will be listed on the Main Board of the PSE.

INTERESTS OF NAMED EXPERTS AND INDEPENDENT COUNSEL

LEGAL MATTERS

Certain legal matters under Philippine law relating to the Dividend Distribution and the Listing were passed upon by the firm Angara Abello Concepcion Regala & Cruz Law Offices ("ACCRALAW"), the independent legal and tax counsel. ACCRALAW, acting as independent legal and tax counsel, does not have and will not receive any direct or indirect interest in the Company or in any of the Company's securities (including options, warrants or rights thereto) pursuant to, or in accordance with the Common Shares, and has not acted as promoter, underwriter, voting trustee, director, officer or as the Company's employee.

FINANCIAL ADVISER

PNB Capital and Investment Corporation ("PNB Capital") provided advice in connection with the Listing processes. As financial adviser, PNB Capital:

1. conducted full due diligence review on the Company in close coordination with the Company's Transaction Counsel, auditor, and other advisers;
2. recommended appropriate terms and conditions for the Listing based on the Company's objectives, financial position, prospects, and other relevant considerations;
3. developed an "investment story" highlighting the investment merits of the proposed Listing;
4. assisted the Company, together with its Transaction Counsel, in the preparation of the transaction documents which will be filed with the SEC and PSE;
5. assisted the Company, together with the Transaction Counsel, in preparing the Prospectus and other transaction documents;
6. assisted the Company, together with the Transaction Counsel, in obtaining relevant approvals for the Listing from the SEC and the PSE;
7. represented the Company in matters related to the Listing requirements of the PSE;
8. advised the Company on an appropriate timing for filing the transaction documents, taking into consideration prevailing market conditions, potential competing issues, and other factors that could influence the overall marketability of the transaction;
9. coordinated with the Company and its consultants for any marketing and public relations activities, as needed;
10. acted as overall coordinator of all activities for the transaction; and,
11. in general, performed such other ancillary services as may be required from time to time and mutually agreed upon by the parties.

PNB Capital, acting as financial adviser, does not have and will not receive any direct or indirect interest in the Company or in any of the Company's securities (including options, warrants or rights thereto) pursuant to, or in accordance with the Common Shares, and has not acted as promoter, underwriter, voting trustee, director, officer or as the Company's employee.

INDUSTRY CONSULTANT

Leechiu Property Consultants, Inc. ("LPC") served as the Company's industry consultant and provided the Industry Report annexed to this Prospectus.

LPC, acting as industry consultant, does not have and will not receive any direct or indirect interest in the Company or in any of the Company's securities (including options, warrants or rights thereto) pursuant to, or in accordance with the Common Shares, and has not acted as promoter, underwriter, voting trustee, director, officer or as the Company's employee.

FAIRNESS OPINION PROVIDER

Punongbayan & Araullo ("P&A") provided the Fairness Opinion annexed to this Prospectus.

P&A, acting as Fairness Opinion provider, does not have and will not receive any direct or indirect interest in the Company or in any of the Company's securities (including options, warrants or rights thereto) pursuant to, or in accordance with the Common Shares, and has not acted as promoter, underwriter, voting trustee, director, officer or as the Company's employee.

INDEPENDENT AUDITOR

The audited financial statements of the Company for the quarter ended 31 March 2026, and for the years ended 31 December 2023, 31 December 2024 and 31 December 2025, including the notes thereto, which are annexed to this Prospectus, were audited without qualification by Sycip Gorres Velayo & Co. ("SGV & Co.").

SGV & Co. does not have and will not receive any direct or indirect interest in the Company or in any of the Company's securities (including options, warrants or rights thereto) pursuant to, or in connection with the Common Shares and has not acted as promoter, underwriter, voting trustee, or as the Company's employee.

Audit and Audit-Related Fees

The following table sets out the aggregate fees (net of VAT and out-of-pocket expenses) billed for each of the last two (2) fiscal years for professional services rendered by SGV & Co. for the Company:

	2025	2024
Total Audit Fees	**₱1,430,000**	₱650,000
Non-Audit Services Fees:		
Other Audit Services	**–**	300,000
All Other Services	**–**	–
Total Non-Audit Fees	**–**	–
Total Audit and Non-Audit Fees	**₱1,430,000**	₱950,000

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with SGV & Co. on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure during the two (2) most recent fiscal years or any subsequent interim period.

Tax Fees

In 2024, Tax Compliance Group of SGV & Co. was engaged to conduct a VAT Healthcheck covering the taxable year 2023. The professional service fees amounted to PhP369,600.00 inclusive of VAT and out-of-pocket expenses.

The Company did not incur any expenses in relation to tax-related services in 2025.

Audit Committee's Approval Policies and Procedures

The financial statements of the Company are reviewed by the Audit Committee before its submission to the Board of Directors for approval. The Audit Committee also evaluates the non-audit and additional work, if any, to be rendered by the external auditor before endorsing the same to the Board for approval.

DIVIDEND DISTRIBUTION AND LISTING EXPENSES

While no proceeds will be derived from the Dividend Distribution and Listing, the Company will incur the following estimated expenses in connection with the registration of its shares with the SEC and the listing of its outstanding capital stock with the Exchange:

Estimated Expense	**Amount (in Philippine Peso)**
SEC Registration Fee inclusive of Legal Research Fee and Documentary Stamp Tax	11,300,000.00
PSE Listing Fee (exclusive of VAT)	35,659,260.00
VAT on PSE Listing Fee	4,279,111.20
Audit Fee	1,000,000.00
Legal Fees – Transaction Counsel (RRLR)	5,500,000.00
Professional Fee – Independent Legal Counsel (ACCRA)	500,000.00
Agency Fees (Stock Transfer Agent & Escrow Agent)	650,000.00
Other Miscellaneous Fees (Prospectus Printing, etc.)	500,000.00
Financial Advisory Fees	16,000,000.00
Listing Roadshows	600,000.00
Fairness Opinion Provider	1,000,000.00
Market Industry Study Fee	1,624,000.00
Public Relations Fee	2,237,760.00
Total Estimated Expenses	**80,911,760.00**

INDUSTRY OVERVIEW

This information and data contained in this section of the Prospectus with respect to the Philippine Real Estate Industry was provided by Leechiu Property Consultants, Inc. ("LPC"), the Company's Industry Consultant. The full report by LPC is appended in this Prospectus. The Company does not have any knowledge that the information provided by LPC is inaccurate in any material respect.

The information should not be solely relied upon in making any investment decision. Furthermore, this section includes forecasts and other forward-looking statements which are, by their nature, subject to significant risks and uncertainties. Actual results and future events could differ materially from such forecasts. As such, investors should not place undue reliance on such statements, or on the ability of any party to accurately predict future industry trends or performance.

Macroeconomic Context

The Philippine economy expanded from USD83.7 billion in 2000 to USD461.6 billion in 2024, driven by robust domestic consumption, infrastructure spending of USD26.9 billion, and in the IT-BPM sector, which grew to USD38 billion. OFW remittances reached USD38.3 billion, fueling liquidity and real estate demand. Foreign Direct Investments surged 394% from 2020 to 2024, signaling strong investor confidence. Tourism receipts climbed PHP760.5 billion, with higher-spending segments such as business travelers and expatriates fueling demand for premium hospitality and retail.

Additionally, the country's growing base of high-net-worth-individuals supports sustained demand for prime real estate assets in Makati and Bay Area, reinforcing the resilience of the luxury segment.

Makati CBD

Makati remains the country's premier financial district, hosting 3.9 million square meters of office supply with a vacancy rate of 15%–the lowest among major submarkets. Redevelopment plans cover 186,950 square meters of aging assets, unlocking value through mixed-use development projects. Upcoming office pipeline totals 445,000 square meters through 2030, largely pre-leased to major financial institutions. Luxury residential units in Makati City command PHP472,000 to PHP893,000 per square meter, with strong absorption and limited inventory. Hospitality performance is robust, with luxury hotels posting 66.7% occupancy and ADR at PHP9,560, surpassing pre-pandemic levels.

Bay Area

The Bay Area is positioned as Metro Manila's next growth corridor, anchored by Entertainment City and large-scale reclamation projects. Land values range from PHP450,000 to PHP560,000 per sqm. Office vacancy stands low at 27%, but Grade A assets show resilience, and vacancy is projected to drop to 8% by 2029. Luxury residential prices range from PHP638,000 to PHP1,000,000 per sqm, supported by proximity to resort-casino complexes and NAIA. Hospitality pipeline includes branded luxury hotels such as Banyan Tree, reinforcing the district's positioning as a tourism and MICE hub.

Market Analysis

Office: Metro Manila has 15 million square meters of supply with 18% vacancy. The prime districts of Makati and BGC outperform other districts with low vacancies and rising rents. Flight-to-quality and ESG compliance drive overall demand.

Residential: Oversupply persists, particularly for the middle to upscale segments. However, the luxury segment remains resilient and insulated from interest rate volatility. The Metro Manila residential condominium market is expected to enter supply deficit by 2028.

Hotel: occupancy rebounded to 64.6% in 2025, with ADR and RevPAR exceeding pre-pandemic levels. Luxury segment leads recovery.

Retail: High-end support commercial spaces show 84% average occupancy, dominated by F&B luxury brands. Makati and Bay Area lead in premium retail integration.

Strategic Recommendations

Office: Develop prime office towers in Makati and Bay Area time for 2027 to 2029, when vacancy drops to single digits and rents peak.

Residential: Launch luxury condominium projects within two years to capture underserved demand as inventory tightens by 2027.

Hotel: Target upscale/luxury hotel development in Makati and Bay Area to leverage MICE recovery and premium tourism demand.

Retail: Integrate high-end, experience-driven retail in mixed-use developments to enhance asset value and attract affluent consumers.

Overall Considerations for Luxury Developments

Luxury assets across office, residential, hotel, and retail segments remain a key driver of long-term value in Metro Manila's evolving real estate landscape. While these developments offer strong growth potential, success depends on strategic differentiation and resilience. Key considerations include navigating market saturation, regulatory changes, and operational challenges while leveraging opportunities for exclusivity and brand prestige. Future-ready strategies – such as brand partnerships, curated lifestyle amenities, sustainability certifications, and technology integration – will position luxury assets as experience driven, ESG-compliant investments. Integrating these elements ensures competitive advantage, mitigates cyclical risks, and secures premium positioning in a dynamic market.

DESCRIPTION OF BUSINESS

OVERVIEW AND HISTORY

PNB Holdings Corporation (Formerly: Philippine Exchange Holdings Corporation) (the "Company" or "PHC" or the "Issuer") is a stock corporation incorporated on 20 May 1920 to engage in general mercantile business. It was then named National Exchange Company, Inc. with principal place of business in the City of Manila.

The Company later changed its primary purpose to that of a holding company and correspondingly amended its corporate name to PNB Holdings Corporation.

In a Certificate of Filing of Amended Articles of Incorporation dated 13 January 2021, the SEC approved the amendment of the Company's Articles of Incorporation to include engaging in the real estate business as a secondary purpose and the increase of the Company's authorized capital stock from ₱500,000,000.00 divided into 5,000,000 common shares with a par value of ₱100.00 per share, to ₱50,500,000,000.00 divided into 505,000,000 common shares with a par value of ₱100.00 per share. Out of the increase in the authorized capital stock of 500,000,000 shares, a total of 466,770,000 common shares with a par value of ₱ 100.00 per share was subscribed by PNB in exchange for prime real estate properties, namely PNB Financial Center Building, PHC Buendia Property (known as RJ Property at the time of the property-for-share swap) and PNB Makati Center Building. As a result, the Company became wholly owned by PNB as its total shareholdings in the Company increased to 469,321,000 shares.

On 21 December 2021, the Bureau of Internal Revenue ("BIR") issued a Certification that the transfer by PNB to the Company of the said prime real properties in exchange for 466,770,000 of the Company's shares is a tax-free exchange pursuant to Section 40(C)(2) of the Tax Code, as amended.

In 2021, the Board of Directors of PNB approved and confirmed the declaration of up to 239,353,710 common shares of the Company with a par value of ₱100.00 per share, representing 51.00% of PNB's shareholdings in the Company, as property dividend to all stockholders of record of PNB as of 18 May 2021. On 24 December 2021, the SEC issued a Certificate of Filing the Notice of Property Dividend Declaration. The Property Dividend was distributed at a ratio of 0.156886919 shares of the Company for every one share of PNB.

In a Certificate of Filing of Amended Articles of Incorporation dated 29 May 2023, the SEC approved the change in the par value of the Company's Common Shares, from ₱100.00 per share to ₱1.00 per share. As a result, the Company's authorized capital stock increased from 505,000,000 common shares with a par value of ₱100.00 per share, to 50,500,000,000 common shares with a par value of ₱1.00 per share.

Prior to the distribution of the Property Dividend, the Company was a wholly owned subsidiary of PNB. As a result of the Property Dividend, LT Group Inc. ("LTG"), a publicly-listed company incorporated and domiciled in the Philippines, gained indirect ownership of the Company of up to 30.51% through LTG-affiliated companies which received the Dividend Shares. The Company's ultimate parent company, Tangent Holdings Corporation, is incorporated in the Philippines.

As a result of the Property Dividend declaration and the subsequent release of eCARs by the BIR, more than 200 stockholders now hold at least 100 shares of the Company. Considering that the Company has total assets amounting to more than P50,000,000.00, the Company qualified as a public company as defined in the Securities Regulation Code ("SRC") and its

Implementing Rules and Regulations ("SRC-IRR"). On 26 March 2025, the Company formally notified the SEC through the Corporate Governance and Finance Department ("CGFD") that the Company qualified as a public company as a result of which, the Company was effectively under the supervision of the CGFD.

The Company has one (1) subsidiary, Genbancor Condominium Corporation, which is 100%-owned by the Company, and is primarily engaged in the management of the common areas of the Genbancor Office Condominium Building.

The Company's revenues for the period ending 31 March 2026 were ₱318.57 million, higher by 17% vis-à-vis the same period last year. Net income for the same period amounted to ₱110.58 million which is higher by 71% vis-à-vis the same period last year.

As of 31 March 2026, PHC had total assets of ₱50.71 billion and total equity of ₱49.68 billion.

The Company's revenues for the period ending 31 December 2025 were ₱1.21 billion, lower by 9% than the previous year. Net income for the year ending 31 December 2025 was ₱401.68 million which was lower by 24% than the previous year.

As of 31 December 2025, the Company had total assets of ₱50.46 billion and total equity of ₱49.56 billion.

THE COMPANY'S BUSINESS

Business Development

The Company is a holding company engaged in the real estate business. It is backed by the LT Group, Inc., one of the largest and most diversified conglomerates in the country, with interests in airlines, beverages, tobacco, property development, and banking. It plays a strategic role in unlocking the value of PNB's non-core assets, particularly prime real estate properties across key urban centers such as Makati and Pasay.

The Company has seen significant growth in the past three (3) years.

In 2023, the Company entered a phase of active asset monetization by strengthening its core leasing business and capacity building. It implemented strategies to increase revenues through improved tenant engagement, space optimization and competitive pricing. Feasibility studies and planning for the key redevelopment projects were initiated, including highest and best use studies, initial talks with potential consultants, and preparation and crafting of project charters.

Internally, the Company focused on organizational capacity building by expanding its internal teams, defining operational workflows, and aligning departments with long-term business goals. It also hired key management personnel and onboarded experienced executives and department heads to lead operations, set strategic directions, and professionalize internal processes. Moreover, the Company established its operational backbone by investing in information technology infrastructure and administrative systems to support property and lease management, and developed a multi-year modernization roadmap for key buildings, including structural retrofitting, façade improvements, and energy efficiency enhancements.

The Company formed strategic relationships with vendors and potential business partners and engaged in active discussions with industry consultants to support leasing, redevelopment, and operational initiatives.

The Company's revenues for the year ending 31 December 2023 amounted to ₱1.39 billion, down by 2% than the year 2022. Net income for the year ending 31 December 2023 was ₱609.52 million which was lower by 9% than the previous year. Total assets amounted to ₱50.03 billion while total equity amounted to ₱48.59 billion.

In 2024, the Company shifted towards execution and growth, leveraging its prime properties to attract development opportunities, which eventually resulted in strategic partnerships.

The Company explored new revenue streams, such as event space rentals and co-working hubs in response to evolving market demands. Significant building improvements were launched to enhance asset value and attract higher-quality tenants.

Management began the renegotiation of the Company's power contract terms with the view to reducing electricity expenses and improving operational efficiency. It also continued hiring and training additional employees to support the Company's expanded operations and new business lines and fulfill organizational capacity-building. The Company also launched digital tools for back-office operations to enhance financial transparency and operational efficiency.

Most importantly, the Buendia Property and the PNB Financial Center redevelopment projects transitioned from planning to early-stage execution, which included engaging consultants, active discussion on design phase of the construction, and preparatory works for regulatory compliance, zoning assessments, and potential joint venture discussions.

The Company's revenues for the year ending 31 December 2024 were ₱1.34 billion, lower by 4% than the previous year. Net income for the year ending 31 December 2024, on the other hand, was ₱529.00 million which was lower by 13% than the previous year. PHC had total assets and total equity of ₱50.15 billion and ₱49.17 billion, respectively, as of the end of 2024.

In 2025, while the Company was in the early stages of executing its redevelopment projects, significant improvements were made to existing buildings to attract higher-quality tenants and retain current ones.

The Company's revenues for the period ending 31 December 2025 were ₱1.21 billion, lower by 9% than the previous year. Net income for the year ending 31 December 2025 was ₱401.68 million which was lower by 24% than the previous year.

PHC had total assets and total equity of ₱50.46 billion and ₱49.56 billion, respectively, as of December 31, 2026

For the period ending March 31, 2026, the Company achieved improved occupancy levels driven by new tenants, coupled with effective cost management and cash preservation initiatives. As a result, the Company maintained operational efficiency and strong liquidity position despite macroeconomic and geopolitical uncertainties and elevated inflationary pressures during the period.

The Company's revenues for the period ending 31 March 2026 were ₱318.57 million, higher by 17% vis-à-vis the same period last year. Net income for the same period amounted to ₱110.58 million which is higher by 71% vis-à-vis the same period last year. Revenues from related-party tenants comprise approximately 52% of the total revenues.

PHC had total assets and total equity of ₱50.71 billion and ₱49.68 billion, respectively, as of 31 March 2026.

Strategic Outlook

Looking ahead, PHC is positioned to become the leading developer of sustainable high-end luxury properties in the Philippines. Over the next 15 to 20 years, PHC plans to transform its prime properties into master-planned mixed-use lifestyle developments that symbolize progress, legacy, and pride for the Philippines.

As part of its overarching business strategy, the Company is looking at collaborating with strategic partners who can share their expertise to help unlock the full potential of PHC's prime properties

Some of PHC's strategic activities in the coming years include the master-planning of its key properties into mixed-use developments for sale or lease to generate diversified income sources.

In doing so, the Company aims to optimize expenses by implementing cost-saving measures in property management that will result in improved operational margins.

Beginning these efforts with the Buendia Property and shortly thereafter, the Financial Center property, PHC has commenced the implementation of its redevelopment activities, beginning with the design phase, securing permits, and preparing for site development.

The Company has also launched a comprehensive branding campaign program to establish a strong and reputable identity, not only in the real estate sector but among its stakeholders.

Summary of Key Assets

The Company holds prime assets in Makati City and Pasay City, two of the country's premier business districts. With a steadfast commitment to excellence and innovation, PHC offers leasing opportunities to corporate entities and professional organizations in search of workspaces designed to bring value and legacy to their business.

1. PHC Buendia Property

Located at the intersection of Buendia Avenue (Gil Puyat) and Paseo de Roxas, this prime 8,000- square meter lot is envisioned to be the location of a mixed-use single superstructure tower that will feature a branded luxury hotel and residences, premium office spaces for multinational tenant headquarters, a premium destination commercial center, and integrated support amenities destined to attract and cater to the needs of the luxury market.

2. PNB Financial Center

PNB Financial Center stands as an iconic brutalist-style office complex, masterfully designed by the renowned Architect Gabriel Formoso. Straddling two major thoroughfares, Diosdado Macapagal Boulevard and Roxas Boulevard in the vibrant Manila Bay area of Pasay City, this prime property boasts a massive land area of 99,999 square meters. This project has a total leasable area of almost 90,000 square meters which provides office spaces for large corporate buildings and smaller offices. It is also suitable for retail or commercial space leasing. The

property has a parking concession business which supports the needs of its tenants and visitors, and an events venue capable of hosting major socio-civic events and with the necessary amenities.

The land and the building where the PNB Financial Center is situated are owned by the Company.

3. PNB Makati Center

PNB Makati Center is a flagship address located in the central business district of Makati City. The building's design represents the early examples of iconic brutalist-style office complexes along the fledgling Ayala Avenue, Makati, and was masterfully designed by the renowned Architect Carlos Arguelles. The property along Ayala Avenue near the corner of Makati Avenue boasts of an impressive 5,527 square meters and the building offers almost 30,000 square meters of leasable office space, catering to local and international organizations that need a prominent address to complement their operations. It also provides commercial spaces for retail stores, restaurants, and other enterprises that rely on foot traffic and visibility. The property features a co-working space center that offers flexible workspaces for business owners or entrepreneurs.

The Company owns 1,883 square meters of the land where the PNB Makati Center is situated while Genbancor owns the remaining 3,644 square meters. The Company has control of the entire building, except the common areas which remain under the ownership of Genbancor.

In 2025, the Company posted gross revenue of ₱1.21 billion. The biggest contributor to the Company's 2025 revenue was the PNB Financial Center, generating 70% of the total revenue. PNB Makati Center contributed 28% of total revenue.

To sustain revenue growth, the Leasing Department of the Company actively renewed relationships with various institutional brokers while maintaining open lines of communication with existing brokers. It also continued to search for companies that are actively looking for spaces in Makati City and Pasay City. Additionally, much-needed repair works were introduced on the Makati and Pasay properties to enhance their competitiveness in the market.

JOINT VENTURES

The Company was not a part of any joint venture for the past three (3) years.

BANKRUPTCY, RECEIVERSHIP AND SIMILAR PROCEEDINGS

The Company was not involved in any bankruptcy, receivership or similar proceedings, and there had been no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business over the past three (3) years.

VISION AND MISSION

The Company envisions itself at the forefront of the real estate industry, known for developing iconic projects that redefine standards through sustainability and innovation. With a commitment to responsible business practices, it strives to create exceptional living and

working spaces that inspire and endure. Its mission is to make a long-lasting impact on the communities it serves by integrating sustainability, innovation, service excellence, and a culture of learning, collaboration, and empowerment into every development. By doing so, the Company aims to drive economic growth, foster positive change, and enrich the lives of its clients, employees, and partner communities.

COMPETITIVE STRENGTHS

Poised to be a Leading Developer of Luxury Real Estate in the Most Prime Locations

PHC's strategic importance within the Group lies on the execution of the vision to capture the significant, undertapped opportunity in the Philippine ultra-luxury real estate segment. It has been given this clear and deliberate mandate that aligns the Group's capital, expertise, and organizational attention behind positioning PHC to capture a market that is both underpenetrated and rapidly expanding.

PNB Holdings functions as the LT Group's lifestyle real estate platform, giving it privileged access to consumer ecosystems, financial infrastructure, and a century-old brand associated with stability and Filipino excellence. This linkage is strategic as it elevates PHC beyond the traditional role of a developer and positions it as the Group's flagship venture into lifestyle-driven urban transformation.

By introducing the idea of a consumer-focused conglomerate into the real estate arena, the Group leverages deep insights into purchasing behavior, family economics, and shifting lifestyle preferences. Few players in the local industry possess this level of integrated consumer data or institutional memory—creating a competitive advantage that compounds over time.

Grounded in a legacy rooted in purpose, PHC's developments aim to redefine the luxury landscape by blending Filipino craftsmanship with world-renowned lifestyle brands inside masterfully curated micro cities. This vision is directly inspired by Kapitan's long-stated aspiration to elevate the Philippines onto the global stage—making PHC a generational project with transformative potential.

Synergistic Relationships with Leading Affiliates Within a Consumer-Focused Business Ecosystem

PHC benefits from an ecosystem that very few developers can replicate. The Group's unparalleled consumer intelligence — spanning banking, airline travel, beverages, and tobacco — offers precise and actionable insights into spending patterns, aspirational behavior, and affluent customer segments. This allows PHC to design developments that reflect not only current demand but future lifestyle trajectories.

Access to PNB's ultra-high-net-worth clientele provides a built-in distribution channel for luxury inventory. PNB's extensive global footprint — holding the most international branches among Philippine universal banks — positions PHC's products before globally dispersed Filipino wealth and investment-driven buyers. The Company's affiliation with flagship carrier Philippine Airlines likewise provides unparalleled access to a significant overlapping customer base. These channels alone create conversion opportunities unavailable to most competitors.

The Group's advertising and marketing infrastructure adds another layer of advantage. Through well-established national and international platforms, PHC's projects can achieve

multi-market visibility at marginal cost, compressing customer acquisition expenses and accelerating brand momentum.

Critically, the Group's financial depth and long track record in the Philippine capital markets translate directly into a structurally lower cost of funding for PHC. This narrows project hurdle rates, enhances development profitability, and fortifies the Company's balance sheet against market cycles. For luxury projects with long gestation periods, this financial advantage becomes a decisive differentiator.

Deliberate and Focused Organization Designed to Elevate the Local Luxury Landscape

PHC's spin-off as a standalone entity was a deliberate strategic move to create an organization fully aligned to luxury specialization. While retaining the full benefits of the LT ecosystem backing, PHC operates with the clarity, agility, and singular focus as the Group's purpose-built luxury platform.

This structural independence allows planning, design, engineering, and construction teams to work with a unified mandate: deliver products that meet global luxury benchmarks rather than mass-market compromises. Every decision—from architecture to materials, from partnerships to amenities—is made through the lens of the luxury consumer.

The spin-off also isolates PHC from the operational challenges common in legacy developers such as diverse project mixes, inherited inefficiencies, and competing internal priorities. By contrast, PHC's operating model is intentionally streamlined, enabling speed, precision, and high accountability.

A standalone platform also enables superior capital allocation. Funds can be deployed to the highest-value opportunities without cross-subsidizing unrelated segments. This results in more efficient project execution, improved return on equity, and stronger investor alignment.

Strategic and Prime Location of Real Estate Assets

The Group's conviction in the luxury segment's potential is demonstrated by the infusion of three crown jewel properties into PHC. The Company holds a portfolio of strategically located real estate assets that represent some of the most desirable addresses in Metro Manila. These prime locations offer unparalleled advantages in terms of accessibility, commercial potential, and long-term value appreciation. More than just physical assets, these properties serve as gateways to transformative urban development, aligned with the evolving demands of business, lifestyle, and sustainability in a rapidly modernizing capital region.

The **PHC Buendia Property** is located at the intersection of Buendia Avenue (Gil Puyat) and Paseo de Roxas—two of Makati's most critical thoroughfares. Nestled within the emerging Paseo de Roxas Triangle, this property occupies a unique position at the edge of the Makati Central Business District, where key transit routes, commercial demand, and redevelopment efforts converge. The area is currently the focus of significant urban revitalization, presenting the Company with an opportunity to lead the transformation of the district into a modern, mixed-use zone. With growing connectivity through public transport systems, the Buendia property holds strong appeal for projects that blend residential, co-living, retail, and office spaces—designed for a new generation of city dwellers who value accessibility, experience, and convenience.

The **PNB Financial Center** in Pasay City sits along Macapagal Boulevard, within the vibrant Bay Area—a rising business and entertainment district that continues to attract significant investments. Its location places it within close proximity to the Ninoy Aquino International Airport, the SM Mall of Asia Complex, and key government institutions, making it an ideal site

for developments that serve both commercial and institutional tenants. The property's strategic visibility from major roads and accessibility to seaports and expressways position it as a prime candidate for large-scale, mixed-use redevelopment. Envisioned possibilities include a luxury hotel, a government service hub, or a commercial center that integrates corporate, retail, and urban living spaces. With the Bay Area quickly becoming one of Metro Manila's most dynamic urban zones, the PNB Financial Center stands poised to become a new landmark in the city's growth corridor.

One of the Company's flagship assets is the **PNB Makati Center,** prominently situated along Ayala Avenue in the Makati Central Business District—the country's premier financial and commercial hub. This prestigious location positions the property at the center of economic activity, surrounded by global headquarters, top-tier banks, consulates, and luxury hotels. The address alone provides the Company and its stakeholders with exceptional visibility and brand equity, while the surrounding infrastructure—from reliable public transport access to world-class amenities—enhances its attractiveness to multinational tenants, financial institutions, and business process outsourcing firms. As the cityscape evolves, the PNB Makati Center holds significant potential for redevelopment into a high-grade commercial tower or mixed-use development, integrating smart office technologies and green building features that respond to the market's shift toward sustainable and future-ready workspaces.

Together, these properties form the backbone of the Company's growth strategy. Their locations in high-demand corridors offer a unique advantage in attracting quality tenants, driving urban development, and securing long-term capital gains. With rising land values, increasing government interest in urban renewal, and private sector momentum in building smart, sustainable cities, the Company is well-positioned to unlock the full potential of its landbank and shape the future of Metro Manila's real estate landscape.

Seasoned Management Team and Strong Corporate Governance

The Company is led by a distinguished leadership team with extensive experience across real estate, finance, and corporate governance. At the helm is Dr. Lucio C. Tan, Chairman of the Board, whose visionary leadership has shaped some of the most successful enterprises in the country. Supporting him is Ms. Karlu T. Say, President, a seasoned executive with deep industry knowledge and operational expertise.

The Company also benefits from the guidance of an experienced management team and a well-structured Board of Directors, four (4) of whom are independent directors.

The Company's commitment to transparency, accountability, and ethical business practices reinforces its strong corporate governance framework—an essential pillar as it builds investor confidence and accelerates its portfolio expansion in the coming years.

Well Positioned to Capitalize on Projected K-Growth in the Real Estate Industry, with Luxury Expected to Accelerate Further

The Philippine real estate industry continues to exhibit K-shaped growth, with premium and luxury segments significantly outperforming broader categories. Among all residential and mixed-use market tiers, luxury is the segment with the highest potential for outlier growth, driven by rising affluence, global lifestyles, and increased capital inflows from overseas Filipinos and foreign investors.

Luxury real estate is not easily entered nor imitated. Barriers to entry include brand credibility, design expertise, access to prime land, and the ability to endure long development cycles. PHC is uniquely positioned due to two unmatched strengths:

(1) deep consumer intelligence that informs design and value proposition, and
(2) a landbank considered among the most coveted in Metro Manila.

These assets create a moat around PHC's strategy and position it to capture disproportionate share as the market's luxury segment accelerates.

Special Focus on Sustainable Development and Incorporation of the Latest Innovative Technology

PHC integrates sustainability and innovation at the heart of its development philosophy, giving investors exposure to a company aligned with global ESG priorities and next-generation design. This ensures that PHC's developments are not only luxurious but responsible, resilient, and future-proof.

The Company is committed to deploying the latest and most efficient technologies—from energy management systems to water-saving designs and smart-building innovations—to improve operational efficiency while minimizing environmental impact. This enhances asset value, reduces long-term costs for residents, and aligns the Company with global investor expectations.

Balance Sheet Designed for a Landmark Undertaking

PHC enters the market with a balance sheet intentionally structured to support a landmark undertaking. The Group has equipped the Company with substantial capital and multiple funding pathways to ensure PHC can execute transformative, large-scale developments without balance sheet strain.

Robust capitalization enhances credibility with partners, accelerates project timelines, and strengthens the Company's ability to weather macroeconomic cycles. Investors gain comfort knowing that PHC is designed from inception to undertake an iconic project—one that redefines the luxury landscape rather than simply participating in it.

KEY STRATEGIES

Develop mixed-use properties, effectively creating high-end micro-cities and curated global communities that elevate the local luxury landscape

PHC's core strategy is to establish a portfolio of mixed-use developments that transcend traditional property formats and instead create high-end micro-cities—self-contained, highly curated environments that seamlessly integrate residential, retail, hospitality, wellness, culture, and green space. These developments are designed to become destinations in themselves: vibrant global communities where luxury living is defined not only by product quality but by the orchestrated experience of daily life.

By adopting a master-planned, mixed-use approach, PHC ensures that each development captures demand from multiple segments (end-users, investors, business travelers, tourists, global brands) while reinforcing the premium positioning of the entire portfolio. This model also strengthens recurring revenue opportunities through hospitality, branded residences, retail leasing, and destination-driven foot traffic.

Crucially, these micro-cities are designed to elevate the local luxury landscape. They bring together Filipino excellence in design and craftsmanship with global standards of lifestyle curation, architecture, and service. The result is an offering that resonates with affluent buyers seeking world-class living experiences within Metro Manila's most coveted locations.

This strategy positions PHC not merely as a developer, but as a pacesetter. It is one that shapes the next generation of luxury communities in the Philippines.

Tap into synergies with the LT Ecosystem

PHC intends to maximize the full breadth of synergies available within the LT Group ecosystem. The strategy leverages the Group's multi-industry footprint (banking, aviation, beverage, retail, tobacco) and its unique visibility into Filipino consumers across income tiers, geographies, and lifestyle behaviors.

These synergies will manifest in several ways:

- Deep consumer insight will guide product design, pricing strategy, amenity selection, and marketing narratives which will ensure that each project is aligned with the refined standards and aspirations of the luxury buyer.
- PNB's global UHNW network creates an immediate distribution channel for PHC's luxury properties, accelerating pre-sales velocity and enhancing pricing power.
- Group-wide marketing infrastructure enables PHC to amplify brand presence domestically and internationally at marginal cost.
- Financial synergies — including preferential funding access, strategic treasury management, and enhanced credibility with lenders — will lower cost of capital and reinforce project resilience.

This ecosystem advantage effectively embeds PHC within a consumer-focused conglomerate whose institutions already serve, and deeply understand, the very clientele PHC aims to capture.

Execute phased development beginning with the most ready and lowest-yielding asset in the platform: the Buendia property

PHC will implement a disciplined, phased development strategy aimed at optimizing capital efficiency, accelerating returns, and mitigating execution risk. The first phase will focus on the Buendia property — the most development-ready site and the lowest-yielding asset in the current platform.

This sequence is intentional and strategic:

- Converting a low-yielding land asset into a high-performing development immediately improves the Company's return profile and unlocks valuation upside.
- Starting with a ready site accelerates market entry, enabling the Company to establish its brand presence early in the luxury segment.
- Phased execution allows lessons from the initial project to inform subsequent developments, enhancing operational excellence while maintaining strict luxury standards.
- Cash flows generated from earlier phases can partially self-fund later, larger-scale undertakings—thus strengthening balance sheet sustainability.

By beginning with Buendia, PHC signals a prudent yet ambitious development trajectory, balancing near-term value creation with long-term iconic aspirations.

List and subsequently tap capital markets to lower cost of funding through pricing tension with traditional sources

A core component of PHC's long-term strategy is to list the Company and access the capital markets to diversify and reduce funding costs. Public listing creates competitive pricing tension against traditional financing sources, enabling PHC to secure capital more efficiently for large-scale luxury developments.

Capital market access provides several strategic advantages:

- Lower cost of capital, which enhances project IRRs and supports premium development standards.
- Increased financial flexibility, allowing PHC to pursue multiple developments concurrently without overreliance on group resources or bank borrowings.
- Strengthened balance sheet signaling, improving credibility with global partners, regulators, and counterparties.
- A platform for future equity raises, essential for scaling mixed-use micro-cities that require sustained investment.
- Enhanced public visibility, reinforcing brand equity and supporting consumer confidence in PHC's long-term vision.

Ultimately, a public listing is not merely a funding strategy; it is a structural enabler of PHC's ambition to elevate the country's real estate landscape.

COMPETITION

As a player in the highly competitive Philippine real estate market, the Company operates in an environment shared with some of the country's most prominent and publicly listed property developers. These companies have established a strong foothold in integrated property development, offering large-scale mixed-use communities, premium office towers, and commercial hubs that cater to multinational tenants and institutional investors alike.

The Company's assets—most notably the PNB Makati Center and the PNB Financial Center—are situated in prime commercial districts where competition is robust. In Makati, the Company's flagship property, the PNB Makati Center on Ayala Avenue, competes with several well-established Grade A office developments. These include The Enterprise Center Tower 1, developed by KSA Realty Corporation, a joint venture between Ayala Land, Kuok Group, and ING Bank; BDO Towers Valero, owned and managed by BDO Unibank and SM Prime Holdings; and BPI-Philam Life Building, a collaboration between Bank of the Philippine Islands and Philam Life, now part of AIA Philippines. Other notable competitors in the area include L.V. Locsin Building, known for its iconic brutalist architecture, and BA Lepanto Building, both of which continue to attract corporate tenants due to their location and institutional legacy.

In Pasay City where the PNB Financial Center sits along Macapagal Boulevard, the Company finds itself among fast-emerging businesses and lifestyle enclaves. The Bay Area has become a hotspot for mixed-use developments led by top-tier developers such as DoubleDragon Properties Corp., which has established a strong presence with DoubleDragon Center West, and DoubleDragon Tower, both targeting the office leasing segment, particularly for online gaming and BPO sectors. In addition, SM Prime Holdings, through its Commercial Properties Group, has developed a series of E-com Centers—including Two E-com, Three E-com, and Four E-com Center (East, South, and West Towers)—which offer modern office solutions with

direct access to the SM Mall of Asia complex and entertainment facilities, attracting large-scale tenants across technology, finance, and logistics sectors.

Looking ahead, the Company's strategic direction is focused on repositioning its prime landbank into ultra-luxury, high-end mixed-use developments—blending premium office spaces, experiential retail, branded hotels, and branded residences. This elevated business model places the company in direct competition with the country's most established high-end property developers, including:

1. **Ayala Land Premier (ALP)** – the ultra-luxury brand of Ayala Land, Inc., known for developments such as Park Central Towers and The Suites at One Bonifacio High Street. ALP leads the market in luxury living, offering well-curated communities with access to high-end retail and green open spaces.

2. **Rockwell Land Corporation** – renowned for its lifestyle-centric developments such as Proscenium at Rockwell and The Balmori Suites, which combine residential sophistication with curated retail and cultural amenities.

3. **Federal Land** – through its partnership with Nomura Real Estate and Tokyo Tatemono, Federal Land has introduced global luxury standards in developments like Grand Hyatt Residences and The Seasons Residences in BGC.

4. **Shang Properties, Inc.** – the local arm of the Kuok Group, known for high-end projects such as Shangri-La at the Fort, The Rise Makati, and One Shangri-La Place, merging hospitality-grade amenities with luxury residential offerings.

5. **Arthaland Corporation** – Arthaland is a high-end developer known for integrating global sustainability standards into luxury residential and commercial projects. Its portfolio includes Arya Residences, Cebu Exchange, and Eluria in Makati. With certifications such as LEED, WELL, EDGE, and BERDE, Arthaland combines refined living with environmental responsibility and wellness-focused design.

As the Company enters this premium segment, its competitive advantage lies in its unmatched land value in heritage-rich, high-traffic corridors; brand legacy and credibility through the Lucio Tan Group; and freedom to design forward-thinking developments that are not constrained by legacy masterplans.

The Company's upcoming projects aim to blend the prestige of iconic addresses with the hallmarks of modern luxury—global hotel branding, elevated architecture, ESG-aligned construction, and a curated mix of high-value residential and commercial components.

This pivot into the high-end market aligns with emerging global trends where urban elites seek exclusive, well-located, and experiential communities that go beyond conventional real estate offerings. As the demand for luxury branded residences and integrated lifestyle destinations grows in Asia, PHC is well-positioned to make its mark among the country's top-tier developers—creating landmark destinations that embody legacy, sophistication, and long-term investment value.

CUSTOMER BASE

The Company derives a significant portion of its revenue from a limited number of key customers, primarily through a mix of short-term and long-term lease agreements.

While these relationships provide stable and recurring income, the Company acknowledges that the loss of any one of these major customers, or a significant reduction in their business activities, could have a material adverse effect on its financial performance. To mitigate this risk, the Company actively pursues diversification of its tenant and client base, and continuously explores new market opportunities to reduce dependency on any single customer or group of customers.

PNB accounts for and, based upon its existing contract with the Company, will account for, more than twenty percent (20%) of the Company's revenues. The loss of PNB as a customer would have a material adverse effect on the Company.

As of the date of this Prospectus, the Company has a subsisting 10-year Contract of Lease with PNB for the lease of office space located in the PNB Financial Center.

The Company remains committed to maintaining strong relationships with its key clients while expanding its reach across various sectors and locations to ensure long-term sustainability and growth.

SUPPLIERS

The Company engages several reputable service providers to support its property management and improvement activities. The principal suppliers for property management services include:

- SOSAJB Property Management Corporation
- FPD Asia Property Services, Inc.
- Property Maintenance and Gardens, Inc.
- Polystar General Services Corporation

These firms provide day-to-day operational support, maintenance, and tenant services across the Company's real estate portfolio.

For the supply of materials and equipment related to property improvements and building systems, the Company sources from the following key suppliers:

- Jardine Schindler Elevator Corporation for elevator systems and maintenance
- Daikin Airconditioning Philippines for heating, ventilation and air conditioning ("HVAC") systems and related equipment
- Stelsen Integrated Systems, Inc. for integrated building systems and technical solutions such as turnstile access control system

The Company maintains professional relationships with these suppliers to ensure the quality, safety, and operational efficiency of its properties. Furthermore, it must be emphasized that the Company is not materially dependent on any single supplier, and alternative providers are available in the market should the need arise.

INTELLECTUAL PROPERTY

In preparation for the development of the PHC Buendia Property, the Company registered the following trade names with the Intellectual Property Office of the Philippines ("IPOPhil"):

Trade Name	Registration Date	Term
LT DISTRICT	21 February 2026	10 years
LANDMARK TERRACES	05 December 2025	10 years
LEGACY TERRACES	05 December 2025	10 years
THE LEGACY TOWER	2 February 2025	10 years
LT SQUARE	8 February 2025	10 years
LT LAND	16 February 2026	10 years

INSURANCE CONTRACTS

The Company has the following insurance coverage:

Insurance Company	Line / Type / Asset Insured	Sum Insured / Coverage	Policy Period
Alliedbankers Insurance Corporation	Comprehensive General Liability Insurance	P73 million	29 April 2026 to 29 April 2027
Alliedbankers Insurance Corporation	Fire insurance on building, building machinery and equipment, and furniture, fixtures and fittings including improvements and betterments of PNB Makati Center	P2.350 billion	30 April 2026 to 30 April 2027
Alliedbankers Insurance Corporation	Fire insurance on building, building machinery and equipment, and furniture, fixtures and fittings including improvements and betterments of PNB Financial Center	P6.190 billion	30 April 2026 to 30 April 2027

REGULATORY AND ENVIRONMENTAL MATTERS

Zoning and Land Use

Land use is typically regulated by zoning ordinances enacted by local government units ("LGUs"). It may be restricted in accordance with a comprehensive land use plan approved by the relevant LGU. Zoning ordinances classify land as residential, commercial, agricultural or industrial. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

Under the agrarian reform law currently in effect and the regulations issued in relation thereto by the Department of Agrarian Reform ("DAR"), land classified for agricultural purposes as of or after 15 June 1988 cannot be converted to non-agricultural use without the prior approval of DAR.

Property Registration

Presidential Decree No. 1529, otherwise known as the Property Registration Decree, has consolidated laws related to land registration and is based on principles underlying the Torrens System, where title is conclusive against third parties, including the government.

The Philippines has implemented a system of land registration, which serves as evidence of land ownership and is binding on all persons. Once a land is registered, the title thereto becomes indisputable after a year from the decree of registration except when specific claims are noted in the certificate of title.

An unregistered land can be brought under the land registration system after the conduct of a survey, application, publication, service of notice and hearing. Land registration may be done through either judicial or administrative proceedings, and in both cases, registration is completed in the Register of Deeds ("RD") for the province or city where the land is situated.

Any subsequent transfer of or encumbrance on the land that is registered or recorded in the RD for the province or city where the land is located serves as constructive notice to all persons from the time it is officially filed registered or recorded in the RD's records.

Interests in a registered land that do not amount to full ownership, like liens and encumbrances caused by mortgages, should be registered to the RD through the submission of documents which establish the said interests. The RD will annotate these liens and encumbrances on the certificate of title.

Any subsequent transfer of the land necessitates the completion of the registration process to bind third parties. A Transfer Certificate of Title ("TCT") in the name of the transferee will be issued once the required documents are submitted and the necessary fees and taxes are paid.

Real Property Taxation

Real property taxes are payable annually based on the property's assessed value. The assessed value is determined by applying the assessment levels, which are fixed by local ordinances, against the fair market values of the property. Under the Local Government Code ("LGC"), the assessed values of property and improvements vary depending on the location, use and the nature of the property.

Land is typically assessed at 20% to 50% of its fair market value while buildings may be assessed up to 80% of their fair market value. Machinery, on the other hand, may be assessed at 40% to 80% of its fair market value.

In the case of a city or a municipality within Metro Manila or in chartered cities, real property taxes may not exceed 2% of the assessed value of the real property. Real property taxes may not exceed 1% in all other areas. In addition to the basic real property tax, a province or city, or a municipality within Metro Manila may levy and collect an annual tax of 1% on the assessed value of the real property to accrue exclusively to the Special Education Fund of the LGU where the property is located.

The basic real property tax and any other tax levied on real property constitute a lien on the said property. Such lien is superior to all other liens, charges or encumbrances in favor of any person, regardless of the owner or possessor of the property, enforceable by administrative or judicial action, and may only be extinguished upon payment of the tax and the applicable

interest and expenses, if any. If the taxpayer wishes to question the reasonableness or correctness of the amount assessed, he can file a protest in writing before the treasurer of the LGU. The taxpayer, however, must first pay the tax, and the corresponding tax receipt will be annotated with the phrase “Paid under Protest”.

Contractor’s License

Republic Act No. 4566, otherwise known as the “Contractors’ License Law”, as amended by Presidential Decree No. 1746 and R.A. No. 11711, aims to ensure the safety of the general public by allowing only qualified contractors to engage in construction activities in the Philippines.

The said law created the Philippine Contractors Accreditation Board (“PCAB”), a government agency attached to the Department of Trade and Industry and one of the implementing Boards in the Construction Industry Authority of the Philippines (“CIAP”).

The Contractors’ License Law prohibits a contractor (including sub-contractors and specialty contractors) from engaging in the contracting business without securing a PCAB license to conduct business. Engaging in contracting business without first obtaining a license is punishable by law.

In granting a contractors’ license, PCAB takes into account a contractor’s qualifications and compliance with the following performance factors:

1. Financial capacity
2. Equipment capacity;
3. Performance experience of the firm; and
4. Performance experience of technical personnel.

Labor Laws

The Labor Code and other related laws provide the minimum benefits that employers should grant to their employees, to wit:

1. Social Security Act

The Social Security Act of 2018 mandates the compulsory social security coverage for all employees not over sixty (60) years old. An employer is required to report to the Social Security System (“SSS”) the names, ages, civil status, occupations, salaries and dependents of its employees who are subject of the compulsory social security coverage, and to pay and remit their monthly SSS contributions. Through this system, employees or their dependents shall be entitled to claim their pension and other benefits such as sickness benefits, death and funeral benefits, permanent disability benefits, and maternity leave benefits. Failure on the part of the employer to comply with any of its obligations under the Social Security Act may result in sanctions, including the imposition of fine or imprisonment, or both, and the payment of damages.

2. Home Development Fund Law

The Home Development Mutual Fund (“HDMF”), a national savings program and a fund to provide affordable shelter financing to Filipino workers, was created by virtue of the Home Development Fund Law. HDMF coverage is compulsory for all SSS members and their

employers. An employer is required to deduct and withhold a percentage of the employee's monthly compensation and make a counterpart contribution. The said contributions are remitted to the HDMF. Failure to comply without any justifiable cause or with fraudulent intent on the part of the employer is punishable by a fine or by imprisonment, or both. In the case of corporations, the penalty will be imposed upon the members of the governing Board and the President or General Manager, without prejudice to the prosecution of related offenses under the Revised Penal Code and other related laws, revocation and denial of operating rights and privileges, and deportation, if the offender is a foreigner.

3. National Health Insurance Act

The National Health Insurance Program ("NHIP") was created by virtue of the National Health Insurance Act. NHIP aims to provide health insurance coverage and ensure affordable and accessible health care services to Filipinos. All members of the SSS are automatic members of the NHIP. The law requires the employer to deduct and withhold the contributions from its employee's salary, wage or earnings, and make a counterpart contribution for the employee. The said contributions will be remitted to the Philippine Health Insurance Corporation ("PhilHealth"), the agency mandated to administer the NHIP. The NHIP will then be used to subsidize the health services required by an employee, subject to the terms and conditions provided under the law. Failure or refusal by the employer to register its employees under the program, regardless of the latter's employment status, or to deduct contributions from the employees' compensation and remit the said contributions to PhilHealth is punishable with a fine of not less than P5,000.00 multiplied by the total number of employees.

Nationality Restrictions

The 1987 Constitution and related laws limits land ownership in the Philippines to Philippine nationals. There is no prohibition, however, against foreigners owning buildings and other permanent structures, except with respect to condominium developments where foreigners can buy condominium units in Philippine condominium corporations as long as not more than 40% of the units in the condominium project are owned by foreigners, as provided for by Republic Act No. 4726, as amended, or the Condominium Act.

Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act ("FIA") defines a "Philippine national" as a citizen of the Philippines; or 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 as doing business in the Philippines under the 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 nationals.

Under SEC Memorandum Circular No. 8, series of 2013, for purposes of determining compliance with the constitutional or statutory ownership requirement, 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. The said Memorandum Circular applies to all corporations engaged in activities or enterprises specifically reserved, wholly or partly, to Philippine nationals by the 1987 Constitution, FIA and other existing laws, amendments thereto, and the implementing rules and regulations of the said laws.

Revised Corporation Code of the Philippines

Republic Act No. 11232, also known as the Revised Corporation Code of the Philippines ("Revised Corporation Code"), which amended certain provisions of the Corporation Code, was enacted in 2019.

Two of the salient matters introduced by the amendatory law are the removal of the mandatory requirement of having a minimum of five natural persons as incorporators, and the establishment of one-person corporations ("OPCs"), which are corporations with a single stockholder. The single stockholder must either be a natural person, a trust or an estate. Banks and quasi-banks, preneed, trust, insurance, public and publicly-listed companies, and non-chartered government-owned and -controlled corporations, however, may not incorporate as an OPC. Moreover, a natural person who is licensed to exercise a profession may not organize as an OPC for the purpose of exercising such profession except as otherwise provided under special laws.

The Revised Corporation Code also grants perpetual existence to new corporations except if the articles of incorporation state otherwise. Corporations existing before the enactment of the Revised Corporation Code are also granted perpetual existence unless the corporation, upon a vote of stockholders representing a majority of the outstanding capital stock and a vote of a majority of the members of the Board of Directors or Trustees, notifies the SEC that it decides to retain the specific corporate term stated in its articles of incorporation.

Securities Regulation Code and its Implementing Rules and Regulations

Public companies and publicly listed companies are also governed by Republic Act No. 8799, otherwise known as the Securities Regulation Code, and its Implementing Rules and Regulations ("SRC-IRR"). Under Rule 17 of the SRC-IRR, covered companies have certain reportorial requirements that must be accomplished and filed with the SEC, such as:

1. An Annual Report on SEC Form 17-A to be filed within 105 calendar days after the end of the fiscal year;
2. A Quarterly Report on SEC Form 17-Q to be filed within 45 calendar days after the end of each of the first three quarters of each fiscal year;
3. A Current Report on SEC Form 17-C as to be filed as may be necessary to report every material fact or event that occurs which would reasonably be expected to affect investors' decisions in relation to the Corporation's shares. The SEC Form 17-C must be filed within five (5) calendar days after the occurrence of the event reported.[4]

Furthermore, covered companies must comply with Rule 20 of the SRC-IRR with respect to disclosures to stockholders prior to stockholders' meetings. In the conduct of annual or other stockholders' meetings, a public company must submit either a written or verifiable soft copy of the information statement and proxy form (in case of a proxy solicitation) containing the information specified under SEC Form 20-IS, and a Management Report under SRC Rule 20.4, if applicable, to every security holder of the class entitled to vote.

[4] Rule 17.1.1.1 of the SRC-IRR

Data Privacy Act

Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012 ("DPA"), and its implementing rules and regulations govern the processing of all types of personal information (i.e., personal, sensitive, and privileged information) in the hands of the government or the private sector through the use of Information and Communications System ("ICT"). The ICT 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.

DPA aims 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." Other salient features of the law are the rights of a data subject or an individual whose personal information is being processed; imposition of obligations on personal information controllers and personal information processors; and imposition of penal and monetary sanctions for violation of the law's provisions.

The National Privacy Commission was created with a mandate to administer and implement the provisions of the DPA and to ensure the Philippines' compliance with international standards set for data protection.

DPA requires any natural or juridical person or other body involved in the processing of personal data to designate an individual or individuals who shall function as data protection officer, compliance officer or otherwise be accountable for ensuring compliance with applicable laws and regulations for the protection of data privacy and security. "Processing" refers to any operation or any set of operations performed upon personal data including, but not limited to, the collection, recording, organization, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure or destruction of data.

Anti-Money Laundering Act

Republic Act No. 9160, otherwise known as the Anti-Money Laundering Act ("AMLA"), provides for the laws, regulations and procedures designed to combat money laundering in the Philippines. The said law was most recently amended in 2021 by Republic Act No. 11521 by revising the list of covered persons under the AMLA to include real estate brokers and developers. Covered persons like real estate brokers and developers are required to appoint a Compliance Officer, obtain a Certificate of Registration from the Anti-Money Laundering Council, submit covered transaction and suspicious transaction reports, and come up with a Money Laundering and Terrorism Financing Prevention Program ("MTPP"), among others.

Under the AMLA, real estate brokers and developers are required to submit a covered transaction report for any single cash transaction exceeding P7,500,000.00 or its equivalent in any other currency.

RA No. 11521 also defined "suspicious transactions" as transactions with covered persons, regardless of the amounts involved, where any of the following circumstances exist:

1. there is no underlying legal or trade obligation, purpose or economic justification;
2. the client is not properly identified;

3. the amount involved is not commensurate with the business or financial capacity of the client;
4. taking into account all known circumstances, it may be perceived that the client's transaction is structured in order to avoid being the subject of reporting requirements under the AMLA;
5. any circumstances relating to the transaction which is observed to deviate from the profile of the client and/or the client's past transactions with the covered person;
6. the transaction is in any way related to an unlawful activity or offense under the AMLA that is about to be, is being or has been committed; or
7. any transaction that is similar or analogous to any of the foregoing.

AMLA mandates that covered persons identify and record the true identity of their customers, whether permanent or occasional, whether natural or juridical persons, or legal arrangements based on official documents. Appropriate systems of collecting and recording identification information and identification documents should therefore be in place. Covered persons are also obligated to implement and maintain a system of verifying the true identity of their clients, including validating the truthfulness of the information and confirming the authenticity of the identification documents provided by the customer through the use of independent but reliable sources, documents, data or information. All records of transactions and records of closed accounts are required to be maintained and stored for five years from the date of a transaction or after their closure, respectively.

Environmental Laws and Safety Standards

1. Presidential Decree No. 1586 (Establishing an Environmental Impact Statement System including other Environmental Management Related Measures and For Other Purposes)

Presidential Decree ("PD") No. 1586 established the Philippine Environmental Impact Statement ("EIS") System and mandated all proponents of projects and undertakings, whether private or government-owned, to submit an EIS for every proposed project and undertaking which significantly affects the quality of the environment. Proclamation No. 2146 further identified certain areas and types of projects as environmentally critical and within the scope of the EIS System. The Implementing Rules and Regulations for the Philippine Environmental Impact Statement System were issued by the DENR through DENR Administrative Order No. 2003-30.

The EIS System refers to 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. It successfully culminates in the issuance of an Environmental Compliance Certificate ("ECC").

Development projects that pose potential significant impact to the environment are required to secure an ECC. An ECC is a document issued by the Environmental Management Bureau ("EMB") of the DENR after a positive review of an ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact. The ECC also certifies that the proponent has complied with all the requirements of the EIS System and has committed to implement its approved Environmental Management Plan/Program ("EMP"). It also contains specific measures and conditions that the project proponent has to undertake before and during the operation of a project, and in some cases, during the project's abandonment phase, to mitigate identified environmental impacts.

In order to secure an ECC, an environmentally critical project is required to submit an EIS to the EMB. A non-environmentally critical project in an environmentally critical area, on the other hand, is generally required to submit an Initial Environmental Examination ("IEE") to the proper DENR regional office. If an environmentally critical project is within an environmentally critical area, an EIS is required in addition to an IEE. The DENR, through its regional offices or through the EMB, determines whether a project is environmentally critical or located in an environmentally critical area.

The EIS refers to both the document prepared and submitted by the project proponent or the EIA consultant that serves as an application for an ECC, and the comprehensive study of the significant impacts of a project on the environment. It includes a discussion of the direct and indirect consequences of the project to human welfare and ecological and environmental integrity. It should include an EMP which will disclose the prevention, mitigation, compensation, contingency and monitoring measures to enhance the positive impacts and minimize the negative impacts and risks of a proposed project or undertaking.

The IEE, on the other hand, refers to the document and the comprehensive study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the terms and conditions of an EIS and an IEE may vary from project to project, at the minimum, they should both contain all relevant information regarding the project's environmental effects.

Project proponents which submit an EIS are mandated to set up an Environmental Guarantee Fund ("EGF") which shall be readily accessible and disbursable for the immediate clean-up or rehabilitation of areas affected by damages in the environment and the resulting deterioration of environmental quality as a direct consequence of a project's construction, operation or abandonment. It will also be used to compensate parties and communities affected by the negative impacts of the project, and to fund community-based environment-related projects.

The EIS should also include a commitment to set up an Environmental Monitoring Fund ("EMF") after an ECC is issued, to be used to support the activities of the multi-partite monitoring team organized to monitor compliance with the ECC and the applicable laws, rules and regulations.

In the event that a project does not fall under the categories wherein an ECC is required, the project proponent will still need to obtain a Certificate of Non-Coverage ("CNC"). The CNC is a certification issued by the EMB certifying that, based on the submitted project description, the project is not covered by the EIS System and is not required to secure an ECC.

Apart from the EIS and IEE, an Engineering Geological and Geo-Hazard Assessment is required for ECC applications covering subdivisions, housing and other land development and infrastructure projects.

The issuance of ECC or CNC for a project under the EIS System does not exempt the proponent from securing other government permits and clearances as required by other laws.

2. Republic Act No. 8749 (The Philippine Clean Air Act of 1999)

The Philippine Clean Air Act of 1999 is a holistic air quality management program geared at, among others, formulating and enforcing a system of accountability for short and long-term adverse environmental impact of a project, program or activity.

The law defines an “air pollutant” as any matter found in the atmosphere other than oxygen, nitrogen, water vapor, carbon dioxide, and the inert gases all in their natural or normal concentrations, that is detrimental to health or the environment, which includes, but not limited to, smoke, dust, soot, cinder, fly ash, solid particles of any kind, gases, fumes, chemical mists, contaminated steam and radioactive substances.

Under the Philippine Clean Air Act, all proposed or planned construction or modification of air pollution sources that has the potential to emit one hundred tons per year or more of any of the regulated pollutants are required to obtain an Authority to Construct from the EMB of the DENR or its regional offices. The Authority to Construct is a legal authorization granted by the EMB to install a new source or modify an existing source of air pollution.

Once a new source construction or modification is completed, the source ownership shall, within 60 days from startup, request the DENR through the EMB to convert the Authority to Construct to a Permit to Operate. A valid Permit to Operate will be issued once the owner has demonstrated to the satisfaction of the authorizing agency that all permit conditions have been or will be met, and that no air quality standards or guidelines will be exceeded. A permit duly issued shall be valid for the period specified therein but not beyond one year from the date of issuance unless sooner suspended or revoked. It may be renewed by filing an application for renewal at least 30 days before its expiration date and upon payment of the required fees and compliance with the requirements.

Another salient provision of the Philippine Clean Air Act is the ban on smoking inside a public building or an enclosed public place, including public vehicles and other means of transport, or in any enclosed area outside of one’s private residence, private place of work or any duly designated smoking area which shall be enclosed.

3. Republic Act No. 9275 (The Philippine Clean Water Act of 2004)

The Philippine Clean Water Act of 2004 is a comprehensive national program for water quality management which streamlines the processes and procedures in the prevention, control and abatement of pollution of the country’s water resources.

Under the Philippine Clean Water Act, owners or operators of facilities that discharge regulated effluents are required to secure a permit to discharge from the DENR. The discharge permit refers to the legal authorization granted by the DENR to discharge wastewater. The permit specifies, among others, the quantity and quality of effluent that the said facilities are allowed to discharge into a particular body of water, the compliance schedule and the monitoring requirements. Effluents refer to discharges from known sources which are passed into a body of water or land, or wastewater flowing out of a manufacturing plant or industrial plant, including domestic, commercial and recreational facilities.

4. Republic Act No. 9003 (The Ecological Waste Management Act)

The Ecological Waste Management Act aims to establish a comprehensive and ecological waste management program in the Philippines by ensuring that proper segregation, collection, storage, treatment and disposal of solid waste are implemented. Solid waste refers to all discarded household, commercial waste, non-hazardous institutional and industrial waste, street sweepings, construction debris, agricultural waste, and other non-hazardous and non-toxic solid waste.

Local government units are primarily responsible for the implementation and enforcement of the provisions of the law within their respective jurisdictions. The law mandates that

segregation and collection of solid waste be conducted at the barangay level, specifically for biodegradable, compostable and reusable wastes. Collection of non-recyclable materials and special wastes, however, shall be the responsibility of the municipality or city.

Segregation of solid waste is mandatory under the Ecological Waste Management Act. The solid waste containing, depending on its use, is required to be properly marked or identified for on-site collection as “compostable”, “non-recyclable”, “recyclable” or “special waste”.

5. Other Regulations

Resolution No. 33, series of 1996 of the Laguna Lake Development Authority (“LLDA”) mandates that 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 required to obtain a discharge permit from the LLDA. The discharge permit is a clearance granted by LLDA to discharge liquid waste or wastewater of specified concentration and volume into any sewer system or any water body that directly or eventually drains into the Laguna de Bay for a specified period of time.

All buildings or structures as well as accessory facilities thereto shall conform in all respects to the principles of safe construction under Presidential Decree No. 1096 or the National Building Code of the Philippines.

Aside from the Building Permit under the National Building Code, an applicant in specific instances may be required to secure a Height Clearance Permit from the Civil Aviation Authority of the Philippines (“CAAP”) as mandated by Republic Act No. 9497 or the Civil Aviation Authority Act.

GOVERNMENT APPROVALS AND PERMITS

All the government approvals and permits material and necessary to the business and operations of the Company have been secured and are in full force and effect, to wit:

Name of Permit/License	Issuing Agency	Permit / License No.	Issue Date	Validity Period	Expiry Date
SEC Registration	SEC	PW00001056	20 May 1920	Valid until revoked	Valid until revoked
BIR Registration	BIR	125RC20240000005531	11 October 2024	Valid until revoked	Valid until revoked
SSS Registration	SSS	03-9022417-2-000	1 May 1996	Valid until revoked	Valid until revoked

The following are the permits and licenses specific to each of the Company’s key properties:

1. **PNB Makati Center**

Name of Permit/License	Issuing Agency	Permit / License No.	Issue Date	Validity Period	Expiry Date
Business Permit	LGU of Makati City	30401	11 February 2026	Until expiry date	31 December 2026

Sanitary Permit	LGU of Makati City	116559	26 May 2026	Until expiry date	31 December 2026
Barangay Clearance	LGU of Brgy. San Lorenzo, Makati City	102726087481	3 March 2026	Until expiry date	31 December 2026
Fire Inspection Certificate	Makati City Fire Station	R-eMKT 49946194	19 November 2025	Until expiry date	19 November 2026

2. **PNB Financial Center**

Name of Permit/License	Issuing Agency	Permit / License No.	Issue Date	Validity Period	Expiry Date
Business Permit	LGU of Pasay City	03213	14 April 2026	Until expiry date	31 December 2026
Sanitary Permit	LGU of Pasay City	1713-2026	26 February 2026	Until expiry date	31 December 2026
Barangay Clearance	LGU of Brgy. 076, Pasay City	2026-076-00784	14 April 2026	Until expiry date	31 December 2026
Fire Safety Inspection Certificate	Pasay City Fire Station	09848130	27 October 2025	Until expiry date	27 October 2026

3. **PHC Buendia Property**

Name of Permit/License	Issuing Agency	Permit / License No.	Issue Date	Validity Period	Expiry Date
Environmental Compliance Certificate	DENR-EMB	ECC-NCR-2510-3552	27 October 2025	The ECC will lose its validity if the project has not been implemented within five (5) years from ECC issuance.	

Genbancor secured the following permits and licenses:

Name of Permit/License	Issuing Agency	Permit / License No.	Issue Date	Validity Period	Expiry Date
SEC Registration	SEC	66020	12 February 1976	Valid until revoked	Valid until revoked
BIR Registration	BIR	047RC20200000000563	13 October 2020	Valid until revoked	Valid until revoked
Business Permit	LGU of Makati City	37293	29 April 2026	Until expiry date	31 December 2026
Sanitation Permit	LGU of Makati City	076011	4 August 2026	Until expiry date	31 December 2026
Barangay Clearance	The LGU of Makati City advised that Genbancor does not have to secure a Barangay Clearance and a Fire Safety Inspection Certificate.				
Fire Safety Inspection Certificate					

Employees

As of 31 March 2026, the Company has a total of 85 employees, to wit:

DEPARTMENT	HEADCOUNT	EMPLOYMENT STATUS			
		Regular	Probationary	Project Based	Consultancy
Business Development	**3**	2	1		
Construction Management	**3**	2	1		
Corporate Communications	**4**	3	1		
Corporate Planning	**0**				
Digital Transformation & Information Systems	**3**	2	1		
Executive Operations	**2**	1			1
Finance, Accounting, and Treasury	**20**	16	4		
Human Resources and Administration	**12**	12			
Internal Audit	**2**	2			
Leasing Management	**7**	6	1		
Legal	**4**	3	1		
Planning and Design	**2**	2			
Property Management	**9**	8	1		
Purchasing	**7**	6	1		
Quantity Surveying	**3**	2	1		
Records Management	**0**				
Risk and Compliance	**3**	3			
Strategic Policy	**1**	1			
TOTAL	**85**	**71**	**13**	**0**	**1**

While the Company does not anticipate hiring a significant number of additional employees within the next twelve months, it may hire as necessary subject to the evolving needs of the business.

As of the date of this Prospectus, the Company's employees do not belong to any labor union. Furthermore, there is no existing collective bargaining agreement ("CBA") between the Company and its employees.

For the past five (5) years, the Company had not experienced any disruptive labor disputes, strikes or threat of strikes. Management believes that the Company's relationship with its employees, in general, is satisfactory.

The Company complies with minimum compensation and benefits standards as well as other employment regulations enshrined in the applicable labor laws.

MATERIAL CONTRACTS

10-Year Lease of Office Space at the PNB Financial Center

In 2021, the Company entered into a 10-year lease arrangement with PNB for the lease of office space in the PNB Financial Center, with a gross rentable area of 27,799.61 square meters.

In 2023, the parties modified the Contract of Lease to provide for the return of the leased premises to the Company in good and tenantable condition, ordinary wear and tear excepted, as opposed to a warm shell condition as indicated in the original Contract of Lease.

The lease was further amended in 2024 to revise the gross rentable area to 27,713.88 square meters.

Lease of Office Space at the PNB Financial Center and Renewals Thereof

In 2021, the Company entered into a 26-month Contract of Lease with PNB for lease of office space located at the PNB Financial Center, with a gross rentable area of 31,073.10 square meters.

In 2023, the aforementioned Contract of Lease was renewed for a period of one (1) year commencing on 13 March 2023 and expiring on 12 March 2024. The rent was also increased. The parties also modified the Contract of Lease to provide for the return of the leased premises to the Company in good and tenantable condition, ordinary wear and tear excepted, as opposed to a warm shell condition as indicated in the original Contract of Lease, and added a clause on the ownership of permanent improvements, alterations and additions not removable without defacing or injuring the leased premises.

In 2024, the lease was amended to revise the gross rentable area to 22,341.47. Furthermore, the term of the lease was extended for another six (6) months commencing on 13 March 2024 and expiring on 12 September 2024.

In 2025, PNB and the Company renewed the term of the lease and amended the rental rates. The lease for the 9th and 11th floors of the PNB Financial Center was renewed for a term of one (1) year commencing on 13 September 2024 and which expired on 12 September 2025. The lease for the 2nd and 8th floors of the same building was renewed for a term of six (6) months commencing on 13 September 2024 and which expired on 12 March 2025.

On 25 March 2026, the Company and PNB executed and signed Basic Lease Proposals covering the extension of the lease for the 9th and 11th Floors of the PNB Financial Center until 30 June 2026 only. .

With respect to the lease of the 2nd Floor of the PNB Financial Center, the Company amended its Lease Contract with PNB to reflect the revised actual gross leasable area of 14,726.96 square meters. The lease for portions of the 2nd Floor with an area of 10,983.68 square meters and 4,770.20 square meters was extended until 30 April 2026 and 30 June 2026, respectively.

As of the date hereof, there had been no extension of the lease of the 2nd, 9th and 11th Floors to PNB, and the Company is in discussion with prospective tenants.

The lease of the 8th Floor of the PNB Financial Center was extended until 12 January 2031.

DESCRIPTION OF PROPERTY

KEY ASSETS

I. PHC Buendia Property

At the prestigious intersection of Sen. Gil Puyat Avenue (formerly Buendia Ave.) and Paseo de Roxas lies an 8,000 sqm lot poised to host on the most iconic buildings in the country. This single-tower superstructure will not only redefine the Makati skyline but also bring immense pride to the Philippines.

Envisioned with sustainable features and cutting-edge architectural design, this landmark development will offer a blend of luxury office spaces, branded hotels for discerning individuals, branded residences, and an upscale retail podium. It promises to be a premier destination for those seeking a luxurious lifestyle, high-end workspaces, and elite living spaces.

This project is set to become a beacon of innovation and elegance, attracting top-tier businesses and individuals who value excellence and sophistication.

The PHC Buendia Property is subject to the restrictions, easements, reservations and limitations related to (i) the Ayala Avenue – Paseo de Roxas Associations; (ii) use of lots; (iii) building and architecture; (iv) parking space; (v) vehicular entrances; (vi) service entrance; (vii) signs; and (viii) sewerage disposal, annotated as Entry No. 21710/T-216475 in the Memorandum of Encumbrances on Transfer Certificate of Title ("TCT") No. 006-2022000466.

II. PNB Financial Center

PNB Financial Center stands as an iconic brutalist-style office complex, masterfully designed by the renowned Architect Gabriel Formoso. Strategically situated along Diosdado Macapagal Boulevard in the vibrant Manila Bay area of Pasay City, this prime property boasts a massive land area of 99,999 square meters.

The location of PNB Financial Center is unparalleled, offering exceptional accessibility through both private and public transport. It is conveniently located near the Ninoy Aquino International Airport. Additionally, the complex is surrounded by a plethora of cultural and historical tourist attractions, as well as bustling business and entertainment hubs.

As a cornerstone of the buzzing Bay area, PNB Financial Center exemplifies the Company's strength and commitment to providing top-tier real estate solutions. Its prime location and expansive property make it a standout choice for businesses seeking a prestigious and highly accessible office space. The Financial Center is home to the Philippine National Bank, as well as government agencies and international organizations such as the US Peace Corps and the Commission on Appointments.

Property Features	**Description**
Gross Leasable Area	88,519 sqm
Typical Floor Plate	7,068.03 sqm
No. of Floors	11 Floor, Roof deck
Floor Efficiency	88% (Typical, 4F to 11F)
Hand Over Condition	Warm shell
AC System	Centralized AC System (Chilled water)

Property Features	Description
Elevators	10 Passenger, 2 Service elevator, 2 Executive elevators
Back-up Power	30% for Common Area
Ceiling Height	3.83 meters
Telecommunication	PLDT/Globe/Smart/Eastern
Parking	Basement and Outdoor Parking Available

III. PNB Makati Center

PNB Makati Center is a distinguished 13-storey concrete building designed by the esteemed Architect Carlos Arguelles in the iconic brutalist style. Located along Ayala Avenue, one of the most coveted business addresses in the Philippines, this prime property stands directly across from Ayala Triangle in the heart of the Makati Commercial Business District.

The building's strategic location ensures exceptional accessibility through both private and public transport, making it an ideal choice for businesses seeking a prestigious and convenient office space. PNB Makati Center's proximity to key commercial establishments, financial institutions, and cultural landmarks further enhances its appeal as a premier business hub.

As a testament to the Company's commitment to excellence in real estate, PNB Makati Center offers a blend of architectural significance and prime location, making it a standout choice for discerning businesses.

The building is home to industry leaders such as Allianz, Asia Brewery Inc., and Emapta Philippines, further solidifying its status as a premier business address.

Property Features	Description
Gross Leasable Area	36,677.64
Typical Floor Plate	2,640.80
No. of Floors	12 Floor, Penthouse, Basement
Hand Over Condition	Warm shell
AC System	Centralized AHU
Elevators	6 Passenger, 1 Freight
Back-up Power	100%
Ceiling Height	3 meters
Telecommunication	PLDT/Globe/Rise/Infinivan
Parking	5-level concrete parking

Related-party tenants account for approximately 42% of the total revenues of PNB Makati Center for the period ended 31 March 2026.

The condominium units comprising the PNB Makati Center are subject to the Declaration of Restrictions on the use and occupancy of the condominium units executed by Genbancor Development Corporation in addition to the Deed of Restrictions on the properties constituting the condominium project. The Memorandum of Encumbrances in the CCTs provide that the properties constituting the condominium project shall embody such restrictions, limitations, easements, covenants, undertakings and conditions as may be required or permitted by the Condominium Act.

The key assets discussed in this section were acquired by the Company through a property-for-share swap between the Company and PNB whereby the latter subscribed to 466,770,000[5]

[5] Then with a par value of P100.00 per share

common shares out of the increase in the authorized capital stock of the Company in exchange for various real properties located in Makati City and Pasay City. The BIR subsequently issued a Certification in December 2021 that the transfer by PNB to the Company of the said properties in exchange for 466,770,000 of the Company's shares is a tax-free exchange pursuant to Section 40(C)(2) of the Tax Code, as amended. A memorandum to this effect is annotated on Transfer Certificates of Title ("TCT") and the CCTs covering the properties.

SUMMIT ONE PROPERTIES

The Company owns several condominium units located in the Summit One Tower building within a high-density commercial zone along Shaw Boulevard, Mandaluyong City. The properties are composed of ten (10) units of commercial space and fourteen (14) units of parking slots with a combined area totaling 1,840.16 sqm. These properties do not have tenants from the date of their acquisition by the Company.

Considering these to be PHC's non-core assets, Management is looking to either liquidate these assets by disposing them for sale, or to lease out the same to third parties in order to generate recurring revenue.

PERSONAL PROPERTIES

1. Shares of Stock

The Company owns shares of stock in the following corporations:

Name of Company	Number and Type of Share
Riviera Golf Club, Inc.	2 "C" Shares
Riviera Sports and Country Club, Inc.	2 Common Shares
Sta. Elena Properties, Inc.	2 "A" Shares
Manila Golf & Country Club, Inc.	100 Units
Petro Energy Resources Corp.	6,289 Shares
Southeast Asia Cement Holdings Inc.	8,878 Shares
Southeast Asia Cement Holdings Inc.	1,497 Shares

2. Motor Vehicles

In addition to the foregoing, the Company also owns motor vehicles, some of which are being used by its employees as part of the Employees Car Plan.

3. Intellectual Property

In preparation for the development of the PHC Buendia Property, the Company registered the following trade names with the Intellectual Property Office of the Philippines ("IPOPhil"):

Trade Name	Registration Date	Term
LT DISTRICT	21 February 2026	10 years
LANDMARK TERRACES	05 December 2025	10 years
LEGACY TERRACES	05 December 2025	10 years
THE LEGACY TOWER	2 February 2025	10 years

LT SQUARE	8 February 2025	10 years
LT LAND	16 February 2026	10 years

4. Other Personal Properties

The Company also owns machinery, office equipment, fixtures and fittings, computer hardware and building improvements being used by the Corporation and its employees in day-to-day operations.

As of the date of this Prospectus, the Company does not have any definitive plans to acquire additional properties or to initiate new landholding strategies within the next twelve (12) months. Should any such plans be finalized or materially developed, the Company will make the appropriate disclosures in accordance with applicable regulatory requirements.

LEGAL PROCEEDINGS

As of the date of this Prospectus, neither Company nor its subsidiary is a party to any material legal proceedings which will affect the daily operations of the Company and its subsidiary's business, and its properties, nor is the Company a party to any proceeding which involves a claim exceeding ten percent (10%) of the current assets of the Company, or which will have any material effect on the financial position of the Company and its subsidiary.

SECURITIES OF THE ISSUER

Market Information

As of the date of this Prospectus, the Company has an authorized capital stock of ₱50,500,000,000.00 consisting of 50,500,000,000 Common Shares, with a par value of ₱1.00 per Common Share. The Company has issued 46,932,100,000 Common Shares, all of which are outstanding.

The said Common Shares are not traded in any public trading market, whether in the Philippines or abroad. They are also not subject to outstanding options or warrants to purchase, or securities convertible into, Common Shares of the Company.

Listing by Way of Introduction

On 14 January 2026, the Company filed with the PSE an application for listing based on Section 1(b) of the PSE's Amended Rules on Listing by Way of Introduction, which provides that listing of securities by way of introduction may be appropriate where the securities of an unlisted issuer (the Company in this case) are distributed by way of property dividend by a listed issuer (PNB in this case) to shareholders of that listed issuer.

In a listing by way of introduction, a public offering does not need to be undertaken by the issuer as its securities for which listing on the PSE is sought is already widely held that its adequate marketability when listed on the PSE can be assumed.

The Company and its stockholders will not be offering Common Shares to the public for subscription or sale in connection with the Dividend Distribution or the Listing. The secondary sale of shares by affiliates of the LT Group by way of private placement which is expected to be transacted on Listing Date is not open to the public.

Holders

As of 1 September 2026, the Corporation has 5,519 shareholders owning 46,932,100,000 Common Shares. The top 20 stockholders as of 1 September 2026 are as follows:

Stockholder's Name	Number of Common Shares Held	% to Total
Philippine National Bank	23,346,554,700[6]	49.75%
Key Landmark Investments, Ltd.	2,090,956,200	4.46%
True Success Profits Limited	1,286,742,300	2.74%
Caravan Holdings Corporation	1,286,742,300	2.74%
Solar Holdings Corporation	1,286,742,300	2.74%
Prima Equities & Investments Corp.	1,125,899,500	2.40%
Leadway Holdings, Inc.	1,024,635,400	2.18%
Infinity Equities, Inc.	965,056,700	2.06%
BDO Securities Corporation	543,911,700	1.16%
Pioneer Holdings Equities, Inc.	537,403,700	1.15%
Maybank ATR Kim Eng Securities, Inc.	497,763,500	1.06%

[6] Inclusive of 349,366,000 shares which are the subject of the property dividend declaration of the Philippine National Bank in 2021, the transfer of which to recipient shareholders is awaiting the issuance of an eCAR currently in process with the Bureau of Internal Revenue.

Multiple Star Holdings Corp.	483,182,700	1.03%
Donfar Management Limited	482,394,200	1.03%
Uttermost Success Limited	474,320,700	1.01%
Mavelstone International Limited	463,995,600	0.99%
Pan Asia Securities Corporation	460,810,700	0.98%
Kenrock Holdings Corp.	408,192,700	0.87%
Fil-Care Holdings, Inc.	399,292,300	0.85%
Fairlink Holdings Corp.	395,477,300	0.84%
Purple Crystal Holdings, Inc.	382,878,100	0.82%
Kentron Holdings & Equities Corp.	382,195,700	0.81%
Fragile Touch Investments, Ltd.	356,072,700	0.76%
TOTAL	**38,681,221,000**	**82.42%**

Upon completion of the Dividend Distribution, PNB's shareholdings in the Company is expected to be reduced to approximately 49%.

Recent Sales of Unregistered or Exempt Securities

There are no recorded sales of unregistered securities during the past three (3) years.

Description of the Securities of the Company

The Company has an issued and outstanding capital of 46,932,100,000 Common Shares.

As a result of a property dividend declared by PNB in 2021, PHC's issued and outstanding capital is, as of 1 September 2026, held by a total of 5,519 shareholders. As of date hereof, PNB has completed distribution of 98.54% of the 2021 Property Dividend. The remaining 1.46% of the Property Dividend covering a total of 349,366,000 shares (or less than 1% of PHC's outstanding capital stock) is awaiting the issuance of an eCAR and held by 26,785 shareholders and brokers (the "Dormant Shareholders") for which the BIR is unable to issue the corresponding eCAR due to the issues with the Taxpayer Identification Numbers ("TIN") of said Dormant Shareholders. Considering that the corresponding final withholding tax due on the transfer of the Dividend Shares was already paid in full and duly received by the BIR, the Company has been in discussion with the BIR for the issuance of a single eCAR to a designated custodian for the Dormant Shareholders, and appending thereto by way of annex the names of said Dormant Shareholders, to be supported by a ruling to be issued by the Law & Legislative Division of the BIR.

Any shares subject of the Property Dividend which have not been covered by an eCAR remain in the name of PNB. In accordance with regulatory requirements, said shares will be transferred to the dividend recipient only upon issuance of the eCAR.

On 8 January 2026, PNB filed a request for ruling with the Law & Legislative Division of the BIR to support the issuance of a single eCAR to a designated custodian for the Dormant Shareholders. Meantime, the issuance of the subject eCARs for the remaining shares subject of the Property Dividend is being processed in the regular course by the BIR. PNB is in close coordination with the BIR for the issuance of the ruling as well as the eCARs corresponding to the remaining 349,366,000 shares for distribution.

None of the Common Shares will be offered to the public. The private placement is not open to the public and is expected to be transacted between 9:00 and 9:30 in the morning on Listing Date.

The aforementioned Common Shares are subject to the following:

1. Dividend Rights

   The Company is allowed to declare dividends out of the unrestricted retained earnings at such times and in such percentages as may be determined by the Board of Directors. See "*Dividends and Dividend Policy*" on page 63 of this Prospectus.

   The Company does not have a specific dividend policy apart from the rules and requirements established under the Revised Corporation Code.

2. Voting Rights

   Each Common Share is entitled to one (1) vote. At each meeting of the shareholders, a shareholder entitled to vote is entitled to one (1) vote for each share of stock recorded under his name in the books of the Company on record date.

   With respect to the election of directors, shareholders of record are entitled to as many number of votes as is equal to the number of shares he owns multiplied by the number of directors to be elected. Under the Revised Corporation Code, a shareholder may (i) vote such number of shares for as many persons as there are directors to be elected; (ii) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (iii) distribute them on the same principle among as many candidates as may be seen fit.

   The Revised Corporation Code also provides that voting rights cannot be exercised with respect to shares declared delinquent, and treasury shares.

3. Preemptive Rights

   The Revised Corporation Code defines preemptive right as the right of shareholders to subscribe to all issuance or disposition of shares of any class, in proportion to their respective shareholdings, unless such right is denied by the articles of incorporation or an amendment thereto.

   The Amended Articles of Incorporation of the Company contains such denial of preemptive right on all class of shares issued by the Company. Any stock or security may at any time be issued, optioned for sale, and sold or disposed of by the Company pursuant to the resolution of the Board of Directors, to such persons and upon such terms as the Board of Directors may deem proper, without first offering such stock or security or any part thereof to existing shareholders.

4. Change in Control

   There is no provision in the Amended Articles of Incorporation and Amended By-laws of the Company which may delay, deter or prevent a change in control in the Company.

DIVIDENDS AND DIVIDEND POLICY

DIVIDEND DECLARATION

The Company did not declare dividends in the past three (3) years.

DIVIDEND POLICY

Under the Amended By-laws of the Company, dividends shall be declared and paid out of the Unrestricted Retained Earnings of the Company, which dividends shall be payable in cash, property or stock dividend to all stockholders of record at such times as the Board of Directors may determine and in accordance with applicable laws and regulations.

Shareholders shall have the right to receive dividends subject to the discretion of the Board. Dividends are distributed from the Unrestricted Retained Earnings of the Company. A corporation is not allowed to retain any such earnings in excess of 100% of its paid-in capital stock, except:

1. when justified by definite corporate expansion projects;
2. 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,
3. 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.

A cash dividend declaration does not require further approval from shareholders. A stock dividend declaration, on the other hand, requires the further approval of shareholders holding at least two-thirds of the outstanding capital stock of the Company.

The Company does not have a specific dividend policy apart from the rules and requirements established under the Revised Corporation Code.

RESTRICTIONS THAT LIMIT THE ABILITY TO PAY DIVIDENDS ON COMMON EQUITY OR THAT ARE LIKELY TO HAPPEN IN THE FUTURE.

There are no restrictions that limit the Company's ability to pay dividends apart from the requirement of law that the Company should have unrestricted retained earnings.

SELECTED FINANCIAL INFORMATION

The selected financial information set forth in the following tables were derived from the financial statements of the Company which were audited by SGV & Co. as of and for the three-month period ended 31 March 2026, and for the years ended 31 December 2023, 2024 and 2025. This should be read in conjunction with the audited financial statements and the notes thereto annexed to this Prospectus, the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial information in this Prospectus.

The Company's financial statements were prepared in accordance with the Philippine Financial Reporting Standards and were audited in accordance with Philippine Standards on Auditing.

The summary financial information set forth below does not purport to project the results of operations or financial condition of the Company or any future period or date.

Statements of Comprehensive Income
(In Philippine Pesos)

	Three-Month Period Ended 31 March	**Years Ended December 31**		
	2026	2025	2024	2023
INCOME				
Rental income and dues	**₱318,566,167**	₱1,212,180,380	₱1,337,451,049	₱1,394,790,366
Interest and other income	**25,724,828**	109,351,210	94,029,406	49,289,629
	344,290,995	1,321,531,590	1,431,480,455	1,444,079,995
COSTS AND EXPENSES				
Cost of rental income	**(145,239,366)**	(550,329,864)	(575,052,738)	(609,031,113)
General and administrative expenses	**(62,244,329)**	(250,398,077)	(180,392,644)	(95,027,983)
Finance charges	**(9,311)**	(57,707)	(12,947)	(1,534)
	(207,493,006)	(800,785,648)	(755,458,329)	(704,060,630)
INCOME BEFORE INCOME TAX	**136,797,989**	520,745,942	676,022,126	740,019,365
PROVISION FOR INCOME TAX				
Current	**38,357,613**	123,545,013	111,827,564	118,765,619
Deferred	**(12,141,563)**	(4,478,003)	35,204,657	11,735,291
	26,216,050	119,067,010	147,032,221	130,500,910
NET INCOME	**110,581,939**	401,678,932	528,989,905	609,518,455
OTHER COMPREHENSIVE INCOME				
Item that recycles to profit or loss in subsequent periods				
Net changes in unrealized gains (losses) on financial assets at FVOCI	**210,235**	56,101	(180,452)	(20,128)
Item that does not recycle to profit or loss in subsequent periods				
Net changes in unrealized gains (losses) on financial assets at FVOCI, net of deferred income tax effect	**5,950,000**	(9,690,000)	47,863,452	10,306,635
Actuarial loss on retirement liability, net of deferred income tax effect	**–**		(1,996,456)	–
	6,160,235	(9,633,899)	45,686,544	10,286,507
TOTAL COMPREHENSIVE INCOME	**₱116,742,174**	₱392,045,033	₱574,676,449	₱619,804,962
BASIC AND DILUTED EARNINGS PER SHARE	**₱0.002**	₱0.009	₱0.011	₱0.013

Statements of Financial Position
(In Philippine Pesos)

	31 March	December 31		
	2026	2025	2024	2023
ASSETS				
Current Assets				
Cash and cash equivalents	**₱2,500,360,114**	₱2,330,898,807	₱1,919,455,216	₱1,761,523,579
Trade and other receivables	**783,544,821**	774,605,644	959,388,279	1,633,870,678
Other current assets	**232,753,153**	216,612,134	265,689,040	196,168,996
Total Current Assets	**3,516,658,088**	3,322,116,585	3,144,532,535	3,591,563,253
Noncurrent Assets				
Financial assets at fair value through other comprehensive income (FVOCI)	**213,941,927**	206,694,592	218,028,591	161,930,944
Investment properties	**46,566,235,030**	46,522,866,702	46,176,006,148	46,227,211,551
Property and equipment	**83,305,896**	86,163,467	311,153,431	25,609,926
Deferred rent asset – net of current portion	**325,358,302**	317,931,430	304,553,721	22,430,501
Deferred income tax assets - net	–	–	–	1,574,440
Total Noncurrent Assets	**47,188,841,155**	47,133,656,191	47,009,741,891	46,438,757,362
TOTAL ASSETS	**₱50,705,499,243**	₱50,455,772,776	₱50,154,274,426	₱50,030,320,615
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	**₱284,165,644**	₱233,852,955	₱431,512,283	₱416,700,924
Current portion of deposits and other current liabilities	**139,474,168**	114,063,678	58,108,682	300,721,899
Income tax payable	**32,228,305**	25,610,352	–	9,745,679
Total Current Liabilities	**455,868,117**	373,526,985	489,620,965	727,168,502
Noncurrent Liabilities				
Deposits and other noncurrent liabilities - net of current portion	**546,512,243**	484,814,619	451,291,427	711,492,498
Retirement liability	**3,848,799**	3,848,799	5,646,594	–
Deferred income tax liabilities - net	**24,146,813**	35,201,276	41,379,376	–
Total Noncurrent Liabilities	**574,507,855**	523,864,694	498,317,397	711,492,498
Total Liabilities	**1,030,375,972**	897,391,679	987,938,362	1,438,661,000
Equity				
Capital stock	**46,932,100,000**	46,932,100,000	46,932,100,000	46,932,100,000
Retained earnings	**2,579,914,088**	2,469,332,149	2,067,653,217	1,538,663,312
Other comprehensive income	**163,109,183**	156,948,948	166,582,847	120,896,303
Total Equity	**49,675,123,271**	49,558,381,097	49,166,336,064	48,591,659,615
TOTAL LIABILITIES AND EQUITY	**₱50,705,499,243**	₱50,455,772,776	₱50,154,274,426	₱50,030,320,615

Statements of Changes in Equity
(In Philippine Pesos)

				Other Comprehensive Income (Loss)			
		Retained Earnings		Net Unrealized Gain on Financial	Actuarial Loss on Retirement		
	Capital Stock	Unappropriated	Appropriated	Assets at FVOCI	Liability	Total	Total
BALANCES AS AT JANUARY 1, 2023	**₱46,932,100,000**	**₱929,144,857**	**₱–**	**₱110,609,796**	**₱–**	**₱110,609,796**	**₱47,971,854,653**
Net income	–	609,518,455	–	–	–	–	609,518,455
Other comprehensive income	–	–	–	10,286,507	–	10,286,507	10,286,507
Total comprehensive income	–	609,518,455	–	10,286,507	–	10,286,507	619,804,962
BALANCES AS AT DECEMBER 31, 2023	**₱46,932,100,000**	**₱1,538,663,312**	**₱–**	**₱120,896,303**	**₱–**	**₱120,896,303**	**₱48,591,659,615**
Net income	–	528,989,905	–	–	–	–	528,989,905
Other comprehensive income	–	–	–	47,683,000	(1,996,456)	45,686,544	45,686,544
Total comprehensive income	–	528,989,905	–	47,683,000	(1,996,456)	45,686,544	574,676,449
BALANCES AS AT DECEMBER 31, 2024	**₱46,932,100,000**	**₱2,067,653,217**	**₱–**	**₱168,579,303**	**(₱1,996,456)**	**₱166,582,847**	**₱49,166,336,064**
Net income	–	401,678,932	–	–	–	–	401,678,932
Other comprehensive income (loss)	–	–	–	(9,633,899)	–	(9,633,899)	(9,633,899)
Total comprehensive income (loss)	–	401,678,932	–	(9,633,899)	–	(9,633,899)	392,045,033
BALANCES AS AT DECEMBER 31, 2025	**₱46,932,100,000**	**₱2,469,332,149**	**₱–**	**₱158,945,404**	**(₱1,996,456)**	**₱156,948,948**	**₱49,558,381,097**
Net income	–	110,581,939	–	–	–	–	110,581,939
Other comprehensive loss	–	–	–	6,160,235	–	6,160,235	6,160,235
Total comprehensive income	–	110,581,939	–	6,160,235	–	6,160,235	116,742,174
BALANCES AS AT MARCH 31, 2026	**₱46,932,100,000**	**₱2,579,914,088**	**₱–**	**₱165,105,639**	**(₱1,996,456)**	**₱163,109,183**	**₱49,675,123,271**

Statements of Cash Flows
(In Philippine Pesos)

	Three-Month Period Ended 31 March	Years Ended December 31		
	2026	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**₱136,797,989**	₱520,745,942	₱676,022,126	₱740,019,365
Adjustments for:				
Depreciation	**38,070,211**	150,032,483	173,966,779	161,150,958
Interest income	**(24,607,776)**	(105,171,463)	(92,130,176)	(48,605,110)
Movement in retirement benefits liability	**–**	(1,797,795)	2,984,652	–
Gain on sale of transportation equipment	**–**	(463,794)	–	–
Mark-to-market gain on financial assets at FVTPL	**(32,630)**	(124,486)	(112,843)	(131,612)
Interest expense and other finance charges	**9,311**	57,707	12,947	1,534
Operating income before working capital changes	**150,237,105**	563,278,594	760,743,485	852,435,135
Decrease (increase) in:				
Trade and other receivables	**(7,191,819)**	178,877,130	682,327,225	(825,231,031)
Other current assets	**(23,535,259)**	35,765,976	(327,285,831)	175,942,175
Increase (decrease) in:				
Trade and other payables	**50,303,378**	(197,659,327)	14,798,414	121,828,488
Deposits and other liabilities	**87,108,114**	89,478,188	(502,814,288)	427,091,467
Cash generated from operations	**256,921,520**	669,740,561	627,769,005	747,066,234
Interest received	**22,423,578**	112,553,344	82,324,140	46,631,424
Income taxes paid, including final tax	**(31,302,820)**	(99,411,037)	(143,856,627)	(153,860,294)
Net cash provided by operating activities	**248,042,278**	682,882,868	566,236,518	639,837,364
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to investment properties and property and equipment	**(78,580,971)**	(275,153,782)	(408,304,881)	(27,443,584)
Sale of transportation equipment	**–**	3,714,505	–	
Retirement of financial assets at FVOCI	**–**	–	–	5,000,000
Net cash used in investing activities	**(78,580,971)**	(271,439,277)	(408,304,881)	(22,443,584)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**169,461,307**	411,443,591	157,931,637	617,393,780
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,330,898,807**	1,919,455,216	1,761,523,579	1,144,129,799
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱2,500,360,114**	₱2,330,898,807	₱1,919,455,216	₱1,761,523,579

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the financial statements as at 31 March 2026 vis-à-vis 31 March 2025; 31 December 2025, 2024 and 2023 included in this report.

31 March 2026 vs 31 March 2025

Revenues

The Company currently operates exclusively in the leasing business, managing commercial real estate properties across retail and office segments. In the three-month period ended 31 March 2026, PHC recorded revenues of ₱318.57 million, reflecting a 17% increase compared to the ₱271.35 million in the same period in 2025.

Below is the composition of the Company's leasing business revenue in 2026:

- Office and commercial spaces at Financial Center (FC) contributing 52% at ₱167.10 million;
- Office and commercial spaces at Makati Center (MC) with 26% at ₱83.79 million;
- IWG SPACES co-working spaces with 4% at ₱12.04 million;
- CITEM area with 16% at ₱50.40 million;
- Land lease of Buendia Property with 1% at ₱3.15 million; and
- Cell-tower lease and one-time service fees to tenants account for the remaining ₱2.09 million.

Revenues from related-party tenants comprise approximately 52% of the total revenues.

The top five (5) tenants of the Company as of 31 March 2026 are:

1. Philippine National Bank
2. Center for International Trade Expositions and Missions (CITEM)
3. Emapta Philippines Inc.
4. Allianz PNB Life Insurance Inc.
5. Commission on Appointments

Overall occupancy rose to an average of 88% for the three-month period ended 31 March, 2026, up from 83% during the same period in 2025, largely coming from new tenants in Makati Center and the commencement of CITEM's operations in Financial Center.

Despite challenging market conditions, the Company remains committed to stabilizing rental income and optimizing property asset utilization to ensure long-term financial sustainability.

Cost of rental income

The Company's cost of rental income for the three-month period ended 31 March 2026 amounted to ₱145.24 million, representing a 7% decrease from ₱156.39 million in the same period of 2025.

Total year-to-date direct costs account for about 46% of total revenue. The distribution is as

follows:

- Depreciation at 24% (₱34.08 million)
- Taxes and licenses at 24% (₱35.12 million)
- Outside services at 19% (₱26.93 million)
- Utilities at 20% (₱29.54 million)
- Repairs and maintenance at 3% (₱4.86 million)
- Personnel cost at 9% (₱12.77 million)
- Other cost of leasing at 1% (₱1.96 million)

The decrease was primarily driven by lower depreciation, property taxes, utilities, internal and external service costs (including repairs and maintenance), partially offset by the increases in personnel-related and other costs.

In 2025, the Company reassessed and adjusted the useful lives of its building, as a result of which the depreciation expense decreased by ₱9.68 million for the period ended 31 March 2026. The remaining costs, while more flexible, are directly attributed to support service continuity and operational standards.

This gives the Company a gross margin of 54% for the three-month period ended 31 March 2026, meaning the Company retains ₱0.54 for every peso earned, up from ₱0.42 in the same period in 2025. This increase is primarily driven by the increase in the Company's occupancy and lower cost of rental income.

General and Administrative Expenses

The Company's general and administrative expenses for the three-month period ended 31 March, 2026 amounted to ₱62.24 million, reflecting a 23% increase from ₱50.78 million in the same period of 2025.

Below is the detailed breakdown of the Company's operating expenses:

- Personnel cost at 40% (₱24.82 million)
- Listing Fees at 20% (₱12.44 million)
- Outside services at 16% (₱9.92 million)
- IT-related expenses at 7% (₱4.12 million)
- Depreciation at 6% (₱3.99 million)
- Taxes and licenses at 5% (₱2.81 million)
- Membership and association dues 0.80% (₱0.48 million)
- Transportation and travel at 0.60% (₱0.38 million)
- Fines & penalties 0.60% (₱0.35 million)
- Supplies expense 0.30% (₱0.16 million)
- Trainings, seminars and representation at 0.20% (₱0.13 million)Miscellaneous expense at 4% (₱2.65 million)

The increase was primarily driven by listing-related expenses and additional manpower costs, as the Company beefs up its Management team to enhance service quality and prepare for the launch of redevelopment plans and the listing with the PSE.

As a result, the earnings before income tax improved to 43% in 2026 from 32% in same period in 2025.

Capital Expenditures

The Company recorded a 13% increase in capital expenditures (CAPEX) for the three-month period ended 31 March 2026 amounting to ₱78.58 million, compared to ₱69.68 million in the same period last year. The increase in spending was primarily driven by building refurbishment programs undertaken during the period. Management expects CAPEX to accelerate in the succeeding quarters as property enhancement and leasing improvement projects progress in accordance with their implementation schedules.

Other Income

Interest income from bank placements increased by ₱2.82 million or 13% in the three-month period ended 31 March 2026. This growth was driven by a higher volume of investments compared to the same period in 2025.

Key Performance Indicators

The Company's performance indicators provide a comprehensive view of profitability, efficiency, and value creation. While certain metrics reflect adjustments compared to the previous year, the overall profile remains strong and demonstrates resilience in a dynamic market environment. The following discussion outlines the five (5) core KPIs and the basis for their determination:

Indicator	YTD 2025	YTD 2024	Remarks
Gross Profit Margin	54%	42%	Margin improved as a result of higher occupancy-driven revenue growth and reduced costs.
Net Margin	35%	24%	Higher profitability driven by higher revenue and improved costs, partially offset higher operating expenses.
EBITDA Margin	55%	49%	Margin remains robust, indicating strong cash flow.
Return on Assets	0.002%	0.001%	Slight improvement reflects better asset utilization and resource efficiency.
Return on Equity	0.002%	0.001%	Incremental increase demonstrates sustained shareholder value creation.

The Company's KPIs showed notable year-on-year improvement, with higher gross profit, net profit, and EBITDA margins, as well as improved returns on assets and equity. These results reflect stronger operational efficiency, effective cost management, and enhanced profitability. Overall, the Company's solid financial performance reinforces its capacity to sustain growth and supports its readiness for listing by way of introduction.

2025 vs 2024

(Amount in Thousands)	2025	2024	Change in 2025	% Change in 2025
Revenue	₱1,212,180	₱1,337,451	(₱125,271)	-9%
Direct cost	550,330	575,053	(24,723)	-4%
Gross profit	661,850	762,398	(100,548)	-13%
Operating expenses	250,398	180,393	70,005	39%
Other income – net of finance charges	109,294	94,016	15,278	16%
Earnings before income tax (EBIT)	520,746	676,022	(155,276)	-23%
Income tax	119,067	147,032	27,965	19%
Net income after tax (NIAT)	401,679	528,990	(127,311)	-24%
Other comprehensive income (loss)	(9,634)	45,687	(55,321)	-121%

Total comprehensive income	392,045	574,676	(182,631)	-32%
EBITDA	₱671,354	₱850,538	(₱179,184)	-21%

Revenues

In 2025, the Company posted gross revenues of ₱1.21 billion, which was lower by ₱125.27 million or 9%, compared to ₱1.34 billion in 2024. Overall occupancy rose to 90% in 2025, up from 83% during the same period in 2024. However, new tenants in 2025 were offered lower rental rates, particularly at the PNB Financial Center, due to the continued oversupply of office spaces across Metro Manila, most notably in the Bay Area in Pasay.

Direct Costs

In 2025, the Company's direct costs totaled ₱550.33 million, representing a ₱24.72 million or 4% decrease compared to ₱575.05 million in 2024. This reduction was primarily due the extension of useful life of the Company's buildings, as well as lower spending on utilities and repairs and maintenance, reflecting the ongoing cost-minimization strategy.

Operating Expenses

The Company's operating expenses in 2025 amounted to ₱250.40 million, which was higher by ₱70.00 million or 39%, compared to ₱180.39 million in 2024. This increase was driven by additional manpower and related costs, as the Company beefs up its management team to enhance service quality and prepare for the launch of redevelopment plans and its listing with the PSE. Business taxes and listing fees also accounted for a significant portion of the increase.

Other Income

This refers mostly to interest income from bank placements. In 2025, it increased by ₱15.28 million or 16%, due to a higher volume of investments and higher interest rates compared to the same period in 2024.

Profitability Metrics

Given the above discussion, the profitability metrics are as follows:

(1) Gross Profit in 2025 amounted to ₱661.85 million, lower by ₱100.55 million or 13%, compared to 2024;

(2) Earnings Before Income Tax (EBIT) in 2025 totaled ₱520.75 million, down from ₱676.02 million in 2024;

(3) Net Income After Tax (NIAT) in 2025 was ₱401.68 million, compared to ₱529.00 million in 2024; and

(4) Earnings Before Income tax, Depreciation and Amortization (EBITDA) in 2025 amounted to ₱671.35 million, down from ₱850.54 million in 2024.

Vertical Analysis (% of Revenue)	2025	2024
Revenue	100%	100%
Direct cost	45%	43%
Gross profit	55%	57%

Operating expenses	21%	13%
Other income – net	9%	7%
Earnings before income tax (EBIT)	43%	51%
Income tax	10%	11%
Net income after tax (NIAT)	33%	40%
Other comprehensive income	-1%	3%
Total comprehensive income	32%	43%
EBITDA	55%	64%

2024 vs 2023

(Amount in Thousands)	2024	2023	Change in 2024	% Change in 2024
Revenue	₱1,337,451	₱1,394,790	(₱57,339)	-4%
Direct cost	575,053	609,031	(33,978)	-6%
Gross profit	762,398	785,759	(23,361)	-3%
Operating expenses	180,393	95,028	85,365	90%
Other income – net of finance charges	94,016	49,288	44,728	91%
Earnings before income tax (EBIT)	676,022	740,019	(63,997)	-9%
Income tax	147,032	130,501	16,531	13%
Net income after tax (NIAT)	528,990	609,518	(80,529)	-13%
Other comprehensive income	45,687	10,287	35,400	344%
Total comprehensive income	574,676	619,805	(45,129)	-7%
EBITDA	₱850,538	₱901,172	(₱50,634)	-6%

Revenues

In 2024, the Company posted a gross revenue of ₱1.34 billion which was lower by ₱57.34 million or 4% compared to ₱1.39 billion last year. The decrease was mainly due to a drop in occupancy from 95% in 2023 to almost 83% in 2024.

Direct Costs

The Company's direct costs for 2024 amounted to ₱575.05 million which was 6% or ₱33.98 million lower than the ₱609.03 million recorded in 2023. The decrease was mainly due to lower outside services and repairs and maintenance expenses which resulted from the Company's cost minimization strategy.

Operating Expenses

The Company's operating expenses for 2024 amounted to ₱180.39 million which was higher by ₱85.37 million or 90% from ₱95.03 million in 2023. The increase was due to higher depreciation expenses, taxes and licenses, service fee, and personnel costs.

Other Income

Other income refers mostly to interest income from bank placements. In 2024, it increased by ₱44.73 million or 91% due to higher volume of investment and interest rate at average of 5.95%.

Profitability Metrics

Given the above discussion, the Company's profitability metrics are as follows:

(1) The 2024 gross profit of the Company was ₱762.40 million which was slightly lower by ₱23.36 million or 3% compared to the gross profit in 2023;

(2) EBIT was ₱676.02 million in 2024 from ₱740.02 million in 2023;

(3) Net income after tax ("NIAT") was ₱528.99 million in 2024 from ₱609.52 million in 2023; and

(4) Earnings before interest, taxes, depreciation and amortization ("EBITDA") was ₱850.54 million in 2024 from ₱901.17 million in 2023.

Vertical Analysis (% of Revenue)	2024	2023
Revenue	100%	100%
Direct cost	43%	44%
Gross profit	57%	56%
Operating expenses	13%	7%
Other income – net	7%	4%
Earnings before income tax (EBIT)	51%	53%
Income tax	11%	9%
Net income after tax (NIAT)	40%	44%
Other comprehensive income	3%	1%
Total comprehensive income	43%	44%
EBITDA	64%	65%

Profitability Ratios

Because of lower revenue and lower direct cost, gross profit margin was higher, from 56% in 2023 to 57% in 2024. Due to higher operating expenses, however, the 2024 EBIT margin was down to 51% from 53% in 2023; the 2024 NIAT margin was down to 40% from 44% in 2023; 2024 total comprehensive income margin slightly declined to 43% from 44% in 2023; and 2024 EBITDA margin slightly declined to 64% from 65% in 2023.

Key Performance Indicators

The Company's audited results for 2024 reflect resilience and disciplined financial management amid a challenging operating environment. While certain profitability measures moderated compared to 2023, the overall KPI profile remains strong and competitive. These indicators provide insight into the Company's ability to sustain operational efficiency and create long-term value for stakeholders.

Indicator	2024	2023	Remarks
Gross Profit Margin	57%	56%	Slight improvement despite revenue decline, reflecting effective cost control.
Net Margin	40%	44%	Moderation due to higher operating expenses, but remains strong and competitive.
EBITDA Margin	64%	65%	Marginal decrease; still indicative of robust operational efficiency and cash flow.
Return on Assets	1.05%	1.22%	Slight decline due to lower net income, but remains within healthy range.
Return on Equity	1.08%	1.25%	Decrease reflects earnings moderation, yet equity base remains strong.

Despite a modest decline in revenue and net income, the Company sustained strong profitability ratios and operational efficiency. The improvement in gross profit margin and stability in returns on assets and equity underscore disciplined cost management and prudent resource allocation. These KPIs reflect a resilient financial position and support the Company's readiness for listing by way of introduction.

FINANCIAL CONDITION

31 March 2026 vs 31 December 2025

Assets

The Company's total assets are currently valued at approximately ₱50.71 billion as of 31 March 2026, slightly higher than the last year's figure of ₱50.46 billion. The portfolio remains heavily weighted toward revenue-generating investment properties, which comprise 92% of total assets. Further, working capital maintained at ₱3.06 billion, supporting operational flexibility and growth initiatives of the Company.

The Company's current assets, including cash and cash equivalents, trade and other receivables, and other current assets, total ₱3.52 billion, resulting in a current ratio of 7.71:1. This reflects substantial liquidity, ensuring ample resources to support ongoing operations and redevelopment projects.

Liabilities and Equity

Additionally, the Company maintains a debt-to-equity ratio of 0.02:1, demonstrating strong solvency and a solid equity base, allowing the company to comfortably meet its financial obligations.

Given these financial indicators, the Company's net book value per share stands at ₱1.06, further highlighting its robust financial position.

The Company has no contingent liabilities from its regular business operations that would materially or adversely impact its financial condition. Additionally, the Company has no off-balance sheet transactions, arrangements, or obligations in the three-month ended 31 March 2026.

Furthermore, there are no anticipated trends, events, uncertainties, or seasonal factors expected to impact the Company's ongoing operations.

31 December 2025 vs. 31 December 2024

(Amounts in thousands)	December 31, 2025	December 31, 2024	Change in 2024	% Change in 2024
ASSETS				
Current Assets				
Cash and cash equivalents	₱2,330,899	₱1,919,455	₱411,444	21%
Trade and other receivables	774,606	959,388	(184,782)	-19%
Other current assets	216,612	570,243	(353,631)	-62%
Total Current Assets	**3,322,117**	**3,449,086**	**(126,970)**	**-4%**
Noncurrent Assets				
Financial assets at FVOCI	206,695	218,029	(11,334)	-5%
Investment properties	46,522,867	46,176,006	346,861	1%
Property and equipment	86,163	311,153	(224,990)	-72%
Deferred rent assets	317,931	–	317,931	0%
Total Noncurrent Assets	**47,133,656**	**46,705,188**	**428,468**	**1%**
TOTAL ASSETS	**₱50,455,773**	**₱50,154,274**	**₱301,499**	**1%**
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	₱233,853	₱431,512	(197,659)	-46%
Current portion of deposits and other current liabilities	114,064	58,109	55,955	96%
Income tax payable	25,610	–	25,610	100%
Total Current Liabilities	**373,527**	**489,621**	**(116,094)**	**-24%**
Noncurrent Liabilities				
Deposits and other noncurrent liabilities - net of current portion	484,815	451,291	33,524	7%
Retirement liability	3,849	5,647	(1,798)	-32%
Deferred income tax liabilities - net	35,201	41,379	(6,178)	-15%
Total Noncurrent Liabilities	**523,865**	**498,317**	**25,548**	**5%**
Total Liabilities	**897,392**	**987,938**	**(90,546)**	**-9%**
Equity				
Capital stock	46,932,100	46,932,100	–	0%
Retained earnings	2,469,332	2,067,653	401,679	19%
Other comprehensive income	156,949	166,583	(9,634)	-6%
Total Equity	**49,558,381**	**49,166,336**	**392,045**	**1%**
TOTAL LIABILITIES AND EQUITY	**₱50,455,773**	**₱50,154,274**	**₱301,499**	**1%**

The Company ended the year 2025 with total assets of ₱50.46 billion, an increase of ₱301.50 million from the 31 December 2024 balance of ₱50.15 billion. The portfolio remains heavily weighted toward revenue generating investment properties, which comprise 92% of total assets. Further, working capital increased to ₱3.32 billion from ₱3.14 billion in the prior year, supporting operational flexibility and growth initiatives of the Company.

The following assets recorded significant changes of 5% or more between 31 December 2024 and 31 December 2025:

- **Cash and Cash Equivalents** increased by 21%. The increase was driven by a net cash inflow from operations amounting to ₱682.88 million, partially offset by a net cash outflow from investing activities totaling ₱271.44 million. Most of the net cash flows were allocated to various short-term placements.
- **Trade and Other Receivables** decreased by 19%. The decrease was primarily due to the collection of long-outstanding receivables from various tenants.
- **Other Current Assets** declined by 18%**.** The decline was due to the deferral of certain building real property tax prepayments to January 2026 and the full

application of tax credits against income tax due.

- **Financial Assets at FVOCI** decreased by 5%. The decrease was driven by a decline in the market value of various golf shares at the end of 2025 (effect in other comprehensive income).
- **Property and Equipment** decreased by 72%. The decrease was mainly due to the reclassification of certain assets under construction to reflect their intended use and management's purpose for holding them.

The Company ended the year 2025 with total liabilities of ₱897.39 million, down from ₱987.94 million as of 31 December 2024. The Company maintains a debt-to-equity ratio of 0.02:1, demonstrating strong solvency and a solid equity base that enables it to comfortably meet its financial obligations.

The following liabilities recorded significant changes of 5% or more between 31 December 2024 and 31 December 2025:

- **Trade and Other Payables** decreased by 46%. The decrease mainly pertains to the settlement of prior-year payables and the reduction in output tax payable compared with the prior-year balance.
- **Current Portion of Deposits and Other Current Liabilities** increased by 96%. The increase relates to security deposits and advance rentals for tenants whose lease contracts are set to expire in 2026.
- **Income Tax Payable** - The increase pertains to the Company's income tax due after the full application of tax credits.
- **Retirement Liability**: The increase pertains to current and interest costs for 2025.
- **Deposits and Other Noncurrent Liabilities - Net of Current Portion:** The 7% increase relates to security deposits and advance rentals for new tenants in 2025.
- **Deferred Income Tax Liabilities - Net:** The 15% decrease relates to the deferred tax benefits from additional advance rentals and the decline in value of financial assets at FVOCI.

The Company ended the year 2025 with total equity of ₱49.56 billion, the bulk of which was contributed by capital stock amounting to ₱46.93 billion. Retained earnings stood at ₱2.47 billion, reflecting an increase of ₱401.68 million from NIAT in 2025. Based on these figures, the Company's book value per share (BVPS) is ₱1.056, while its earnings per share (EPS) is ₱0.009.

Other comprehensive income pertains net unrealized gains on financial assets at FVOCI, net of actuarial loss on retirement liability. The 6% decrease was driven by a decline in the market value of various golf shares at the end of 2025.

31 December 2024 vs 31 December 2023

(Amounts in thousands)	December 31, 2024	December 31, 2023	Change in 2024	% Change in 2024
ASSETS				
Current Assets				
Cash and cash equivalents	₱1,919,455	₱1,761,524	₱157,931	9%
Trade and other receivables	959,388	1,633,871	(675,483)	-41%
Other current assets	570,243	218,599	351,643	161%
Total Current Assets	**3,449,086**	**3,613,994**	**(164,907)**	**-5%**
Noncurrent Assets				
Financial assets at FVOCI	218,029	161,931	56,098	35%
Investment properties	46,176,006	46,227,212	(51,206)	0%
Property and equipment	311,153	25,610	285,543	1115%
Deferred income tax assets - net	–	1,574	(1,574)	-100%

Total Noncurrent Assets	**46,705,188**	**46,416,327**	**288,861**	**1%**
TOTAL ASSETS	**₱50,154,274**	**₱50,030,321**	**₱123,954**	**0%**
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	₱431,512	₱416,701	14,811	4%
Current portion of deposits and other current liabilities	58,109	300,722	(242,613)	-81%
Income tax payable	–	9,746	(9,746)	-100%
Total Current Liabilities	**489,621**	**727,169**	**(237,548)**	**-33%**
Noncurrent Liabilities				
Deposits and other noncurrent liabilities - net of current portion	451,291	711,492	(260,201)	-37%
Retirement liability	5,647	–	5,647	0%
Deferred income tax liabilities - net	41,379	–	41,379	0%
Total Noncurrent Liabilities	**498,317**	**711,492**	**(213,175)**	**-30%**
Total Liabilities	**987,938**	**1,438,661**	**(450,723)**	**-31%**
Equity				
Capital stock	46,932,100	46,932,100	–	0%
Retained earnings	2,067,653	1,538,663	528,990	34%
Other comprehensive income	166,583	120,896	45,687	38%
Total Equity	**49,166,336**	**48,591,660**	**574,677**	**1%**
TOTAL LIABILITIES AND EQUITY	**₱50,154,274**	**₱50,030,321**	**₱123,954**	**0%**

The Company ended the year 2024 with ₱50.15 billion in total assets, a ₱123.95 million increase from the December 2023 balance of ₱50.03 billion. The increase was mainly due to the ₱288.86 million increase in non-current assets, specifically additions to redevelopment activities under property and equipment. Current assets decreased by ₱164.91 million mainly due to net changed in receivables and other current assets.

Below is a summary of asset accounts with 5% or more increase or decrease from 2023 to 2024:

- **Cash and Cash Equivalents** increased by 9%. The increase was attributed to the cash inflow from operations amounting to ₱566.24 million which was partially offset by a cash outflow from investing activities totaling ₱408.30 million.
- **Trade and Other Receivables** decreased by 41%. The decrease was primarily due to the collection of trade receivables and the offsetting of accounts receivable with liabilities.
- **Other Current Assets** increased by 161% due to an increase in prepayments, advances to contractors, and deferred rent assets.
- **Financial Assets** increased by 35% driven by a rise in the market value of the Company's assets at the end of 2024.
- **Property and Equipment:** Increased by 1115%. This significant increase is due to capital expenditures completed during the year, including assets under construction.
- **Deferred Income Tax Assets** decreased by 100%. This is due to temporary differences between accounting income and taxable income, specifically revenue deferred for accounting purposes.

The Company ended 2024 with ₱987.94 million in total liabilities, down from ₱1.44 billion in 2023. The decrease of ₱450.72 million is mainly due to payments to suppliers and contractors and offsetting customer deposits and advance rental with receivables. The Company continued to be debt-free as of the end of 2024.

Below is a summary of asset accounts with 5% or more increase or decrease from 2023 to 2024:

- **Income Tax Payable** decreased by 100% as the income tax payable was covered by creditable withholding tax by the end of 2024.
- **Other Current Liabilities** decreased by 81% due to the offsetting of some accounts with trade receivables.
- **Customer Deposits and Advance Rent** decreased by 37% which is attributed to the offsetting of some accounts with trade receivables.

The Company ended 2024 with ₱49.17 billion in equity, with the bulk contributed by capital stock at ₱46.93 billion. Retained earnings amounted to ₱2.07 billion, with an increase of ₱528.99 million coming from NIAT. The net book value per share of the company is ₱1.048, while the EPS is ₱0.011. The current ratio is at 7:1 while the debt-to-equity ratio is 0.02.

OTHER MATTERS

As of 31 March 2026:

(i) There are no other trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's increasing or decreasing liquidity in any material way.

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

(iii) There are no known material 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.

(iv) There are no material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures.

(v) There are no known other trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales, revenue or income from continuing operations.

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

(vii) Causes for any material change from period to period include vertical and horizontal analyses of any material item;

(viii) There are no seasonal aspects that have a material effect on the financial condition or results of operations of the Company as of 31 March 2026.

(ix) On 23 March 2026, the SEC issued a Pre-Effective Clearance for the Company's registration of securities, subject to compliance with certain conditions. Upon compliance with the Pre-Effective Clearance conditions, the SEC issued the Order of Registration on 8 April 2026, and the PSE issued its Notice of Approval on 8 May 2026. As of the date hereof, the Company is in the process of completing the remaining requirements of the SEC and the PSE, with a target listing date of 25 September 2026.

MANAGEMENT AND CERTAIN SECURITY HOLDERS

DIRECTORS, EXECUTIVE OFFICERS AND MANAGEMENT

In accordance with the Articles of Incorporation and By-laws of the Company, the Board of Directors of the Company is composed of nine (9) members, four (4) of whom are independent directors. The term of a director is one (1) year from the date of election and until their successors are duly elected and qualified.

As of the date of this Prospectus, the members of the Board of Directors are as follows:

Name	Age	Citizenship	Position/Term of Office/Period Served
Lucio C. Tan	90	Filipino	Chairman / 1Year / 2 July 1999 to present
Karlu T. Say	54	Filipino	Director / 1 Year/ 5 May 2021 to present President / 24 June 2021 to present
Lucio C. Tan III	31	Filipino	Director / 1 Year/ 17 December 2019 to present
Kyle Ellis C. Tan	30	Filipino	Director / 1 Year / 14 May 2026 to present
Cielo Macapagal-Salgado	84	Filipino	Independent Director / 1 Year / January 2012 to present
Elaine Y. Co	56	Filipino	Independent Director/1 Year / 16 June 2021 to present
Ma. Cecilia Gonzalez	53	Filipino	Independent Director /1 Year / 15 June 15 to present
Eusebio V. Tan	73	Filipino	Director /1 Year / 27 September 2024 to present
Rowena Nazareth	63	Filipino	Independent Director / 1 Year / 30 April 2025 to present

As of the date of this Prospectus, the following are the Company's executive officers:

Name	Age	Position	Period	Citizenship
Ponciano S. Carreon, Jr.	51	Chief Financial Officer	24 June 2025 – Present	Filipino
Atty. Michael Leslie D. Delos Reyes	53	Chief Risk and Chief Compliance Officer / Interim Chief Operating Officer	30 January 2023 – Present 13 February 2026 – Present	Filipino
Atty. Carlos Luis L. Fernandez	54	Corporate Secretary	2021 - Present	Filipino
Atty. Richard V. Ko	36	Assistant Corporate Secretary	24 August 2023 – Present	Filipino
Engr. Rodelito "Dodo" J. Ocampo	63	First Vice President – Operations Head	02 March 2026 - Present	Filipino

Gladys Grace K. Uy	59	VP Human Resources and Administration	2 May 2023 – Present	Filipino
Atty. Mildred Ann M. Gonzales	43	VP Legal	4 September 2023 – Present	Filipino
Becky D. Co	59	VP Treasury	11 December 2023 – Present	Filipino
Winny K. Ong	37	VP Internal Audit	14 October 2024 – Present	Filipino
Engr. Eric R. Potente	58	VP Purchasing	4 March 2024 – Present	Filipino
Arch. Eleno A. De Paz	51	VP Planning and Design	6 May 2024 – Present	Filipino
Rashimia Sarah S. Velasquez	37	VP Leasing Management	21 July 2025 – Present	Filipino
Engr. Marco Antonio A. De Guzman	44	VP Construction	13 February 2026 - Present	Filipino

The following is a brief description of the business experience of each of the Company's directors and executive officers over the past five (5) years:

- **Dr. Lucio C. Tan,** Filipino, is the Chairman of the Board of Directors of PNB Holdings Corporation and Chairman and CEO of LT Group, Inc. A highly regarded business leader, he oversees a vast portfolio of companies across diverse industries, including aviation, banking, tobacco, beverage manufacturing, real estate, and agribusiness. His leadership extends to Philippine Airlines, Inc., Asia Brewery Inc., MacroAsia Corp., Fortune Tobacco Corp., PMFTC, Inc., and Tanduay Distillers, Inc., among many others. He also serves as Chairman Emeritus of the Philippine National Bank. Dr. Tan holds a Bachelor of Science in Chemical Engineering from Far Eastern University and was conferred a Doctor of Philosophy in Commerce by the University of Santo Tomas, recognizing his contributions to business and industry.

- **Karlu T. Say**, Filipino, is the President of PNB Holdings Corporation, leading the Company's vision to become the foremost luxury real estate developer in the country. In addition to this role, Say holds directorships in several entities under the Lucio Tan Group, including LT Group, Inc., Eton Properties Management Corp., Eton Properties Philippines, Inc., and Alliedbankers Insurance Corporation. Beyond real estate and corporate leadership, Say is also the Founder and Director of Dong-A Pharma Phils., Inc., demonstrating a strong entrepreneurial drive in the pharmaceutical industry. Say earned a Bachelor of Science in Management from Ateneo de Manila University and an Associate of Arts degree in Interior Design from the Fashion Institute of Design & Merchandising in San Francisco, California, USA.

- **Lucio C. Tan III**, Filipino, is the Vice Chairman and Chief Operating Officer of LT Group, Inc. He also serves as Director and Vice President of PAL Holdings, Inc., and Director of MacroAsia Corporation. He holds the position of President and Chief Operating Officer at Tanduay Distillers, Inc., and is also the President of PAL Holdings, Inc. Additionally, he is a Director of several companies, including Philippine Airlines, Philippine National Bank, Lufthansa Technik Philippines, Inc., MacroAsia Catering Services, Inc., MacroAsia SATS Inflight Services Corp., MacroAsia Airport Services Corp., MacroAsia Properties Development Corp., Belton Communities, Inc., Eton City, Inc., First Homes, Inc., Fortune Landequities and Resources Inc., Ayala-Eton Property Development Corp., and Philip Morris-Fortune Tobacco Corporation. He is the Vice Chairman and President of Sabre

Travel Network Phils. Inc. Before returning to the Philippines to lead Tanduay Distillers, Inc., he worked as a software engineer at Lyft in California, USA. He holds a Bachelor of Science in Electrical Engineering and a Master of Science in Computer Science from Stanford University.

- **Kyle Ellis C. Tan**, Filipino, Director, holds a Master's degree in Computer Science from the University of Southern California and a Bachelor's degree in Computer Engineering from the same university. He is a director of publicly-listed companies, namely MacroAsia Corporation, PAL Holdings, Inc. and Victorias Milling Company, Inc. He is the current President and Chief Executive Officer of Eton Properties Philippines, Inc., Vice-President and Chief Operating Officer of Tanduay Distillers, Inc., and Treasurer of MacroAsia Corporation. He is the Vice-Chairman of Pan-Asia Securities Corporation, and Vice-President of Kilter Realty & Development Corporation. He is the President of Landcom Realty Corporation, and Chief Operating Officer of Himmel Industries, Inc., and Manufacturing Services & Trade Corporation. Mr. Tan is also a Board Advisor of Philippine Airlines, Inc. and sits in the Board of Governors of the Makati Central Estate Association. He is a director of PNB Global Remittance and Financial Co. (HK) Ltd., Grandspan Development Corporation, Allied Club, Inc., Asia's Emerging Dragon Corporation, and Terra Information and Connectivity Solutions, Inc.

- **Eusebio V. Tan**, Filipino, Director, is a highly regarded expert in corporate law, banking and finance, investment law, franchising, mergers and acquisitions, government contracts, public-private partnerships, and privatization projects. His extensive legal career includes notable contributions to strengthening economic ties between Japan and the Philippines. In recognition of his efforts, the Japanese government awarded him The Order of the Rising Sun, Gold Rays with Neck Ribbon in 2020. He previously co-chaired the Philippines-Japan Economic Cooperation Committee. Tan holds a law degree from Ateneo de Manila University and a Master of Laws from Columbia University.

- **Cielo Macapagal-Salgado**, Filipino, Independent Director, has dedicated over 30 years to public service, including two terms as the elected Vice Governor of Pampanga. She was recognized in 2004 as the Most Outstanding Kapampangan of Pampanga for her contributions to governance and community development. Since 2000, she has served as Chairperson and Director of multiple subsidiaries of PNB in California, Canada, and the Philippines. A committed advocate for faith-based initiatives, Salgado is the Overall National Coordinator of Flames of Fire for Jesus Catholic Charismatic Community and Co-Chair of the Home of Love Antipolo Chapter of the National Sandigan Foundation, supporting projects aligned with St. Teresa of Calcutta, the Oblates, and the Third Order of the Benedictines of Mexico and Pampanga since 1988. She also serves as an elected Director of the National Women's Association in the Philippines. Salgado holds a Ph.D. in Economics.

- **Elaine Y. Co**, Filipino, Independent Director, has built a distinguished career spanning over 30 years in the alternative assets investment industry. She is the Founder and Managing Partner of BluMandarin Capital Ltd., a family office advisory firm based in Hong Kong, and the Founding Strategic Advisor of Stillbrook Capital, a Greater China Long-Only fund regulated by the Hong Kong Securities and Futures Commission. Previously, she was a founding Partner at Janchor Partners Limited, a Long/Short Equity hedge fund in Hong Kong, where she led the firm's non-investment operations from its inception in 2009 until 2018. Before transitioning into hedge fund management, she spent a decade in corporate finance advisory roles with firms such as Vickers Ballas Philippines, Sun Hung Kai Securities Philippines Corporate Finance, and SGV & Co., focusing on IPOs, power infrastructure, restructuring, and M&A projects. Recognized as one of the 50 Leading Women in Hedge Funds by The Hedge Fund Journal and EY in 2013, Co holds an AB

Management Economics degree from Ateneo de Manila University, an MBA in Finance and Organizational Behavior from Northwestern University's Kellogg School of Management, and has completed the Advanced Management Program at Harvard Business School.

- **Ma. Cecilia Gonzalez**, Filipino, Independent Director, is an accomplished executive leader with 30 years of experience in product and service development, project management, and strategic marketing, particularly in the financial services and telecommunications sectors. She is the Founder and Managing Member of Manila Consulting Group (MCG), where she provides expert consulting services in brand, marketing, and communication strategy for companies in Guam and other international markets. Additionally, she serves as an Affiliate and Client Director for Acumen Strategy Consultants in the Philippines, specializing in marketing strategy and business analytics capability building. Gonzales is also a faculty member in the Marketing & Law Department at the JG School of Management, Ateneo de Manila University. Her career includes 22 years in senior marketing roles at Citibank, where she held key leadership positions in the Philippines, Indonesia, and Guam, culminating in her role as Cards Business and Marketing Head for Citibank Guam. She holds a Bachelor's degree in Management Engineering from Ateneo de Manila University.

- **Rowena Nazareth**, Filipino, Independent Director, has over 37 years of professional experience in the planning, development, marketing and management of innovative and lifestyle-oriented mixed-use, residential and retail-oriented projects targeting the upper and mid-market consumers. She has been the Managing Director of WN Retail Development Advisors Ltd. Inc., a company based in Vancouver, Canada, since July 2005. Her list of clients includes Robinsons Land Corporation (Philippines), TransAsia Construction Development Corporation (Philippines), and ARCH Capital Management Ltd. (Hongkong). From May 1987 to June 2005, Ms. Nazareth was a part of Ayala Land Inc. She later joined the Property Development Group, a company based in Vancouver, Canada, as Director for Asia Projects from 2006 to 2008. Ms. Nazareth holds a Bachelor of Arts in Hotel and Restaurant Management degree from the De La Salle University Manila, and a Master's degree in Business Management degree from the Asian Institute of Management. She attended the Executive Development Program of the Wharton Business School in 2004.

- **Ponciano S. Carreon, Jr.** Filipino, is the Chief Financial Officer of the Corporation. He brings three decades of financial leadership and corporate governance experience in real estate, banking and finance sectors. Before joining the Company, he was Chief Finance Officer, Corporate Treasurer and Head for Investor Relations at Century Properties Group, Inc. He also held senior finance roles including Chief Finance Officer at Landco Pacific Corporation and Arthaland Corporation, Assistant Vice President of Controllership at SM Development Corporation, and Controller at Crown Asia Properties, Inc., a Vista Land subsidiary.

  His Board level experience includes serving as Independent Director and Chairman of Audit and Compliance Committee at Northpoint Development Bank, Chairman of the Board for Century Acqua Lifestyle Corporation and Director at Club Punta Fuego, Inc., Fuego Land Corporation, and Fuego Development Corporation.

  Mr. Carreon also brings solid banking experience, having served as bank controller, audit head and bank examiner, further enriching his strategic financial acumen. He is an Ateneo-BAP Certified Treasury Professional, a cum laude graduate of San Beda College with a Bachelor of Science degree in Accountancy, and a CPA board topnotcher,

underscoring his academic and technical proficiency in finance and accounting.

- **Atty. Michael Leslie D. Delos Reyes**, Filipino, is the Chief Risk and Chief Compliance Officer, and Interim Chief Operating Officer of the Company. He is a seasoned legal expert with 24 years of experience in corporate law, real estate, and regulatory compliance. His expertise in legal strategy, corporate governance, and contract management has made him a highly regarded legal professional in the industry. Before joining PHC, he was Vice President of Legal and Corporate Secretary at Eton Properties Philippines Inc., where he played a critical role in corporate compliance, risk management, and legal advisory. His experience in the real estate sector also includes his tenure as Assistant Vice President of Legal at SM Prime Holdings Inc., where he handled legal affairs for one of the country's largest property developers. Additionally, he served as a Senior Legal Manager at Rockwell Land Corporation, contributing to the company's legal and regulatory operations. Atty. Delos Reyes holds a Bachelor of Arts in Political Economy from the University of Asia & the Pacific. He later earned his Juris Doctor degree from Ateneo de Manila University – School of Law and was admitted to the Bar in 1998. His legal practice honed his expertise in business law, contract negotiations, and corporate governance. His extensive experience in real estate and corporate law continues to be an asset in shaping legal policies and frameworks for PHC.

- **Atty. Carlos Luis L. Fernandez**, Filipino, Corporate Secretary, is a lawyer and certified public accountant with extensive experience in legal affairs, finance, and corporate governance. He currently serves as Executive Vice-President and Chief Operating Officer of Philippine Airlines, Inc. ("PAL"). He joined the Lucio Tan Group of Companies in 2019 and has since held various leadership and legal positions across the Group. In January 2022, he was appointed Senior Vice-President, General Counsel, and Compliance Officer of PAL. In August 2023, he was designated Officer-in-Charge, Executive Vice-President – a role he held until May 2025 – during which he managed the airline's day-to-day operations, including both commercial and operations. In June 2025, he was formally appointed as EVP and COO, continuing to lead PAL's strategic and operational priorities.

  Prior to joining the Lucio Tan Group, Atty. Fernandez was a Partner at the Law Office of Laguesma Magsalin Fernandez & Quirolgico, where he specialized in corporate law, and labor and employment law. His background in private legal practice laid a strong foundation for his current leadership roles in the aviation and corporate sectors.

  In addition to his role at PAL, he serves as Corporate Secretary for several companies under the Lucio Tan Group, including Tanduay Distillers, Inc., Pan-Asia Securities Corporation, and PNB Holdings Corporation.

- **Atty. Richard V. Ko**, Filipino, Assistant Corporate Secretary, is a versatile lawyer who holds various roles. He started in 2012 as an entrepreneur and as an Assistant Professor in De La Salle University - Manila. In 2015, he joined the Law Firm of Laguesma Magsalin Consulta & Gastardo. In 2017, he joined public service as Political Affairs Officer and Supervising Political Affairs Officer in the House of Representatives. After the 17th Congress, Atty. Ko returned to private practice, teaching, and business. He was a former Professor at Philippine Cultural College and the Assistant Corporate Secretary of Petnet, Inc., and is currently a Partner at the Law Firm of Magsalin Fernandez & Quirolgico, a Director at Richbright Corporation, Assistant Professor at De La Salle University – Manila, Corporate Secretary at GE Antonino, Inc., Scepter Trading, Inc., Darel Investments Corporation, Archnation Visualization Studios, Inc., and Wemilco Management & Development, Inc. He is also the Assistant Corporate Secretary of PNB Holdings Corporation, and Cooptechnologies, Inc. Atty. Ko graduated with honors from De La Salle University - Manila with the degree of Bachelor of Science in Entrepreneurship. He earned

his Juris Doctor degree from the same university.

- **Engr. Rodelito "Dodo" J. Ocampo**, Filipino, is the Company's First Vice President for Operations. Engr. Dodo has 37 years of construction experience, having worked with top construction firms and a leading property developer in the Philippines. Before joining the Company, he was Vice President at Ayala Land Inc., where he held leadership roles across subsidiaries such as Makati Development Corporation, MDC BuildPlus AAA, MDBI, Alveo Land, and Avida Land. He also served as Project Manager at D.M. Consunji Inc., overseeing major projects including the Aircraft Maintenance Hangar at Clark Air Base, the Mactan Shangri-La Hotel in Cebu, the Asia Tower Condominium in Makati, and the AIM ACEED Building.

  He holds a Civil Engineering degree from Mapua Institute of Technology and completed advanced programs in Management Development and Construction Management at AIM and Strategic Business Management at the University of Asia and the Pacific.

- **Gladys Grace K. Uy**, Filipino, is the Company's Vice-President for Human Resources and Administration. She has more than 23 years of extensive experience in human resource management, which became instrumental in shaping HR policies and organizational development strategies in various industries. She currently serves as Vice President for HR and Administration at PHC, bringing her deep expertise in talent management, employee relations, and corporate culture development. Uy previously worked at Eton Properties Philippines, Inc. for over a decade, where she rose to the position of Senior Assistant Vice President in the Human Resources Department. During her tenure, she played a pivotal role in formulating HR strategies, leadership development programs, and employee engagement initiatives. Her career also includes serving as HR and Admin Head at Burgundy Global Exploration Corporation and as an HR Officer at Y.I. Group of Companies, where she refined her expertise in talent acquisition and workforce planning. She holds a Bachelor of Science in Commerce, Major in Business Management from the University of Santo Tomas. Uy continues to be a driving force in modern HR practices, focusing on fostering workplace excellence and leadership development at PHC.

- **Atty. Mildred Ann M. Gonzales**, Filipino, Vice-President for Legal, was admitted to the Philippine Bar since May 2, 2008. She started as an Associate Attorney in the Law Offices of Jimenez Gonzales Bello Valdez Caluya and Fernandez and had extensive experience dealing with corporate, taxation, litigation, labor, immigration and intellectual property laws. After three years in the law firm, she worked with leading property developers, providing sound legal advice to Management and displaying her strategic business acumen in land acquisitions, conversion, boundary disputes, expropriation, tax matters, corporate governance, employee relations and contract negotiations. She dealt with various government agencies and regulatory bodies, as well as tribunals where she played a pivotal role in ensuring that business objectives are met and mitigating risks for major real estate projects. Atty. Gonzales holds a Bachelor of Laws degree from San Beda College and a Bachelor of Science in Commerce, Major in Legal Management from De La Salle University.

- **Becky D. Co**, Filipino, Vice-President for Treasury, brings more than 30 years of expertise in treasury and financial management, with a strong background in corporate finance, cash flow management, and financial planning. Before joining PHC, she held the position of Senior Assistant Vice President for Treasury Cash Management Services at SM Development Corporation, where she was instrumental in overseeing liquidity and optimizing financial operations. Her career also includes serving as Assistant Vice President and Controller at Phinma Inc., where she managed corporate financial reporting and internal controls. Additionally, she was Vice President of Treasury, Credit, and

Collections at FEP Printing Corporation, leading efforts in financial stability and risk management. A Certified Public Accountant, Co earned her Bachelor of Science in Commerce, majoring in Accounting, from De La Salle University. Beyond her corporate achievements, she has been actively involved in community service, serving as the Charter President of the Rotary Club of Kalayaan and later as its Centennial President in 2005.

- **Winny K. Ong**, Filipino, Vice-President for Internal Audit, is a finance and auditing professional with 15 years of experience, building her career in financial compliance, risk management, and internal controls. As Vice President for Internal Audit at PHC, she brings extensive expertise in corporate governance and internal audit strategies. Before joining PHC, she held key positions at Globe Telecom, Inc., where she advanced from Audit Expert to Senior Audit Manager. Her earlier career includes finance leadership roles at Richbright Corporation, Sanford Marketing Corporation (SaveMore/SM Group), and Smart Communications, Inc. Ong is a Certified Public Accountant (CPA), Certified Internal Auditor (CIA), and Certified Control Self-Assessment (CCSA) professional. She earned a Bachelor of Science in Accountancy from De La Salle University, graduating with Honorable Mention.

- **Engr. Eric R. Potente**, Filipino, Vice-President for Purchasing, has dedicated more than 34 years to the construction and real estate industry. His career includes 28 years at Rockwell Land Corporation, where he rose to the position of Assistant Vice President of Project Development and later served as a consultant. Engr. Potente's extensive knowledge in civil engineering is backed by his Bachelor of Science degree in Civil Engineering from the Mapua Institute of Technology. A Licensed Civil Engineer, he has continuously contributed to the industry by ensuring the efficient planning and execution of major real estate projects.

- **Architect Eleno A. De Paz**, Filipino, Vice-President for Planning and Design, has gained 27 years of comprehensive expertise in architecture, design, urban planning, and construction. Arch. De Paz has shaped commercial and residential developments for leading real estate firms most recent leadership roles include serving as Head of the Planning and Design Department at Arthaland and Vice President for Planning and Design at Eton Properties Philippines, Inc. His architectural career spans across multiple organizations, where he contributed to urban planning, technical design, and project management. He was previously Head of the Technical Planning Department at Federal Land Inc., Assistant Vice President for Planning at Nuvoland Philippines Inc., and DIM Group Lead (Project Manager) at Duotal Ltd. His technical expertise was further honed through roles such as Associate Architect at CASAS+ARCHITECTS, Senior Architect/Partner at MDR Architects, and Senior Architect/CADD Supervisor at FMM Architects. Beyond corporate practice, Arch. De Paz was a faculty member at the Technological Institute of the Philippines, sharing his knowledge with aspiring architects. He holds a Bachelor of Science in Architecture from the Polytechnic University of the Philippines, completed through the Japan-Philippines Cooperation University program via JICA (Japan International Cooperation Agency). He attended the Master of Architecture program at the Technological University of the Philippines.

- **Rashimia Sarah S. Velasquez,** Filipino, Vice-President for Leasing Management, brings over 15 years of extensive experience in leasing management, business development, and real estate operations. Her career spans leadership roles in prominent property development firms, where she has driven strategic leasing initiatives and tenant relations for major commercial and office projects. Prior to joining PNB Holdings Corporation as Vice President for Leasing Management, Velasquez served as Senior Assistant Vice

President and Office Leasing Head at Filinvest Cyberparks, Inc., where she spearheaded leasing strategies for prime office spaces in key business districts. She also held a dual role at Robinsons Land Corporation as Leasing Head for its flexible workspace brand, work.able, and Assistant Director for the Commercial Innovations Group, leading initiatives that enhanced tenant experience and introduced innovative leasing solutions. Her earlier experience includes serving as Business Development Manager at Diversified Technology Solutions International, Assistant Manager at KMC MAG Group, Inc., and Investment Consultant at Megaworld Corporation, where she honed her expertise in property investment and client advisory services. Velasquez earned her Bachelor of Arts in Humanities from the University of Asia and the Pacific, equipping her with a strong foundation in communication and strategic thinking essential for high-level corporate engagements.

- **Engr. Marco Antonio A. De Guzman**, Filipino, brings over two decades of extensive leadership experience in construction project management and project operations to his role as Vice-President for Construction Management of the Company. A licensed Civil Engineer with Certificate in Project Management (CIPM), he has built a distinguished career across some of the country's most reputable real estate and construction organizations.

  Before joining the Company, he served as Senior Assistant Vice-President at Filinvest Alabang, Inc., where he oversaw a diverse portfolio of residential, office, institutional, and land development projects. His extensive career includes key leadership roles such as Project Director at Makati Development Corporation; Project Manager at Megawide Construction Corporation, SM Development Corporation, and Rockwell Land Corporation; Assistant Construction Manager at Jose Alilling Construction Management, Inc.; and Project Construction Management Engineer at Archen Technologies, Inc.

  Engr. De Guzman holds a Bachelor of Science in Civil Engineering, major in Construction Technology and Management, from De La Salle University – Manila.

The directors, executive officers, and key personnel of the Company are committed to good corporate governance, an essential aspect of strategic business management. They make every effort to promote awareness of this policy and the Company's Manual of Corporate Governance throughout the organization.

SIGNIFICANT EMPLOYEES

While the Company values all its employees, no individual or singular employee/s is relied upon to contribute more significantly than the others to the business of the Company.

FAMILY RELATIONSHIPS

Dr. Lucio C. Tan (the Chairman of the Board) is the father of Ms. Karlu T. Say (President), and the grandfather of Mr. Lucio C. Tan III and Mr. Kyle Ellis C. Tan (Directors).

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS (OVER THE PAST 5 YEARS)

None of the Directors or Executive Officers of the Company is involved in any material pending legal proceedings in any court or administrative agency of the government. Furthermore:

a. None of them has been involved in any bankruptcy petition.

b. None of them has been convicted by final judgment in a criminal proceeding or being subject to a pending criminal proceeding, both domestic and foreign.

c. None of them has been subject to any order, judgment, or decree of any court of competent jurisdiction (domestic or foreign) permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities, or banking activities.

d. None of them has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

EXECUTIVE COMPENSATION

Summary Compensation Table

Information concerning the compensation of the officer acting as the Company's Chief Executive Officer, the four (4) most highly compensated executive officers other than the officer acting as CEO, and the aggregate as to all officers and directors as a group, for the last two (2) fiscal years and the ensuing year is as follows:

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Karlu T. Say *President* Joselito R. Consunji *Chief Operating Officer*[7]	2026 (estimate)	₱30.958 million	-	₱ 2.595 million
Ponciano S. Carreon, Jr. *Chief Financial Officer* Michael Leslie D. Delos Reyes *Chief Risk and Compliance Officer*	2025	₱22.865 million		₱4.151 million

[7] Resigned effective February 2026

Interim Chief Operating Officer Gladys Grace K. Uy *Vice-President for Human Resources and Administration*	2024	₱27.460 million	-	P 3.866 million
All other officers and directors as a group unnamed	2026 (estimate)	₱51.432 million	-	₱6.429 million
	2025	₱41.398 million		₱6.265-million
	2024	₱54.242 million	-	₱7.524 million

Compensation of Directors

1. Standard Arrangements. A Director of the Company receives a *per diem* of ₱25,000.00 for every Board meeting, and ₱25,000.00 for every Committee meeting, attended.

2. Other Arrangements. There are no other arrangements regarding compensation between the Company and any of the Directors for services provided as a Director.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no employment contracts between the Company and any of its incumbent Directors, while Executive Officers are covered by standard employment contracts.

Warrants and Options Outstanding

No warrants or options on the Company's shares of stock have been issued or given to the Directors or Executive Officers as a form of compensation for services rendered.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

As of 1 September 2026, the following are the record and/or beneficial owners of more than five percent (5%) of the Company's shares:

Title of Class	Name and Address of Record Owner and relationship with Issuer	Name of Beneficial Owner and relationship with Record Owner	Citizenship	No. of Shares	Percent of Class
Common	**Philippine National Bank** PNB Financial Center, Pres. Diosdado Macapagal Blvd., Pasay City *Stockholder*	Record Owner	Filipino	23,346,554,700	49.75%
Common	**All Seasons Realty Corp.** Makati City 156,978,900 shares *Stockholder* **Allmark Holdings Corp.** Makati City 325,141,300 shares *Stockholder* **Caravan Holdings Corporation** Marikina City 1,286,742,300 shares *Stockholder* **Donfar Management Ltd.** Makati City 482,394,200 shares *Stockholder* **Dunmore Development Corp. (X-496)** Pasig City 237,538,100 shares *Stockholder* **Dynaworld Holdings, Inc.** Pasig City	Majority-owned and Controlled by LT Group, Inc.	Filipino Filipino Filipino Filipino Filipino Filipino	14,320,811,900	30.51%

	178,656,000 shares *Stockholder* **Fast Return Enterprises, Ltd.** Makati City 284,862,400 shares *Stockholder* **Fil-Care Holdings, Inc.** Quezon City 399,292,300 shares *Stockholder* **Fragile Touch Investment, Ltd.** Makati City 356,072,700 shares *Stockholder* **Ivory Holdings, Inc.** Makati City 325,724,400 shares *Stockholder* **Kenrock Holdings, Corp.** Makati City 408,192,700 shares *Stockholder* **Kentwood Development Corp.** Quezon City 270,426,200 shares *Stockholder* **Key Landmark Investments Ltd.** Makati City 2,090,956,200 shares *Stockholder* **La Vida Development Corp.** Quezon City 144,896,900 shares *Stockholder* **La Vida Development Corp. A/C 2423**		Filipino Filipino Filipino Filipino Filipino Filipino Filipino Filipino		

	Quezon City 162,716,400 shares *Stockholder*				
	Leadway Holdings, Inc. Pasig City 1,024,635,400 shares *Stockholder*		Filipino		
	Mavelstone International Limited Makati City 463,995,600 shares *Stockholder*		Filipino		
	Merit Holdings & Equities Corp. Quezon City 272,756,000 shares *Stockholder*		Filipino		
	Multiple Star Holdings Corp. Makati City 483,182,700 shares *Stockholder*		Filipino		
	Pioneer Holdings Equities, Inc. Pasig City 537,403,700 shares *Stockholder*		Filipino		
	Profound Holdings, Inc. Makati City 286,197,000 shares *Stockholder*		Filipino		
	Purple Crystal Holdings, Inc. Manila City 382,878,100 shares *Stockholder*		Filipino		
	Safeway Holdings & Equities, Inc. Quezon City 189,030,500 shares *Stockholder*		Filipino		

	Society Holdings, Inc. Quezon City 271,395,900 shares *Stockholder*		Filipino		
	Solar Holdings, Inc. Pasig City 1,286,742,300 shares *Stockholder*		Filipino		
	Total Holdings Corporation Pasig City 250,940,700 shares *Stockholder*		Filipino		
	True Success Profits Ltd. Makati City 1,286,742,300 shares *Stockholder*		Filipino		
	Uttermost Success, Ltd. Makati City 474,320,700 shares *Stockholder*		Filipino		

Security Ownership of Directors and Management

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Beneficial Ownership
Common	Lucio C. Tan	15,299,626,462 (Indirect) 232,869,200 (Direct)	Filipino	32.6% 0.50%
Common	Karlu T. Say	100	Filipino	Nil
Common	Lucio C. Tan III	100	Filipino	Nil
Common	Kyle Ellis C. Tan	100	Filipino	Nil
Common	Cielo Macapagal-Salgado	100	Filipino	Nil
Common	Elaine Y. Co	1	Filipino	Nil
Common	Ma. Cecilia Gonzalez	1	Filipino	Nil
Common	Rowena Nazareth	1	Filipino	Nil
Common	Eusebio V. Tan	100	Filipino	Nil
Common	Ponciano S. Carreon, Jr.	0	Filipino	Nil

Common	Carlos Luis L. Fernandez	0	Filipino	Nil
Common	Richard V. Ko	0	Filipino	Nil
Common	Michael Leslie Delos Reyes	0	Filipino	Nil
Common	Gladys Grace K. Uy	0	Filipino	Nil
Common	Mildred Ann M. Gonzales	0	Filipino	Nil
Common	Becky D. Co	0	Filipino	Nil
Common	Winny K. Ong	0	Filipino	Nil
Common	Eric R. Potente	0	Filipino	Nil
Common	Rashimia Sarah S. Velasquez	0	Filipino	Nil
Common	Eleno A. De Paz	0	Filipino	Nil
Common	Marco Antonio A. De Guzman	0	Filipino	Nil
Total		15,532,496,165		33.1%

VOTING TRUST HOLDERS OF 5% OR MORE

There are no voting trust holders of 5% or more of the Common shares.

CHANGE IN CONTROL

As of 1 September 2026, the Dividend Distribution which was at 98.54%, resulted in the dilution of PNB's ownership interest in the Company to 49.75%. Upon completion of the Dividend Distribution, PNB's ownership in the Company is expected to be further diluted to approximately 49%

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

As of 31 March 2026, the Company has transactions with PNB and other related parties as follows:

1. The Company's cash in bank and cash equivalents are deposited with PNB. Interest income on cash in bank and cash equivalents amounted to ₱24.5 million and ₱21.7 million for the three months ended 31 March 2026 and 2025, respectively.

2. The Company's investment in UITF Peso Money Market Fund is with PNB. Trading gain on the investment in UITF amounted to ₱22,833 and ₱32,184 for the three months ended 31 March 2026 and 2025, respectively.

3. The Company has various lease contracts with its related parties for the use of its office spaces. Outstanding lease receivables as of 31 March 2026 and 31 December 2025 amounted to ₱605.0 million and ₱683.8 million, respectively.

   The related security deposits and advance rental received amounted to ₱237.5 million and ₱237.5 million, respectively as 31 March 2026, and ₱213.0 million and ₱201.3 million, respectively, as of 31 December 2025. Rental income and rental dues recognized amounted to ₱166.9 million and ₱208.3 million for the three months ended 31 March 2026 and 2025, respectively.

4. The Company has existing service contract agreements with Basic Holdings Corporation. Total management fee recognized under "Outside services" in the financial statements amounted to ₱7.6 million and ₱10.1 million for the three months ended 31 March 2026 and 2025, respectively.

PRINCIPAL SHAREHOLDERS

Philippine National Bank

The Philippine National Bank ("PNB"), the country's first universal bank, is one of the largest local private commercial banks in terms of assets, net loans and receivables, capital and deposits. PNB provides a full range of banking and other financial services, which include deposit-taking, lending, bills discounting, trade finance, foreign exchange dealings, investment banking, treasury operations, fund transfers, remittance and trust services, through its 635 domestic branches as of 30 September 2025. As of the same date, PNB has 69 overseas branches, representative offices, remittance centers and subsidiaries, in 17 jurisdictions in Asia, North America and Europe.

In July 2016, PNB celebrated its Centennial Year with the theme, "A Century of Excellence", signifying a meaningful milestone for an institution that has served generations of Filipinos here and abroad. For over 100 years, PNB stands proud as an institution of stability and security for many Filipinos. With its century of banking history and experience, PNB is poised to move forward to becoming a more dynamic, innovative and service-focused bank, providing service excellence to Filipinos all over the world.

Forbes media ranked PNB as 2nd Best Bank in the Philippines in its list of 2023 World's Best Banks in April 2023. Furthermore, in April 2024, PNB was ranked first in the Philippines in Forbes' list of World's Best Banks for 2024. The ranking was based on a worldwide survey of more than 49,000 banking customers in 33 countries. PNB was among the 403 leading and best banks to be included in the global magazine giant's ranking. The banks were rated in five key areas – trustworthiness, terms and conditions (such as fees and rates), customer service (wait times and helpfulness of employees), digital services (ease of using the website and app), and quality of financial advice.

In October 2025, PNB was awarded for the fourth straight year with the prestigious Four Golden Arrows by the Institute of Corporate Directors (ICD) at the 2025 ASEAN Corporate Governance Scorecard Golden Arrow Awards Night. The Golden Arrow signifies PNB's continuing effort to raise the level of compliance with the ASEAN corporate governance principles. PNB's consistent recognition reflects its strong governance culture and alignment with both local and international best practices.

LT Group, Inc.

LT Group, Inc. ("LTG") was incorporated in the Philippines and registered with the SEC in 1937 under the name "The Manila Wine Merchants, Inc." for the purpose of engaging in the trading business. In 1947, its shares were listed in the PSE.

In 1995, the SEC approved the change in the company's name to "Asian Pacific Equity Corporation" and the change in its primary purpose to that of a holding company. In 1999, it acquired Twin Ace Holdings Corp., now known as Tanduay Distillers, Inc. ("TDI"), a producer of distilled spirits.

In 1999, the SEC approved the change in the company's corporate name from "Asian Pacific Equity Corporation" to "Tanduay Holdings, Inc".

In 2012, its stockholders approved the amendment in its Articles of Incorporation and By-Laws to reflect the change in its corporate name from "Tanduay Holdings, Inc." to "LT Group, Inc." which was approved by the SEC on September 28, 2012. The Company's primary purpose is

to engage in the acquisition by purchase, exchange, assignment, gift or otherwise; and to hold, own and use for investment or otherwise; and to sell, assign, transfer, exchange, lease, let, develop, mortgage, enjoy and dispose of any and all properties of every kind and description and wherever situated, as to and to the extent permitted by law.

After a series of restructuring activities in 2012 and 2013, LTG has expanded and diversified its investments to include the beverages, tobacco, property development and banking businesses, all belonging to Mr. Lucio C. Tan and his family and assignees.

As of 31 December 2025 and 2024, LTG was 74.36%-owned by its ultimate parent company, Tangent Holdings Corporation.

As of the date of this Prospectus, LTG has interests in the following businesses:

- **Distilled Spirits** — LTG conducts its distilled spirits business through its 100%-owned subsidiary TDI. TDI is the second-largest distilled spirits producer in the Philippines according to Nielsen Philippines, with an approximate 39% share of the Philippine spirits market in 2025.

- **Beverages** — LTG conducts its beverage business through its 99.9%-owned subsidiary, Asia Brewery, Incorporated ("ABI"). ABI is one of the Philippines' leading beverage manufacturers, producing energy drinks, bottled water, and soymilk.

- **Tobacco** — LTG conducts its tobacco business through its 99.6% ownership in Fortune Tobacco Corporation, which in turn owns 49.6% of PMFTC. PMFTC is the leading tobacco manufacturer and distributor in the Philippines with an estimated 47.3% market share in the year 2025.

- **Banking**— LTG conducts its banking business through Philippine National Bank ("PNB"). PNB is the Philippines' first universal bank. LTG's indirect ownership in PNB is approximately 56.47%. PNB is one of the largest local private commercial banks in terms of assets, net loans and receivables, capital and deposits.

- **Property Development** — LTG conducts its property development business through Paramount Landequities, Inc. and Saturn Holdings, Inc., with an effective indirect ownership of 99.6% in Eton Properties Philippines, Inc. ("Eton"). Eton has a diverse portfolio of property development projects in various areas throughout the Philippines, primarily in Metro Manila and surrounding areas, and access to the large land bank of the Lucio Tan Companies. Eton's project portfolio mainly comprises residential real estate projects (including large-scale township projects. Eton also develops and leases out commercial properties to retail and BPO tenants.

PHILIPPINE TAXATION

The information provided on Philippine taxation is rooted in the laws effective as of the date of this Prospectus and may be influenced by any legal modifications made after that date, including potential retroactive changes. The tax implications for a potential investor could differ based on the investor's specific circumstances. This summary does not claim to cover every tax consideration that could be relevant to all investors. This general overview does not aim to serve as a complete account of the Philippine tax implications concerning investments in the Common Shares, and it does not present information about the tax implications of acquiring, owning, holding, or selling shares under the tax laws of other relevant jurisdictions. Furthermore, this section of the Prospectus does not aim to address the specific tax consequences related to particular circumstances of acquiring, owning, holding, and disposing of shares in those other jurisdictions. This summary does not claim to cover all tax considerations that could be relevant to a holder of the Common Shares.

In this section, the phrase "resident alien" refers to a person whose residence is located in the Philippines but who is not a citizen of said country. Conversely, a "non-resident alien" refers to a person whose residence is outside the Philippines and who is not a Philippine citizen. A non-resident alien present in the Philippines for a total of over 180 days in any calendar year is deemed a “non-resident alien engaged in trade or business in the Philippines”; on the other hand, a non-resident alien who stays in the Philippines for 180 days or fewer in any calendar year may be classified as a “non-resident alien not engaged in trade or business within the Philippines.” A “domestic corporation” refers to a company that is established or formed under Philippine law, whereas a “resident foreign corporation” is a foreign entity operating in commercial activities within the Philippines. A "non-resident foreign corporation" refers to a foreign corporation that does not conduct trade or business in the Philippines.

Philippine Tax Reforms

On 1 January 2018, Republic Act No. 10963, commonly referred to as the “Tax Reform for Acceleration and Inclusion” (“TRAIN”) Act, came into force. The TRAIN Act modified sections of the National Internal Revenue Code of 1997, as Amended (“Tax Code”) such as those related to the Documentary Stamp Tax, taxes on interest income and other distributions, Estate Tax, and Donor’s Tax. Although the TRAIN Act introduced significant modifications to personal income tax, it did not make alterations to corporate income tax. This was tackled in the second installment of the Comprehensive Tax Reform Program (“CTRP”) or Republic Act No. 11534, commonly referred to as the Corporate Recovery and Tax Incentives for Enterprises Act (“CREATE”), which became law on 26 March 2021, revising aspects of the Tax Code, concerning, among other things, corporate income tax, reducing corporate income taxes, and updating fiscal incentives to supplement the anticipated additional revenues from the first package.

There is no guarantee that the Philippine government will not implement economic limitations or regulatory measures that could hinder free access to foreign currency. Any such limitations might significantly hinder the Company's capacity to pay for essential inputs or fulfill its foreign currency payment obligations, potentially having a profound and negative impact on its financial status and operational performance.

Tax on Dividends

Dividends in cash and property received from a domestic corporation by individual shareholders are citizens or residents of the Philippines are liable for income tax at a rate of

10%, which the Company will withhold. Dividends in cash and property that domestic corporations or resident foreign corporations receive from a domestic corporation are exempt from taxation.

Cash and property dividends obtained from a domestic corporation by non-resident alien individuals involved in trade or business in the Philippines incur a 20% tax on the gross amount. In contrast, cash and property dividends received by non-resident alien individuals not engaging in trade or business in the Philippines face a tax rate of 25% on the gross amount, subject to applicable preferential tax rates under tax treaties established between the Philippines and the country of residence or domicile of these non-resident foreign individuals. A non-resident alien visiting the Philippines and remaining in the country for a total of over 180 days in any calendar year will be considered a nonresident alien involved in trade or business in the Philippines. A non-resident alien arriving in the Philippines and remaining in the country for a total of 180 days or fewer within a calendar year is regarded as a non-resident alien not involved in trade or business in the Philippines.

Cash and property dividends received from a domestic corporation by a non-resident foreign corporation not involved in trade or business in the Philippines are typically subject to income tax at a final withholding tax rate of 25%, effective from 1 July 2020. In accordance with the tax sparing rule specified in Section 28(B)(5)(b) of the Tax Code, cash and property dividends received are subject to final withholding tax at a rate of 15%; provided that the country where the non-resident foreign corporation is based (i) does not levy taxes on foreign-sourced dividends or (ii) permits a credit against the tax liabilities of the non-resident foreign corporation for taxes that are considered to have been paid in the Philippines, equivalent to the difference between the standard 25% corporate income tax and the 15% dividend tax.

To benefit from the 15% tax sparing rate, a non-resident foreign corporation needs to submit an application to the BIR for a confirmatory ruling regarding its eligibility in accordance with Revenue Memorandum Order No. 46-20 (Guidelines and Procedures for Availing the Reduced Rate of 15% on Intercompany Dividends Paid by a Domestic Corporation to a Non-resident Foreign Corporation Under Section 28 (B) (5) (b) of the National Internal Revenue Code of 1997, as Amended, dated December 23, 2020). The application must be submitted within 90 days from "the payment of the dividends or from the foreign tax authority's determination of the deemed paid tax credit/non-imposition of tax due to the exemption, whichever occurs later."

A local corporation does not need to obtain a ruling from the BIR before applying the tax sparing rate when it pays out dividends. However, it is necessary to assess whether, according to the laws of the country where the non-resident foreign corporation is domiciled, this non-resident foreign corporation receives the relevant “deemed paid” tax credit or an exemption from income tax on those dividends.

The tax rates mentioned above are without prejudice to the preferential tax rates that may apply under existing tax treaties between the Philippines and the non-resident holder's country of residence. The majority of tax treaties involving the Philippines stipulate a lower tax rate of 15% when dividends are generated in the Philippines and paid to a resident of the other contracting nation. Furthermore, certain treaties stipulate that the withholding tax rate can be lowered to 10% when the recipient of the dividend beneficially holds at least 10% or 25% of the issuer, depending on the applicable treaty. Nonetheless, the majority of tax treaties also state that lower withholding tax rates will not be applicable if the recipient of the interest or dividend, residing in the other contracting state, engages in business in the Philippines through a permanent establishment and the ownership of the pertinent dividend-earning interest is substantially associated to that permanent establishment.

Tax Treaties

In the Philippines, non-resident income earners may avail themselves of preferential tax treaty rates on dividends through the Tax Treaty Relief Application (TTRA) system. The Bureau of Internal Revenue ("BIR") has prescribed specific procedures for this purpose, primarily outlined in Revenue Memorandum Order No. 14-2021, and further clarified by Revenue Memorandum Circular Nos. 77-2021 and 20-2022.

Application of Preferential Rates

Withholding agents, such as the Issuer, may outright apply the preferential treaty rates for dividends of non-residents upon submission of either:

- BIR Form No. 0901 (or an equivalent Application Form for Treaty Purposes), a Tax Residency Certificate duly issued by the non-resident's foreign tax authority, and the relevant provision of the applicable tax treaty, along with all other documentary requirements specified in Revenue Memorandum Order No. 14-2021; or
- A Certificate of Entitlement to Treaty Benefits ("COE") that complies with Paragraph II of Revenue Memorandum Circular No. 20-2022, together with proof of compliance with the requisites cited in such certificate, each in form and substance satisfactory to the Issuer, as applicable. A COE is issued for approved TTRAs and contains the factual and legal basis for its approval.

These documents must generally be submitted to each withholding agent or income payor prior to the first payment of income. Failure to provide the required documents when requested may result in the application of regular withholding rates, without the benefit of the tax treaty.

Post-Withholding Procedures and Confirmation

When a withholding agent applies treaty rates on income earned by a non-resident, the agent is required to file a request for confirmation on the propriety of the applied withholding tax rates with the International Tax Affairs Division ("ITAD") of the BIR. This request must be filed at any time after the payment of the withholding tax, but no later than the last day of the fourth month following the close of each taxable year.

Conversely, if the regular withholding rates were imposed on the income, the non-resident themselves must file a TTRA with ITAD.

Effect of a Certificate of Entitlement to Treaty Benefits (COE)

Under Revenue Memorandum Circular No. 20-2022, taxpayers who have already been issued COEs, where the tenor allows the ruling to be applied to subsequent or future income payments, are no longer required to file a request for ruling or a new TTRA every time an income of a similar nature is paid to the same non-resident. However, the income payor or withholding agent must always be guided by the requisites mentioned in the COE when applying the confirmed treaty benefit to future income payments. For instance, if the COE specifies tax residency as a requisite for continuous enjoyment of the treaty benefit, the income payor must require the non-resident to submit a Tax Residency Certificate for the relevant year before making any payment.

Implications of BIR Rulings

The use of preferential rates is effected through the withholding of final taxes at the applicable treaty rates. While withholding agents or income payors can initially withhold at a reduced rate or exempt a non-resident based on the documents provided, the BIR may subsequently review the application.

If the BIR determines that the applied withholding tax rate is lower than what should have been applied under the treaty, or that the non-resident taxpayer is not entitled to treaty benefits, it will issue a ruling denying the request for confirmation or TTRA. Consequently, the withholding agent will be liable for the deficiency tax plus applicable penalties.

Conversely, if the BIR confirms the propriety of the applied withholding tax rate (or if it was higher than required), it will issue a certificate confirming the non-resident income recipient's entitlement to treaty benefits. In such a case, the taxpayer may apply for a refund of any excess withholding tax. The BIR reserves the right to require additional documents during its evaluation process. An adverse ruling from the BIR may be appealed to the Department of Finance within thirty (30) days from its receipt.

Tax Refund Process

Should a company withhold at the regular tax rate instead of the reduced rate applicable under an income tax treaty, a non-resident holder of the company's shares may file a claim for a refund from the BIR. However, it is important to note that the refund process in the Philippines typically involves the filing of an administrative claim and may necessitate a judicial appeal, which could be impractical to pursue. All claims for refund must be filed within the two-year prescriptive period provided under Section 229 of the Tax Code.

A claim for refund may be filed independently of, or simultaneously with, the TTRA. If filed independently, the office where it was filed will coordinate with and defer to ITAD for the resolution of the non-resident's entitlement to treaty benefits. If filed simultaneously, ITAD is responsible for endorsing the claim for refund to the proper office that handles tax refunds after resolving the TTRA. In any event, issues concerning the application and implementation of treaty provisions fall under the exclusive jurisdiction of ITAD.

Other Applicable Taxes

It is further clarified that transfer taxes, such as documentary stamp tax or local transfer tax, may be payable if dividends are declared as property dividends, depending on the nature of the property distributed.

Stock dividends distributed *pro rata* to all holders of shares are generally not subject to Philippine income tax. However, a stock dividend constitutes taxable income if it results in the shareholder acquiring an interest different from that which their former stock holdings represented. Conversely, a stock dividend does not constitute income if the new shares confer no different rights or interest than did the old ones. The subsequent sale, exchange, or disposition of shares received as property dividends by the holder is subject to either capital gains tax and documentary stamp tax, or stock transaction tax, as applicable.

The following table lists some of the countries with which the Philippines has tax treaties and the tax rates currently applicable to non-resident holders who are residents of those countries:

	Dividends (%)	Stock transaction tax on sale or disposition effected through the PSE (%)(9)	Capital Gains tax due on disposition of Shares outside the PSE (%)
Canada	25[1]	0.01	May be exempt[13]
China	15[2]	Exempt[10]	May be exempt[13]
France	15[3]	Exempt[11]	May be exempt[13]
Germany	15[4]	Exempt[12]	May be exempt[13]
Japan	15[5]	0.01	May be exempt[13]
Singapore	25[6]	0.01	May be exempt[13]
United Kingdom	25[7]	0.01	Exempt[14]
United States	25[8]	0.01	May be exempt[13]

Notes:

1. *15% if the recipient company, which is a resident of Canada, controls at least 10% of the voting power of the company paying the dividends; 25% in all other cases.*

2. *10% if the beneficial owner is a company that holds directly at least 10% of the capital of the company paying the dividends; 15% in all other cases.*

3. *10% if the recipient company (excluding a partnership) holds directly at least 10% of the voting shares of the company paying the dividends; 15% in all other cases.*

4. *5% if the recipient company (excluding a partnership) holds directly at least 70% of the capital of the company paying the dividends; 10% if the recipient company (excluding a partnership) holds directly at least 25% of the capital of the company paying the dividends; 15% in all other cases.*

5. *10% if the recipient company holds directly at least 10% of either the voting shares of the company paying the dividends or the total shares issued by that company during the period of six months immediately preceding the date of payment of the dividends; 15% in all other cases.*

6. *15% if, during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 15% of the outstanding shares of the voting shares of the paying company were owned by the recipient company; 25% in all other cases.*

7. *15% if the recipient company is a company that controls directly or indirectly at least 10% of the voting power of the company paying the dividends; 25% in all other cases.*

8. *20% if, during the part of the taxable year of the paying company which precedes the date of payment of dividends and during the whole of its prior taxable year, at least 10% of the outstanding shares of the voting shares of the paying corporation were owned by the recipient corporation; 25% in other cases. Notwithstanding the rates provided under the Convention between the Government of the Republic of the Philippines and the Government of the United States of America with respect to Taxes*

on Income, corporations that are residents of the United States may avail of the 15% withholding tax rate under the tax-sparing clause of the Philippine Tax Code, provided certain conditions are met.

9. *If the stock transaction tax is not expressly included in the tax treaty, the income recipient will be subject to stock transaction tax at the rate of 0.6% of the gross selling price as provided under Section 127 of the NIRC as amended by Section 39 of the TRAIN Law.*

10. *Article 2(2)(b) of the Agreement between the Government of the Republic of the Philippines and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income was signed on 18 November 1999.*

11. *Article 1 of the Protocol to the Tax Convention between the Government of the Republic of the Philippines and the Government of the French Republic signed on 9 January 1976, was signed in Paris, France, on 26 June 1995.*

12. *Article 2(3)(a) of the Agreement between the Government of the Republic of the Philippines and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxes on Income and Capital was signed on 9 September 2013.*

13. *Capital gains are taxable only in the country where the seller is a resident, provided the shares are not those of a corporation, the assets of which consist principally of real property situated in the Philippines, in which case the sale is subject to Philippine taxes. Under the income tax treaty between the Philippines and the United Kingdom, capital gains on the sale of the shares of Philippine corporations are subject to tax only in the country where the seller is a resident, irrespective of the nature of the assets of the Philippine corporation.*

When availing of capital gains tax exemption on the sale of shares of stock under an income tax treaty, a tax treaty exemption ruling from the BIR shall be necessary in order to completely implement the transfer. For sale of shares made outside the PSE, a Certificate Authorizing Registration (“CAR”) from the BIR is required before the transfer is registered in the stock and transfer book. The BIR issues a CAR only after verifying that the applicable taxes have been paid. Thus, in lieu of proof of payment of capital gains tax, the tax treaty relief ruling should be submitted to the BIR office processing the CAR.

The requirements for a tax treaty relief application in respect of capital gains tax or the stock transaction tax on the sale of shares are set out in Revenue Memorandum Order No. 14-2021. These include documentary requirements such as the supporting contract; stock certificates; the General Information Sheet; secretary's certificate; BIR Form No. 0605; BIR Form No. 2000-OT; BIR Form No. 1707; audited financial statements; interim financial statements as of the date of transfer, and proof of residence in the country that is a party to the income tax treaty. Proof of residence consists of a consularized certification from the tax authority of the country of residence of the seller of shares which provides that the seller is a resident of such country under the applicable income tax treaty. If the seller is a juridical entity, authenticated certified true copies of its articles of incorporation or association issued by the proper government authority should also be submitted to the BIR in addition to the certification of its residence from the tax authority of its country of residence.

Tax on Sale, Exchange or Disposition of Shares

A sale or other disposition of shares of stock conducted through the facilities of the Philippine Stock Exchange ("PSE") by a resident or non-resident holder, excluding a dealer in securities, is subject to a stock transaction tax at the rate of zero point one percent (0.1%) of the gross selling price or gross value in money of the shares. This tax shall apply unless an applicable tax treaty specifically provides for an exemption. For purposes of this provision, a "dealer in securities" is defined as a merchant of stock or securities, whether an individual, partnership, or corporation, possessing an established place of business and regularly engaged in the purchase and resale of securities to customers with a view to profit.

This tax is a percentage tax collected by the selling stockbroker on behalf of its client and remitted to the Philippine Government. It is levied in lieu of capital gains tax for transactions effected through the PSE. It is important to note that exemptions from capital gains tax provided under certain tax treaties may not necessarily extend to the stock transaction tax.

The stock transaction tax will not apply to sales of shares effected outside the facilities of the PSE, including during periods of trading suspension. As clarified by PSE Memorandum CN-No. 2012-0046 dated 22 August 2012, the Securities and Exchange Commission ("SEC") may impose a trading suspension of not more than six (6) months on shares of a listed company that fails to comply with the Rule on Minimum Public Ownership ("MPO"), which mandates that listed companies maintain at least 10.0% of their issued and outstanding shares as publicly held at all times. In Memorandum Circular No. 13, series of 2017, the SEC increased the MPO to 20%. Sales of such listed company's shares during a trading suspension, being effected outside the PSE trading system, will consequently be subject to taxes applicable to the sale of unlisted or untraded shares, specifically capital gains tax and documentary stamp tax, and potentially even donor's tax.

Furthermore, the stock transaction tax will not apply even if the sale is conducted through the facilities of the PSE, if the shares sold are issued by a corporation that does not meet the MPO requirement. Revenue Regulations No. 16-2012 ("R.R. 16-12") explicitly provides that the sale, barter, transfer, and/or assignment of shares of listed companies failing to meet the MPO requirement after 31 December 2012, shall be subject to capital gains tax and documentary stamp tax. R.R. 16-12 also imposes an obligation on publicly listed companies to submit quarterly public ownership reports to the BIR within fifteen (15) days after the end of each quarter.

Capital Gains Tax on Sales Outside the PSE

For shares sold, exchanged, or disposed of **outside the facilities of the PSE**:

- **For individuals and domestic corporations (other than dealers in securities):** Pursuant to the Tax Reform for Acceleration and Inclusion (TRAIN) Law, the net capital gains realized by a citizen, resident alien (whether or not engaged in trade or business in the Philippines), or a domestic corporation during each taxable year from such transactions are subject to capital gains tax at the rate of fifteen percent (15%) of the net capital gains. For non-resident alien individuals, this sale, exchange, or disposition is also taxable at the rate of 15%, which constitutes a final withholding tax.
- **For resident foreign corporations and non-resident foreign corporations:** Upon the effectivity of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law, the net capital gains realized by a resident foreign corporation or a non-resident foreign corporation during each taxable year from the sale, exchange, or disposition of

shares of stock in a domestic corporation outside the facilities of the PSE are subject to fifteen percent (15%).

Moreover, it should be noted that if the fair market value of the shares of stock in a Philippine corporation sold outside the facilities of the local stock exchange exceeds the consideration received by the seller or the selling price, the amount of such excess shall be deemed a gift and consequently subject to donor's tax under Section 100 of the Tax Code. However, a sale, exchange, or other transfer of such shares outside the facilities of the local stock exchange made in the ordinary course of business (i.e., a bona fide, arm's length transaction free from donative intent) will be considered made for an adequate and full consideration in money or money's worth and will therefore not be subject to donor's tax.

The transfer of shares shall not be recorded in the books of a company unless the BIR has issued a Certificate Authorizing Registration (CAR), certifying that the capital gains and documentary stamp taxes related to the sale or transfer have been duly paid. Alternatively, a CAR may be issued if tax treaty relief has been confirmed by the International Tax Affairs Division of the BIR in respect of the capital gains tax, or if other specified conditions have been met.

Value-Added Tax (VAT)

A Value-Added Tax (VAT) of twelve percent (12%) may generally be imposed on the gross income earned by dealers in securities from the sale of shares and on the commission earned by PSE-registered brokers. This VAT is typically passed on to the client.

Documentary Stamp Tax (DST)

Under the Tax Code[8], certain documents, instruments, papers, acceptances, assignments, sales, and transfers of obligations, rights, or property may be subject to documentary stamp tax. DST is levied, collected, and paid by the person making, signing, issuing, accepting, or transferring the document, regardless of where the document is executed, when the relevant obligation or right arises from a Philippine source or the relevant property is situated in the Philippines.

- **Original Issue of Shares:** The original issue of shares of stock is subject to DST of **seventy-five percent (75%) of one percent (1%)** of the par value of such shares of stock. For shares without par value, the DST is based on the actual consideration received for their issuance. In the case of stock dividends, the DST is based on the actual value represented by each share.
- **Secondary Transfer of Shares (Outside PSE):** The secondary transfer of shares of stock outside the facilities of the PSE (e.g., by assignment in blank, by delivery, or by any paper, agreement, or memorandum of transfer or sale, including transfers to secure future payment or for future stock transfer) is subject to a DST of **₱1.50 for every ₱200.00** par value, or a fractional part thereof. For shares without par value, the DST is equivalent to 50% of the DST paid upon the original issue of such stock.
- **Exemptions from DST:**
    - The sale, exchange, redemption, or other disposition of shares of stock listed and traded through a local or foreign stock exchange is **exempt** from DST.
    - The borrowing and lending of securities executed under a registered exchange's Securities Borrowing and Lending Program, or in accordance with

[8] As amended by R.A. No. 122141 otherwise known as the "Capital Markets Efficiency Promotion Act"

regulations prescribed by the appropriate regulatory authority, are likewise **exempt** from DST. This exemption requires the securities borrowing and lending agreement to be duly covered by a master agreement acceptable to the appropriate regulatory authority and registered and approved by the BIR.

The documentary stamp tax is collectible regardless of where the document is made, signed, issued, accepted, or transferred, provided the obligation or right arises from Philippine sources or the property is situated in the Philippines. Any applicable documentary stamp taxes on the original issue of shares shall be paid by the Issuer for its own account.

Estate and Donor's Tax

Shares issued by a corporation organized under Philippine laws are deemed to have a Philippine situs. Consequently, any transfer of these shares by way of donation or succession, even if made by a non-resident decedent or donor outside the Philippines, is subject to Philippine estate or donor's tax.

- **Estate Tax:** The transfer of shares of stock upon the death of an individual holder to their heirs by way of succession, regardless of the holder's citizenship or residence, is subject to Philippine estate tax at a flat rate of six percent (6%) of the value of the net estate.
- **Donor's Tax:** Individual and corporate holders, whether citizens or residents of the Philippines or not, who transfer shares of stock by way of gift or donation are liable to pay Philippine donor's tax at a flat rate of six percent (6%) of the total gifts or donations made during the calendar year in excess of ₱250,000.00. When property (other than real property subject to capital gains tax) is 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 property exceeded the value of the consideration shall be deemed a gift or donation subject to donor's tax. However, a sale, exchange, or other transfer of property made in the ordinary course of business, or a transaction made at arm's length and free from donative intent, will be considered made for an adequate and full consideration in money or money's worth, and will not be subject to donor's tax.
- **Reciprocity Exemption:** Estate and donor's taxes, however, shall not be collected in respect of intangible personal property, such as shares of stock, if:
    - The decedent at the time of death, or the donor at the time of donation, was a citizen and resident of a foreign country that, at the time of death or donation, did not impose a transfer tax of any character on intangible personal property of citizens of the Philippines not residing in that foreign country; OR
    - The laws of the foreign country of which the decedent or donor was a citizen and resident at the time of death or donation allow 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 that foreign country.

Taxation Outside the Philippines

Shares of stock in a domestic corporation are considered under Philippine law as situated in the Philippines, and any gain derived from their sale is entirely from Philippine sources. Consequently, such gain is subject to Philippine income tax, and the transfer of such shares by gift (donation) or succession is subject to the donor's or estate taxes as detailed above.

The tax treatment of a non-resident holder of shares of stock in jurisdictions outside the Philippines may vary significantly depending on the tax laws applicable to such holder by reason of domicile or business activities, and such holder's particular situation. This Prospectus does not purport to discuss the tax considerations on non-resident holders of shares of stock under laws other than those of the Republic of the Philippines.

PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company or any of its affiliates or advisors in connection with the listing of the Common Shares.

Brief History

The Philippine equities market began with two stock exchanges: the Manila Stock Exchange, started on 8 August 1927, and the Makati Stock Exchange, started on 27 May 1963. Each was self-regulating and overseen by its own Board of Governors elected by members.

The Philippine government initiated steps that led to the merger of these two exchanges into the Philippine Stock Exchange, Inc. (PSE). The PSE was formed on 23 December 1992 by officers from both the Makati and Manila Stock Exchanges. On 4 March 1994, the Securities and Exchange Commission (SEC) gave the PSE its license to operate as a securities exchange and, at the same time, canceled the licenses of the two older exchanges. The PSE used to have two trading floors, one in Makati City and one in Pasig City, connected by an automated trading system that combined all buy and sell offers.

In February 2018, the PSE moved its main office to the PSE Tower in Bonifacio Global City, Taguig City. This tower now holds its corporate offices and a single trading floor. On 24 June 2022, the PSE closed its trading floor at the PSE Tower to move towards digital trading. Traders now conduct their activities off-site instead of at physical trading booths, embracing a remote setup. While the PSE has moved to "floorless trading," bell ringing ceremonies for new listings still happen at the PSE headquarters.

On 29 June 1998, the Philippine SEC granted the PSE Self-Regulatory Organization (SRO) status, allowing it to set rules and impose penalties on trading participants and listed companies that don't follow them. On 8 August 2001, the PSE completed its demutualization, changing from a non-stock, member-governed institution to a stock corporation to meet the requirements of the Securities Regulation Code (SRC).

The PSE has an authorized capital stock of PhP120 million. As of 31 December 2022, the PSE had 85,477,846 issued and outstanding shares, including 3,513,952 treasury shares, resulting in 81,963,894 total shares outstanding. Each of the 184 member-brokers received 50,000 common shares of the new PSE at a par value of PhP1.00 per share. Also, each member-broker immediately received a "Trading Participant Certificate," allowing them to use the PSE’s trading facilities. As a result of the demutualization, the PSE Board of Directors changed, now requiring seven brokers and eight non-brokers, with one of the non-brokers being the President of the PSE.

On 15 December 2003, as part of reforms to strengthen the Philippine securities industry, the PSE listed its own shares on its bourse through an introduction.

Listing Boards and Products

Companies listed on the PSE are grouped into sectors like financial, industrial, holding firms, property, services, and mining and oil. These companies are listed on either the PSE’s Main Board or the Small, Medium and Emerging (SME) Board. In 2013, the PSE issued Rules on Exchange Traded Funds (ETFs), which allow ETFs to be listed on a separate ETF Board. Previously, the PSE allowed listings on the First Board, Second Board, or the SME Board.

With PSE Memorandum No. CN-No. 2013-0023 dated 6 June 2013, revisions were made to the PSE Listing Rules, including the removal of the Second Board listing and the requirement that lock-up rules be included in a company's articles of incorporation.

Market Indices and Trading Systems

The PSE has a benchmark index called the Philippine Stock Exchange Index (PSEi, formerly PHISIX), which shows the price movements of selected listed shares based on traded prices from different sectors. Effective 3 April 2006, along with the move to the free float index and the renaming of PHISIX to PSEi, the PSE changed its index calculation from full market capitalization to free float market capitalization. The PSEi is made up of shares from 30 selected companies listed on the PSE. Companies are chosen for the PSEi based on specific criteria like public float, liquidity, and market capitalization. There are also six sector-based indices and a broader all-shares index. On 26 July 2010, the PSE launched its then-new trading system, PSE Trade.

In June 2015, the PSE Trade system was replaced by PSE Trade XTS, which uses NASDAQ's X-stream Technology. PSE Trade XTS, replacing the NSC trading platform from NYSE Euronext Technologies SAS, can handle large trading volumes. It can also support the PSE's future needs if more products and services are introduced.

In November 2016, the Exchange received regulatory approvals to introduce new products to the stock market – Dollar Denominated Securities and the Listing of PPP Companies.

In June 2018, the PSE received approval from the Philippine SEC to introduce short selling in the equities market.

Disclosure and Corporate Governance

To promote good corporate governance and consistently provide complete, fair, accurate, and timely information, the PSE has adopted an online daily disclosure system. This system helps provide important information from listed companies and makes it easier for investors to access these reports. In December 2013, the PSE replaced its online disclosure system with a new one, the PSE Electronic Disclosure Generation Technology (EDGE). PSE EDGE, developed with the Korea Exchange, became active. The PSE EDGE system offers a dedicated portal for listed company disclosures and a free mobile application for easy investor access, with various features to (i) further standardize the disclosure reporting process for listed companies, (ii) improve investors' experience when searching for and viewing disclosures, and (iii) enhance overall issuer transparency in the market.

In November 2010, the PSE launched its Corporate Governance Guidebook as another initiative to promote good governance among listed companies. It has ten guidelines that embody principles of good business practice, based on internationally recognized corporate governance codes and best practices.

Market Performance Data

The table below shows the movements in the composite index as of the last business day of each calendar year from 1995 to 2023, along with the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	Composite Index at Closing	Number of Listed Companies	Aggregate Market Capitalization (in ₱ billions)	Combined Value of Turnover (in ₱ billions)
1995	2,594.2	205	1,545.7	379.0
1996	3,170.6	216	2,121.1	668.8
1997	1,869.2	221	1,251.3	586.2
1998	1,968.8	222	1,373.7	408.7
1999	2,142.9	225	1,936.5	781.0
2000	1,494.5	229	2,576.5	357.7
2001	1,168.1	231	2,141.4	159.6
2002	1,018.4	234	2,083.2	159.7
2003	1,442.4	236	2,973.8	145.4
2004	1,822.8	235	4,766.3	206.6
2005	2,096.0	237	5,948.4	383.5
2006	2,982.5	239	7,173.2	572.6
2007	3,621.6	244	7,977.6	1,338.3
2008	1,872.9	246	4,069.2	763.9
2009	3,052.7	248	6,029.1	994.2
2010	4,201.1	253	8,866.1	1,207.4
2011	4,372.0	245	8,697.0	1,422.6
2012	5,812.7	254	10,952.7	1,771.7
2013	5,889.8	257	11,931.3	2,546.2
2014	7,230.6	263	14,251.7	2,130.1
2015	6,952.1	265	13,465.1	2,172.5
2016	6,840.6	265	14,438.8	1,929.5
2017	8,558.4	267	17,583.1	1,958.4
2018	7,466.0	267	16,146.7	1,736.8
2019	7,815.3	271	16,710.0	1,770.0
2020	7,139.7	271	15,890.0	1,770.0
2021	7,122.63	276	18,081.1	2,233.1
2022	6,566.4	286	16,558.5	1,788.7
2023	6,450.0	283	16,740.2	1,474.8
2024	6,528.79	283	20,010.0	1,490.0
2025	6,052.92	282	18,730.0	1,780.0

Source: Philippine Stock Exchange, Inc. and PSE Annual Reports

Trading on the Philippine Stock Exchange

The PSE operates as a double auction market, where both buyers and sellers are represented by stockbrokers. To initiate a trade, bid (buy) or ask (sell) prices are electronically posted on the PSE's trading system. A buy order that matches the lowest asking price, or a sell order that matches the highest bidding price, is automatically executed. When a single broker receives both buy and sell orders for the same security at the same price, these orders are "crossed" on the PSE at the indicated price. Payment for purchases of listed securities must be settled by the buyer on or before the second trading day following the trade, which is known as the settlement date.

Generally, equities trading on the PSE occurs from 9:30 a.m. to 12:00 p.m., followed by a one-hour lunch break. Trading then resumes at 1:00 p.m. and concludes at 3:00 p.m. Trading days are typically Monday through Friday, except for legal holidays and days when the Bangko Sentral ng Pilipinas (BSP) clearing house is closed, as well as any other days declared as non-trading days by the Philippine SEC or the PSE.

To maintain stability in the stock market, daily price movements are monitored and regulated through the enforcement of both static and dynamic thresholds.

The static threshold implements a trading band within which a stock's price is permitted to move, specifically a 50% upper limit and a 30% lower limit. If the price of a listed security increases by 50% (reaching its price ceiling) or decreases by 30% (hitting its floor price) on a given day (calculated from the higher of the last closing price or last adjusted closing price), the PSE automatically freezes the price of that security. This freeze remains in effect unless there is an official statement from the corporation or a government agency justifying the price fluctuation, in which case the affected security can still be traded, but only at the frozen price. Should the subject corporation fail to submit such an explanation, the PSE will impose a trading halt on the listed security the following day. Trading will only resume once the subject corporation's disclosure is disseminated, and will again be subject to the trading band.

The dynamic threshold represents the maximum allowable price difference between an update in the Last Traded Price (LTP) of a given stock or group of stocks and its preceding LTP. This percentage is set by the PSE and varies based on the stock's or group's trade frequency. The dynamic threshold for a listed stock can be 10%, 15%, or 20%, depending on its trade frequency.

In instances where an order has been partially matched, only the portion of the order that would cause a breach of the trading threshold will be frozen. If an order results in a breach of a trading threshold, the following procedures apply:

- **Static Threshold Breach:** The PSE will accept the order if its price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50% of the previous day’s reference or closing price, or the last adjusted closing price). Otherwise, the order will be rejected. If the order is accepted, the PSE will adjust the static threshold to 60%. Any orders that breach this 60% static threshold will be rejected by the PSE.
- **Dynamic Threshold Breach:** The PSE will accept the order if its price is within the allowable percentage price difference under existing regulations (i.e., 20% for security cluster A and newly-listed securities, 15% for security cluster B, and 10% for security cluster C). Otherwise, the order will be rejected by the PSE.

Non-Resident Transactions

When the purchase or sale of Philippine shares involves a non-resident, regardless of whether the transaction occurs in the domestic or foreign market, the responsibility for registering the transaction with the Bangko Sentral ng Pilipinas (BSP) rests with the securities dealer or broker. The local securities dealer or broker is required to file an application in the prescribed registration form with the BSP within three business days from the transaction date. Upon compliance with all other necessary undertakings, the BSP will issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities, including profits and dividends, net of taxes and charges, may be freely repatriated.

Settlement

The Securities Clearing Corporation of the Philippines (SCCP) is a wholly-owned subsidiary of the PSE, primarily organized as a clearance and settlement agency for trades executed through the PSE's facilities. SCCP commenced commercial operations on 3 January 2000,

and received its permanent license to operate on 17 January 2002. Its key responsibilities include:

- Synchronizing the settlement of funds and the transfer of securities through delivery versus payment clearing and settlement of transactions for clearing members, who are also PSE trading participants.
- Guaranteeing the settlement of trades in the event of a trading participant's default through the implementation of its fails management system and administration of the Clearing and Trade Guaranty Fund.
- Performing risk management and monitoring to ensure final and irrevocable settlement of transactions.

SCCP settles PSE trades within a two-day rolling settlement environment, meaning that settlement of trades takes place two (2) days after the transaction date (T+2). The deadline for trade settlement is 12:00 noon on T+2. Securities sold must be in scripless form and lodged under the book-entry system of the Philippine Depository & Trust Corp. (PDTC). Each PSE trading participant maintains a cash settlement account with one of SCCP's nine existing settlement banks, which include BDO Unibank, Inc., Rizal Commercial Banking Corporation, Metropolitan Bank & Trust Company, Deutsche Bank, Union Bank of the Philippines, The Hongkong and Shanghai Banking Corporation Limited, Maybank Philippines, Inc., Asia United Bank, and China Banking Corporation. Payments for securities bought must be in good, cleared funds and be final and irrevocable. Currently, settlement is conducted at the broker level.

SCCP implemented its Central Clearing and Central Settlement (CCCS) system on May 29, 2006. The CCCS system employs multilateral netting, automatically offsetting "buy" and "sell" transactions per issue and per flag to arrive at a net receipt or net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. This system involves the novation of the original PSE trade contracts, with SCCP interposing itself between the original trading parties and becoming the central counterparty to each PSE-eligible trade cleared through it.

Scripless Trading

In 1995, the PDTC (formerly the Philippine Central Depository, Inc.) was established to create a central depository in the Philippines and introduce scripless, or book-entry, trading. On 16 December 1996, the PDTC was granted a provisional license by the Philippine SEC to operate as a central securities depository.

All listed securities on the PSE have been converted to book-entry settlement within the PDTC system. The PDTC's depository service provides the necessary infrastructure for the lodgment (deposit) and upliftment (withdrawal) of securities, pledging of securities, securities lending and borrowing, and corporate actions such as shareholders' meetings, dividend declarations, and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security component of the trade is settled through the book-entry system, while the cash component is settled through the current settlement banks, which include BDO Unibank, Inc., Rizal Commercial Banking Corporation, Metropolitan Bank & Trust Company, Deutsche Bank, The Hongkong and Shanghai Banking Corporation Limited, Union Bank of the Philippines, and Maybank Philippines, Inc.

To utilize the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment involves shareholders transferring legal title (but not

beneficial title) over their shares to PCD Nominee Corporation (PCD Nominee), a wholly-owned subsidiary of PDTC, whose sole purpose is to act as the nominee and legal title holder of all shares lodged with the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are canceled by the transfer agent, and the corresponding transfer of beneficial ownership of the immobilized shares to the account of PCD Nominee, through the PDTC participant, is recorded in the issuing corporation's registry. This trust arrangement between participants and PDTC, through PCD Nominee, is established by and explained in the PDTC Rules and Operating Procedures approved by the Philippine SEC. No consideration is paid for the transfer of legal title to PCD Nominee. Once lodged, transfers of beneficial title to the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (such as brokers and custodians) are recognized by the PDTC as the beneficial owners of the lodged equity securities. Therefore, each beneficial owner of shares, acting through their participant, will be the beneficial owner to the extent of the number of shares held by such participant in PCD Nominee's records. All lodgments, trades, and uplifts involving these shares must be channeled through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, concerning the participant’s aggregate holdings, in the PDTC system, and concerning each beneficial owner’s individual holdings, in the records of the participants. Beneficial owners are thus advised that to exercise their rights as beneficial owners of lodged shares, they must rely on their participant-brokers and/or participant-custodians.

Any beneficial owner of shares wishing to trade their interests in the shares must conduct the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be routed through the SCCP and into the PDTC system. Once it is determined on the settlement date (T+2) that there are adequate securities in the participant-seller's securities settlement account and sufficient cleared funds in the participant-buyer's settlement bank account, the PSE trades are automatically settled in the SCCP Central Clearing and Central Settlement system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Upon settlement, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw their shareholdings from the PDTC system, the PDTC has an upliftment procedure under which PCD Nominee will transfer back the legal title to the lodged shares to the shareholder, and these shares will no longer be eligible for settlement through the PCD system. The uplifting shareholder must adhere to the PDTC's Rules and Operating Procedures for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent will prepare and send a Registry Confirmation Advice to the PDTC, reflecting the new number of shares lodged under PCD Nominee. The expenses for upliftment are borne by the uplifting shareholder.

The distinction between the depository and the registry lies in the recording of ownership of shares in the issuing corporations’ books. In the depository setup, shares are merely immobilized; customers’ certificates are canceled, and a confirmation advice is issued in the name of PCD Nominee to confirm new balances of shares lodged with the PDTC. Transfers among and between broker and/or custodian accounts, as applicable, occur only within the PDTC’s book-entry system. However, as far as the issuing corporation is concerned, the underlying certificates remain in PCD Nominee’s name. In the registry setup, settlement and recording of ownership of traded securities are directly made in the corresponding issuing company’s transfer agents’ books or system. Likewise, recording is at the beneficiary level (whether a client or a registered custodian holding securities for its clients), thereby removing the broker's current "de facto" custodianship role.

Amended Rule on Lodgment of Securities

On 24 June 2009, the PSE informed all listed companies and market participants, via Memorandum No. 2009-0320, that effective 1 July 2009, as a condition for the listing and trading of an applicant company's securities, the applicant company must electronically lodge its registered securities with the PDTC or any other entity duly authorized by the SEC, without any jumbo or mother certificate, in compliance with the requirements of Section 43 of the SRC. In adherence to this requirement, the actual listing and trading of securities on the scheduled listing date will take effect only after the applicant company submits the documentary requirements outlined in Article III Part A of the Revised Listing Rules.

Pursuant to this amendment, the PDTC issued an implementing procedure as follows:

- For a new company to be listed on the PSE as of 1 July 2009, the usual procedure will be observed, but the company's transfer agent will no longer issue a certificate to PCD Nominee. Instead, it will issue a Registry Confirmation Advice, which will serve as the basis for the PDTC to credit the holdings of the depository participants on the listing date.
- For an existing listed company, the PDTC will await advice from the transfer agent indicating its readiness to accept the surrender of PCD Nominee jumbo certificates. Upon such advice, the PDTC will surrender all PCD Nominee jumbo certificates to the transfer agent for cancellation. The transfer agent will then issue a Registry Confirmation Advice to PDTC, evidencing the total number of shares registered in the name of PCD Nominee in the listed company’s registry as of the confirmation date.

Furthermore, on 21 May 2010, the PSE informed all listed companies and market participants, through Memorandum No. 2010-0246, that the Amended Rule on Lodgment of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities lodged with the PDTC or any other entity duly authorized by the PSE.

For listing applications, the amended rule on lodgment of securities applies to:

- The offer shares/securities of the applicant company in the case of an initial public offering.
- The shares/securities lodged with the PDTC, or any other entity duly authorized by the Philippine SEC, in the case of a listing by way of introduction.
- New securities to be offered and applied for listing by an existing listed company.
- Additional listing of securities of an existing listed company.

Issuance of Stock Certificates for Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with the PDTC, through their broker or custodian-participant, for a withdrawal from the book-entry system and a return to conventional paper-based settlement. If a shareholder wishes to withdraw their shareholdings from the PDTC system, the PDTC has an upliftment procedure under which PCD Nominee will transfer back the legal title to the lodged shares to the shareholder. The uplifting shareholder must follow the PDTC's Rules and Operating Procedures for the upliftment of shares lodged under the name of PCD Nominee. The transfer agent will prepare and send a Registry Confirmation Advice to the PDTC, reflecting the new number of shares lodged under PCD Nominee.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares will be deemed withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for the settlement of certificated securities. The expenses for the upliftment of shares into certificated securities will be charged to the person applying for upliftment. Pending the completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen, and no trading or book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment have been issued by the relevant company's transfer agent.

Amended Rule on Minimum Public Ownership

On 1 December 2017, the Philippine SEC issued SEC Memorandum Circular No. 13, Series of 2017 (SEC MC 13-2017), which sets forth the rules and regulations on minimum public ownership (MPO) for initial public offerings.

Under SEC MC 13-2017, companies filing a registration statement pursuant to Sections 8 and 12 of the SRC, with the intention of listing their shares for trading on an exchange, must apply for registration with a public float of at least 20% of the companies' issued and outstanding shares. The company is required to maintain an MPO of at least 20% at all times. If the company's MPO falls below 20% at any point after registration, the company must increase the public float to at least 20% within a maximum period of twelve (12) months from the date of such decline.

The determination of whether shareholdings are considered public or non-public is based on: (a) the amount of shareholdings and their significance to the total outstanding shares; (b) the purpose of investment; and (c) the extent of involvement in the management of the company.

Shares held by the following are generally considered public: (i) individuals whose shares are not of significant size and are non-strategic in nature; (ii) PSE trading participants (such as brokers) whose shareholdings are non-strategic in nature; (iii) investment funds and mutual funds; (iv) pension funds that hold shares in companies other than the employing company or its affiliates; (v) PCD Nominee, provided that none of the beneficial owners of the shares have significant holdings (i.e., shareholdings by an owner of 10% or more are excluded and considered non-public); and (vi) Social Security funds.

Conversely, if an investment in a listed company is intended to acquire sizable shares for the purpose of gaining substantial influence over the company's management, then such investor's shareholdings are considered non-public. Ownership of 10% or more of the total issued and outstanding shares of a listed company is deemed a significant holding and thus categorized as non-public.

Listed companies that become non-compliant with the minimum public ownership requirement will face trading suspension for a period not exceeding six months. If non-compliance persists after the suspension period, the company will be automatically delisted.

Notwithstanding the quarterly public ownership report requirement of the PSE, listed companies on the PSE are required to (a) establish and implement an internal policy and procedure to continuously monitor their MPO levels; and (b) immediately report to the Philippine SEC within the next business day if their MPO level falls below 20%. Listed companies are also required to submit to the Philippine SEC a time-bound business plan, within ten (10) days from gaining knowledge that their MPO has become deficient, describing the steps the company will take to restore the public float to at least 20% within a maximum

period of twelve (12) months. Furthermore, listed companies must submit a public ownership report and a progress report on any such submitted business plan to the Philippine SEC within fifteen (15) days after the end of each month until their MPO reaches the required level.

The MPO requirement is also a condition for the registration of securities. Non-compliance with these MPO requirements subjects publicly listed companies to administrative sanctions, including the suspension and revocation of their registration with the SEC.

On 3 August 2020, the PSE issued Memorandum CN-No. 2020-0076 (Guidelines on MPO Requirement for Initial and Backdoor Listings), effective immediately. Under these guidelines, companies applying for initial listing through an initial public offering (IPO) are required to have a minimum public offer size ranging from 20% to 33% of their outstanding capital stock, as follows:

Market Capitalization	Minimum Public Offer
Not exceeding ₱500 million	33% or ₱50 million, whichever is higher
Over ₱500 million to ₱1 billion	25% or ₱100 million, whichever is higher
Over ₱1 billion	20% or ₱250 million, whichever is higher

Whether a company pursues an IPO or a backdoor listing, it is strictly mandated to maintain an MPO level of at least 20% of its issued and outstanding shares at all times. For entities undergoing a listing by way of introduction, this 20% public float requirement applies both upon and subsequent to their listing.

In the context of a backdoor listing, the 20% MPO obligation commences from the actual issuance or transfer (as applicable) of the securities that activate the application of the Backdoor Listing Rules. This also extends to cases where the Backdoor Listing Rules are triggered by a substantial change in the company's business, with the MPO requirement taking effect from the actual transfer of the business.

Rule 72.2 of the SRC allows for exemptive relief from any provision of the SRC and the rules adopted thereunder. A request for exemptive relief shall be submitted to the SEC En Banc for decision.

Amendments to the Voluntary Delisting Rules

On 1 December 2020, the PSE issued Memorandum Circular No. 2020-0104 (C.N. 2020-0104) to amend its voluntary delisting rules. Under C.N. 2020-0104, a voluntary delisting must receive approval from: (i) at least two-thirds (2/3) of the entire Board of Directors, including a majority (but not less than two) of its independent directors; and (ii) stockholders owning at least two-thirds (2/3) of the listed company's total outstanding and listed shares.

Furthermore, the number of votes cast against the delisting proposal should not exceed ten percent (10%) of the total outstanding and listed shares of the listed company.

Regarding the tender offer price, the minimum tender offer price must be the higher of: (i) the highest valuation based on the fairness opinion or valuation report prepared by an independent valuation provider in accordance with SRC Rule 19.2.6; or (ii) the volume weighted average price of the listed security for one year immediately preceding the date the company's Board of Directors publicly disclosed its approval of the delisting.

Rules on Listing by Way of Introduction

Under the Consolidated Listing and Disclosure Rules of the PSE, listing by way of introduction pertains to listing of securities that are already issued or securities that will be issued upon listing, where no public offering will be undertaken because the securities for which listing is sought would be of such an amount and would be so widely held that their adequate marketability when listed can be assumed, or when listing in an exchange or public offering is mandated by law or by the SEC or other government agencies, in the exercise of their powers under the law.

The suitability of companies applying to list their securities by way of introduction shall be based on the listing criteria and requirements established by the PSE for initial listing. Notably, a company applying to list its securities by way of introduction shall determine the initial listing price of its securities on listing date, and such initial listing price must be supported by a Fairness Opinion prepared by an independent and reputable firm. The Fairness Opinion must be in accordance with the Guidelines for Fairness Opinions and Valuation Reports.

Among other circumstances, listing by way of introduction is appropriate where the securities of an unlisted Issuer are distributed by way of property dividend by a listed Issuer to shareholders of the latter. The said applicant company shall be subject to the prescribed lock-up requirement in accordance with the applicable Board. If listing on the Main Board, the applicant company shall cause its existing stockholders who own an equivalent of at least 10% of the issued and outstanding shares of stock of the company to refrain from selling, assigning or in any manner disposing of their shares for a period of:

1. 180 days after the listing of said shares, if the applicant company meets the track record requirements under Section 1 of Article III Part D of the Listing Rules; or
2. 365 days after the listing of the shares, if the applicant company is exempt from the track record and operating history requirements of the Listing Rules.

If there is any issuance or transfer of shares or of instruments which leads to an issuance or transfer of shares done and fully paid for within 180 days prior to the listing date, and the transaction price is lower than that of the initial listing price, all shares availed of shall be subject to a lock-up period of at least 365 days from the full payment of the aforesaid shares.

Rule on Initial Listing Through a Preferred Shares Offering

On 24 May 2022, the PSE issued Memorandum Circular No. 2022-0023 (C.N. 2022-0023), which immediately put into effect the Rule on Initial Listing through a Preferred Shares Offering. Under C.N. 2022-0023, the minimum offering to the public must be at least One Billion Philippine Pesos (₱1,000,000,000.00) or twenty percent (20%) of the market capitalization of the preferred shares applied for listing, whichever amount is higher.

Additionally, upon listing, the applicant company must have at least 1,000 stockholders, with each holding at least one board lot, regardless of whether it is listing on the Main Board or the SME Board. After listing, the company will be subject to the 20% public float requirement.

Concerning the lock-up rule, the 180-day or 365-day lock-up period will not apply to initial listings conducted through a preferred shares offering. However, preferred shares and instruments that entitle the holder to the issuance of preferred shares (such as convertible bonds or warrants) that were issued and fully paid within 180 days before the IPO at a price lower than the IPO price will be locked up for 365 days from the date of full payment. If the

applicant company has outstanding common shares that are already listed, those shares will not be subject to this lock-up rule.

Companies that are legally or regulatorily mandated to list and/or offer their shares to the public cannot use this mode of initial listing. Furthermore, a company that lists under this specific Rule cannot subsequently list by way of introduction.

Amendments to the Rules on Follow-On Offering

On 16 April 2024, the PSE issued Memorandum Circular CN No. 2024-0024 (C.N. 2024-0024), which immediately amended Article III, Part F, Section 13 and Article V, Part F of the Consolidated Listing and Disclosure Rules.

Under C.N. 2024-0024, the allocation of offer shares to Local Small Investors is now mandatory.

Moreover, the offering of secondary shares acquired at a discount before a follow-on offering is now prohibited. If any issuance or transfer of shares (e.g., private placement, asset-for-shares swap, or similar transaction) or instruments leading to an issuance or transfer of shares (e.g., convertible bonds, warrants, or similar instruments) was done and fully paid for within 180 days prior to the start of the offering period, and the transaction price was lower than the offer price, all shares subscribed, acquired, or availed of through such transactions shall not be part of the offer shares. This prohibition applies to all follow-on offerings, including public offerings undertaken by companies listed by way of introduction or through backdoor listing. However, this prohibition does not apply to shares subscribed, acquired, or availed of through stock dividend distribution or a stock option plan. The PSE may also rule on a case-by-case basis that this prohibition would not apply to shares subscribed, acquired, or availed of through any other transaction, provided it can be demonstrated that the offering will not give an undue advantage to the subscriber.

CORPORATE GOVERNANCE

The Board of Directors at PHC is entrusted with the responsibility of setting the Company's vision, strategic objectives, and key policies. It establishes procedures for effective management and ensures the presence and sufficiency of internal control mechanisms to uphold good governance. Additionally, the Board monitors and evaluates the performance of the Management to ensure alignment with the Company's goals.

PHC's commitment to good governance is demonstrated through the adoption of the Manual of Corporate Governance; the Committee Charters for the Nomination and Compensation Committee, the Audit and Risk Committee, and the Executive Committee; the Whistleblowing Policy; and the Enterprise Risk Manual.

The Chief Risk and Compliance Officer (CRCO) duly advises the Board of Directors on emerging regulatory risks, compliance requirements and control effectiveness. Additionally, he ensures Board visibility into compliance through structured reports and escalation procedures.

There have been no deviations from the Company's Manual of Corporate Governance. PHC has adopted leading practices and principles of good corporate governance as outlined in the Manual, and full compliance has been maintained since its adoption.

The Company is also taking further steps to enhance adherence to the principles and practices of good corporate governance. These efforts are aimed at ensuring that PHC continues to uphold the highest standards of governance, thereby fostering trust and confidence among its stakeholders.

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Financial Statements and Independent Auditor's Reports

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Audited Interim Financial Statements as of 31 March 2026

ANNEX A-2
Audited Financial Statements as of 31 December 2025

ANNEX A-3
Audited Financial Statements as of 31 December 2024

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ANNEX B
Equity Valuation and Fairness Opinion dated December 2025

ANNEX C
Industry Report dated 19 December 2025

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	0	0	0	0	1	0	5	6	

COMPANY NAME

P	N	B		H	O	L	D	I	N	G	S		C	O	R	P	O	R	A	T	I	O	N						

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

2	N	D		F	L	O	O	R	,		P	N	B		F	I	N	A	N	C	I	A	L						
C	E	N	T	E	R	,		P	R	E	S	I	D	E	N	T		D	I	O	S	D	A	D	O				
M	A	C	A	P	A	G	A	L		B	O	U	L	E	V	A	R	D	,		P	A	S	A	Y				
C	I	T	Y																										

Form Type

A	A	F	S

Department requiring the report

C	R	M	D

Secondary License Type, If Applicable

	N	A	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
phc.sec.mailbox@pnbholdings.com	(02) 8814-1678	0917 585 0068

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,277	4/21	03/31

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
Ponciano S. Carreon, Jr.	ponciano.carreonjr@pnbholdings.com.ph	(02) 8817-1678	0917-585-0094

CONTACT PERSON'S ADDRESS

4th Floor and 12th Floor, PNB Makati Center, 6754 Ayala Avenue, Brgy. San Lorenzo, Makati 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
PNB Holdings Corporation
2nd Floor, PNB Financial Center
President Diosdado Macapagal Boulevard, Pasay City

Opinion

We have audited the financial statements of PNB Holdings Corporation (the Company) which comprise the statements of financial position as at March 31, 2026 and December 31, 2025 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the three months ended March 31, 2026 and 2025, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2026 and December 31, 2025 and its financial performance and its cash flows for the three months ended March 31, 2026 and 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 Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 109712-SEC (Group A)
Valid to cover audit of 2026 to 2030 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2026 to 2030 financial statements
BIR Accreditation No. 08-001998-109-2023, October 26, 2023, valid until October 25, 2026
PTR No. 10765025, January 2, 2026, Makati City

August 20, 2026

PNB HOLDINGS CORPORATION
STATEMENTS OF FINANCIAL POSITION

	March 31, 2026	December 31, 2025
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 12)	**₱2,500,360,114**	₱2,330,898,807
Trade and other receivables (Note 6)	**783,544,821**	774,605,644
Other current assets (Note 7)	**232,753,153**	216,612,134
Total Current Assets	**3,516,658,088**	3,322,116,585
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Note 5)	**213,941,927**	206,694,592
Investment properties (Note 8)	**46,566,235,030**	46,522,866,702
Property and equipment (Note 9)	**83,305,896**	86,163,467
Deferred rent assets - net of current portion (Note 7)	**325,358,302**	317,931,430
Total Noncurrent Assets	**47,188,841,155**	47,133,656,191
TOTAL ASSETS	**₱50,705,499,243**	₱50,455,772,776
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 10)	**₱284,165,644**	₱233,852,955
Current portion of deposits and other current liabilities (Note 11)	**139,474,168**	114,063,678
Income tax payable	**32,228,305**	25,610,352
Total Current Liabilities	**455,868,117**	373,526,985
Noncurrent Liabilities		
Deposits and other noncurrent liabilities - net of current portion (Note 11)	**546,512,243**	484,814,619
Retirement liability (Note 15)	**3,848,799**	3,848,799
Deferred income tax liabilities - net (Note 16)	**24,146,813**	35,201,276
Total Noncurrent Liabilities	**574,507,855**	523,864,694
Total Liabilities	**1,030,375,972**	897,391,679
Equity		
Capital stock (Note 17)	**46,932,100,000**	46,932,100,000
Retained earnings (Note 17)	**2,579,914,088**	2,469,332,149
Other comprehensive income (Notes 5 and 15)	**163,109,183**	156,948,948
Total Equity	**49,675,123,271**	49,558,381,097
TOTAL LIABILITIES AND EQUITY	**₱50,705,499,243**	₱50,455,772,776

See accompanying Notes to Financial Statements.

PNB HOLDINGS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

	2026	2025
INCOME		
Rental income and dues (Notes 8 and 13)	**₱318,566,167**	₱271,353,712
Interest and other income (Note 13)	**25,724,828**	21,825,611
	344,290,995	293,179,323
COSTS AND EXPENSES		
Cost of rental income (Notes 8 and 14)	**(145,239,366)**	(156,389,649)
General and administrative expenses (Note 14)	**(62,244,329)**	(50,780,623)
Finance charges	**(9,311)**	(16,198)
	(207,493,006)	(207,186,470)
INCOME BEFORE INCOME TAX	**136,797,989**	85,992,853
PROVISION FOR INCOME TAX (Note 16)		
Current	**38,357,613**	22,159,484
Deferred	**(12,141,563)**	(939,405)
	26,216,050	21,220,079
NET INCOME	**110,581,939**	64,772,774
OTHER COMPREHENSIVE INCOME		
Item that recycles to profit or loss in subsequent periods		
Net changes in unrealized losses on financial assets at FVOCI (see Note 5)	**210,235**	240,207
Item that does not recycle to profit or loss in subsequent periods		
Net changes in unrealized gains on financial assets at FVOCI, net of deferred income tax effect (see Note 5)	**5,950,000**	510,000
	6,160,235	750,207
TOTAL COMPREHENSIVE INCOME	**₱116,742,174**	₱65,522,981
BASIC AND DILUTED EARNINGS PER SHARE (Note 19)	**₱0.002**	₱0.001

See accompanying Notes to Financial Statements.

PNB HOLDINGS CORPORATION

STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

			Other Comprehensive Income (Loss)			
	Capital Stock (Note 17)	Retained Earnings (Note 17)	Net Unrealized Gain on Financial Assets at FVOCI (Note 5)	Actuarial Loss on Retirement Liability (Note 16)	Subtotal	Total
BALANCES AS AT JANUARY 1, 2025	**₱46,932,100,000**	**₱2,067,653,217**	**₱168,579,303**	**(₱1,996,456)**	**₱166,582,847**	**₱49,166,336,064**
Net income	–	64,772,774	–	–	–	64,772,774
Other comprehensive income	–	–	750,207	–	750,207	750,207
Total comprehensive income	–	64,772,774	750,207	–	750,207	65,522,981
BALANCES AS AT MARCH 31, 2025	**₱46,932,100,000**	**₱2,132,425,991**	**₱169,329,510**	**(₱1,996,456)**	**₱167,333,054**	**₱49,231,859,045**
BALANCES AS AT JANUARY 1, 2026	**₱46,932,100,000**	**₱2,469,332,149**	**₱158,945,404**	**(₱1,996,456)**	**₱156,948,948**	**₱49,558,381,097**
Net income	–	110,581,939	–	–	–	110,581,939
Other comprehensive income	–	–	6,160,235	–	6,160,235	6,160,235
Total comprehensive income	–	110,581,939	6,160,235	–	6,160,235	116,742,174
BALANCES AS AT MARCH 31, 2026	**₱46,932,100,000**	**₱2,579,914,088**	**₱165,105,639**	**(₱1,996,456)**	**₱163,109,183**	**₱49,675,123,271**

See accompanying Notes to Financial Statements.

PNB HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱136,797,989**	₱85,992,853
Adjustments for:		
Depreciation (Notes 8, 9, and 14)	**38,070,212**	45,931,633
Interest income (Notes 4, 5 and 13)	**(24,607,776)**	(21,760,038)
Mark-to-market gain on financial assets at FVTPL (Notes 7 and 13)	**(32,630)**	(32,888)
Finance charges	**9,311**	16,198
Operating income before working capital changes	**150,237,106**	110,147,758
Decrease (increase) in:		
Trade and other receivables	**(7,191,819)**	(50,459,149)
Other assets	**(23,535,259)**	32,996,672
Increase (decrease) in:		
Trade and other payables	**50,303,378**	(45,484,443)
Deposits and other liabilities	**87,108,114**	14,922,753
Cash generated from operations	**256,921,520**	62,123,591
Income taxes paid, including final tax	**(31,302,820)**	(23,618,507)
Interest received (Notes 6 and 13)	**22,423,578**	29,055,154
Net cash provided by operating activities	**248,042,278**	67,560,238
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investment properties and property and equipment (Notes 8 and 9)	**(78,580,971)**	(69,676,616)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**169,461,307**	(2,116,378)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**2,330,898,807**	1,919,455,216
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱2,500,360,114**	₱1,917,338,838

See accompanying Notes to Financial Statements.

1. Corporate Information

PNB Holdings Corporation (the "Company") was incorporated in the Philippines on May 20, 1920 to invest, subscribe for, sell, transfer, exchange or otherwise dispose of all kinds of stocks, bonds, certificates of deposit, contract of instruments whatsoever representing evidence of title or interest in the capital of any property or assets and leases of all kinds.

The Revised Corporation Code, Republic Act No. 11232, which took effect in 2019 provides that corporations with certificates of incorporation issued prior to the effectivity of this Code, and which continue to exist, shall have perpetual existence, unless the corporation, upon a vote of its stockholders representing a majority of its outstanding capital stock, notifies the Commission that it elects to retain its specific corporate term pursuant to its articles of incorporation.

On October 9, 2020, the Company's Board of Directors (BOD) and stockholders approved the amendments to the secondary purposes of the Company to invest and acquire by purchase, transfer, exchange or otherwise, to own, use, improve, develop, operate, sell, assign, transfer, exchange, lease, mortgage, pledge, and the like, any or all properties of every kind and description and wherever situated and as to the extent permitted by law (including but not limited to real estate, and any right or interest therein), to exercise all rights, powers and privileges of ownership or any other interest therein, including the right to develop, conduct, operate and maintain the real estate business, such as but not limited to the operation, maintenance of commercial spaces for rent, to construct, erect, manage, and administer buildings for commercial, residential, or mixed use purposes to engage in any and all kinds of real estate business. This was subsequently approved by the Philippine Securities and Exchange Commission (SEC) on January 13, 2021.

On October 20, 2020, the Company's BOD and stockholders approved the increase of its authorized capital stock from ₱500.0 million divided into 5.0 million shares with a par value of ₱100.0 per share to ₱50,500.0 million divided into 505.0 million shares with a par value of ₱100.0 per share. On December 11, 2020, the Company filed an application with the Philippine SEC to increase its authorized capital stock which was subsequently approved by the SEC on January 13, 2021. Out of the increase in the authorized capital stock of 500.0 million shares, 466.8 million with a par value of 100.0 per share have been subscribed by Philippine National Bank (PNB) through the exchange of real estate properties (see Note 8). This resulted in the Company becoming a wholly owned subsidiary of the bank.

On April 23, 2021, PNB's BOD approved the property dividend declaration of up to 239,353,710 common shares of PNB Holdings Corporation, representing 51.00% ownership, with a par value of ₱100 per share, to all stockholders of record as of May 18, 2021, or ₱23.9 billion. On December 24, 2021, the Philippine SEC issued a certificate of filing the notice of property dividend declaration.

On May 29, 2023, the SEC approved the decrease in the par value of the shares of the Company from ₱100.00 per share to ₱1.00 per share, without any return of capital. As a result, the authorized capital stock of the Corporation increased from 505,000,000 common shares with a par value of ₱100.00 per share, to 50,500,000,000 common shares with a par value of ₱1.00 per share.

Prior to the distribution of the property dividend, the Company was a wholly owned subsidiary of PNB. As a result of the property dividend, LT Group Inc., a publicly-listed company incorporated and domiciled in the Philippines, gained indirect ownership of the Company of up to 30.51% through LTG-affiliated companies which received the dividend shares. The Company's ultimate parent company, Tangent Holdings Corporation, is also incorporated in the Philippines.

On December 22, 2025 and January 14, 2026, the Company filed with the SEC and the Philippine Stock Exchange (PSE), respectively, applications for listing based on Section 1(b) of the PSE's Amended Rules on Listing by Way of Introduction, which provides that listing of securities by way of introduction may be appropriate where the securities of an unlisted issuer (the Company in this case) are distributed by way of property dividend by a listed issuer (PNB in this case) to shareholders of that listed issuer.

On March 23, 2026, the SEC issued a Pre-Effective Clearance for the Company's listing application, subject to compliance with certain conditions. Subsequently, the SEC issued the Order of Registration on April 8, 2026, and the PSE issued its Notice of Approval on May 8, 2026. As of the reporting date, the Company is in the process of completing the remaining requirements of the SEC and the PSE, with a target listing date of September 25, 2026.

The Company's registered business address is 4th Floor and 12th Floor, PNB Makati Center, 6754 Ayala Avenue, Brgy. San Lorenzo, Makati City.

Authorization for Issuance of the Financial Statements
The financial statements of the Company as at March 31, 2026 and December 31, 2025, and for the three months ended March 31, 2026 and 2025 were authorized for issuance by the BOD on August 20, 2026.

2. Summary of Material Accounting Policies

Basis of Preparation and Statement of Compliance
The financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) and are presented in Philippine peso (Peso), which is the Company's functional and presentation currency. All amounts are rounded to the nearest Peso except when otherwise indicated.

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards as issued by the Financial Reporting Standards Council (FRSC). PFRS Accounting Standards include statements named PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) issued by FRSC.

PFRS Accounting Standards require an entity to present at a minimum a complete set of financial statements for the preceding year, including comparative amounts in the notes to the financial statements.

Changes in Material Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2026. The 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 Company.

- 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*

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Company intends to adopt the following pronouncements when they become effective.

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 Company is currently assessing the impact the standard will have on the primary financial statements and notes to the 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*
- PFRS 17, *Insurance Contracts*

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 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 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.

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

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

Financial Instruments - Classification and Measurement

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15.

As of March 31, 2026 and December 2025, the Company's financial assets pertain to financial assets at amortized cost (debt instrument), fair value through profit or loss (FVTPL) and fair value through OCI (FVOCI).

Financial assets at FVTPL

Financial assets are measured at FVTPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Company may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Company determines the appropriate classification of financial assets at the time of purchase and re-evaluates its portfolio on a regular basis to ensure that all financial assets are appropriately classified. Classification of financial assets is determined by both the contractual cash flow characteristics of the financial assets (cash flow characteristics test) and the Company's business model for managing the financial assets (business model test). The Company first assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test (Solely Payment of Principal and Interest (SPPI) test). For the purpose of the SPPI test, principal is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium or discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. In contrast, contractual terms that introduce a more than insignificant exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI. In such cases, the financial asset is required to be measured at FVTPL. Only financial assets that pass the SPPI test are eligible to be measured at FVOCI or at amortized cost.

The Company determines its business model at the level that best reflects how it manages Company of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets at FVOCI

The Company's financial assets at FVOCI include quoted debt and equity securities. After initial measurement, financial assets at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of financial assets at FVOCI are excluded, as applicable, from the reported earnings and are included in the statement of comprehensive income as "Net changes in unrealized gains on financial assets at FVOCI".

Debt securities at FVOCI are those that meet both the following conditions: (i) the asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. The effective yield component of debt securities at FVOCI, as well as the impact of the restatement of foreign currency-denominated debt securities at FVOCI, is reported in profit or loss. Interest earned on holding debt securities at FVOCI are reported as 'Interest' in profit or loss using the effective interest rate (EIR) method.

When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the other comprehensive income (OCI) is recognized in the profit or loss. Where the Company holds more than one investment in the same security, these are deemed to be disposed based on specific identification. The expected credit losses (ECL) arising from impairment of such investments are recognized in OCI with a corresponding charge to "Provision for ECL" in profit or loss.

Equity securities designated at FVOCI are those that the Company made an irrevocable election at initial recognition to present in OCI the subsequent changes in fair value. Dividends earned on holding equity securities at FVOCI are recognized in the statement of comprehensive income under "Other income" when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are adjusted to the carrying amount of the investment. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the statement of comprehensive income is reclassified to "Retained earnings" or any other appropriate equity account upon disposal. Equity securities at FVOCI are not subject to impairment assessment.

Impairment of financial assets

The 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 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.

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

For trade receivables and refundable deposits, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For cash and cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis.

Investment Properties

Investment properties are measured initially at its deemed cost, including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be directly measured in which case the investment property acquired is measured at the carrying amount of the asset given up. The fair value at the date of receipt of the investment properties is considered its deemed cost.

Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and impairment loss, if any.

Expenditures incurred after the investment properties have been put into operations are normally charged against income in the year in which the costs are incurred, unless they meet the capitalization criteria under applicable accounting standards. According to standards, subsequent expenditure should be recognized in the carrying amount of the investment property if it is expected to produce future economic benefits to the entity and its costs can be reliably measured.

Depreciation of investment properties commences once these are available for use and is computed on a straight-line basis over their estimated useful lives. In 2025, the Company reassessed and adjusted the useful lives of certain buildings classified as investment properties to better reflect appraisal assessments and the impact of structural improvements. The revised estimated useful lives are as follows:

Category	Years
Buildings	21 to 31 (previously 17 to 25)
Condominium units	50
Building improvements	10

The estimated useful lives and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment properties when, and only 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 properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

The disclosure of the fair value of investment properties is determined by a Philippine SEC-accredited and independent valuer based on Market Approach using sales and listings of comparable properties having same potential use with the investment properties owned by the Company.

Property and Equipment

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

The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use and any estimated cost of dismantling and removing the property and equipment item and restoring the site on which it is located to the extent that the Company had recognized the obligation of that cost. Such cost includes the cost of replacing part of the property and equipment if the recognition criteria are met. When significant parts of property and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date the asset is derecognized.

Depreciation is computed on a straight-line basis over the following estimated useful lives of the assets:

	Number of Years
Transportation equipment	5
Furniture, fixtures and office equipment	5

The estimated useful lives and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from the items of property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any accumulated impairment in value are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

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, if any, are recognized in profit or loss.

Asset Under Construction

Assets under construction represent costs incurred for the construction of buildings, infrastructure, and other capital projects that are not yet completed. These costs include materials, labor, and overhead directly attributable to the construction activities. Assets under constructions are classified as either investment property or property and equipment, based on management's intended future use of the project and is depreciated over its useful life upon completion of the construction (See policy on depreciation in the preceding sections).

Leases

The Company as lessor

In operating leases where the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset, the Company recognizes rental income on a straight-line basis over the lease terms. The Company adds back the initial direct costs incurred in negotiating and arranging an operating lease to the carrying amount of the leased asset and recognizes them as expense over the lease term on the same basis.

Employee Benefits

Short-term Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits

The Company has a defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes retirement benefits cost, comprising of current service costs and interest costs in profit or loss. Interest is calculated by applying the discount rate to the retirement liability.

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

The retirement liability is the present value of the defined benefit obligation. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Revenue, Income and Cost Recognition

Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Rental income

Rental income arising on leased properties under operating lease is accounted for on a straight-line basis over the lease terms on ongoing leases.

Charges and expenses recoverable from tenants

Income arising from expenses recharged to tenants recorded as "Rental dues" is recognized in the period in which the compensation becomes receivable. The Company is acting as a principal.

Cost of rental income
Cost of rental income is recognized in relation to the leasing activities of the Company. This includes depreciation of the investment properties being leased out, real property taxes and other directly attributable costs.

Interest income
Interest on held-for-trading investments is recognized based on contractual rate. Interest on financial instruments measured at amortized cost and FVOCI are recognized based on effective interest method of accounting to calculates the amortized cost of a financial asset or a financial liability and allocate the interest income or interest expense.

The Company records interest income using the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. In calculating EIR, the Company considers all contractual terms of the financial instrument (for example, prepayment options), and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The Company adjusts the carrying amount of the financial instrument through "Finance charges" in the statement of comprehensive income based on the original EIR.

Income Taxes
Income tax on profit and loss for the year comprises current and deferred tax. Income tax is determined in accordance with Philippine tax laws. Income tax is recognized in profit or loss in the statements of comprehensive income, except to the extent that it relates to items directly recognized in OCI.

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

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

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

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

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

Current income tax and deferred income tax relating to items recognized directly in OCI are recognized in the statement of comprehensive income.

Earnings per Share
The Company presents basic and diluted earnings per share (EPS). Basic and diluted EPS is calculated by dividing the net income by the weighted average number of capital stock outstanding during the period.

Segment Reporting
An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components. The operating results of an operating segment are reviewed regularly by the chief operating decision maker to determine the resources to be allocated to the segment and assess its performance, and for which financial information is available.

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire investment properties and property and equipment.

Events After the Balance Sheet Date
Post year-end events that provide additional information about the Company's financial position at the reporting year (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements requires the Company to exercise judgments, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the financial statements as they become reasonably determinable.

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that we believed to be reasonable under the circumstances.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the financial statements. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the financial statements as they become reasonably determinable.

Operating lease commitments - the Company as lessor

The Company has entered into commercial property leases of its investment property. The Company has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases (see Notes 8 and 18).

Distinction between investment properties and owner-occupied properties

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flow largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the provision of services.

Certain properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use for administrative purposes. If these portions cannot be sold separately as of the financial reporting date, the property is accounted for as investment property only if an insignificant portion is held for use for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

The Company determined that certain floors and locations of its properties are owner-occupied for use by its personnel and are classified as property and equipment. Furthermore, assets under construction are classified as property and equipment or investment property depending on management's intended use and are reassessed on an annual basis or upon the completion of these projects in response to the market demand for leasable properties or future plans (see Note 9).

Determination of fair value of financial and nonfinancial instruments

Where the fair values of financial and nonfinancial instruments recorded or disclosed in the financial statements are derived from available market data, they are determined using external valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values (see Notes 8 and 21).

For nonfinancial instrument, fair value measurement considers the asset's highest and best use. This represents the use of the asset that is physically possible, legally permissible, and financially feasible, and that maximizes the value of the asset to market participants, regardless of the Company's intended use. The asset's current use is presumed to be its highest and best use unless market or other factors suggest that an alternative use would generate greater value. Accordingly, if the current use meets the criteria of highest and best use, fair value is measured based on that current use. This ensures that valuations reflect market participant assumptions and the most economically advantageous use of the asset.

Determination of the highest and best use of the investment properties

The current use of the investment properties is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximize the value of the asset. The highest and best use is determined from the perspective of market participants. The Company has assessed that the highest and best use of some of these investment properties may be different from its current use (see Note 8).

Assessment of impairment of noncurrent nonfinancial assets and estimation of recoverable amount
The Company evaluates its nonfinancial assets, which include investment properties for any impairment in value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

As described in the accounting policy, the Company estimates the recoverable amount as the higher of the asset's fair value less costs to sell and value-in-use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that can materially affect the financial statements.

Accounting Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the financial 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 as follows:

Estimation of allowance for expected credit losses of debt instruments at amortized cost
The level of allowance for loans and receivables is evaluated by management based on past collection history and other factors which include, but are not limited to the length of the Company's relationship with the customer, the customer's payment behavior and known market factors that affect the collectability of the accounts.

Allowance for ECL is presented in Note 6.

Other than this, there has been no movement in the allowance for expected credit losses. This is following the management's assessment that all outstanding receivables are collectible during the ordinary course of business.

Estimation of useful lives of nonfinancial assets
The Company estimates the useful lives of its nonfinancial assets based on the period over which the assets are expected to be available for use. The estimated useful lives of the nonfinancial assets are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives of nonfinancial assets would increase depreciation and amortization expense and decrease noncurrent assets.

In 2025, the Company reassessed and adjusted the useful lives of certain buildings classified as investment properties. No changes were made in 2026. The carrying values of the Company's investment properties (excluding land and construction in progress) are presented in Note 8. The carrying values of the Company's property and equipment (excluding construction in progress) are presented in Note 9.

Recognition of deferred income tax assets
The Company reviews the carrying amounts at each financial reporting date and adjusts 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. The determination of future taxable profits requires the estimation and use of assumptions about the Company's future taxable income and timing of reversal of temporary differences. differences. The Company recognized deferred income tax assets of are presented in Note 16.

4. Cash and Cash Equivalents

	March 31, 2026	December 31, 2025
Cash on hand	**₱14,440**	₱14,440
Cash in banks (Note 12)	**129,372,071**	174,197,091
Cash equivalents (Note 12)	**2,370,973,603**	2,156,687,276
	₱2,500,360,114	₱2,330,898,807

Cash in banks and cash equivalents earn interest at the prevailing bank deposit rates. Interest income earned from cash in banks and cash equivalents amounted to ₱24.5 million and ₱21.7 million for the three months ended March 31, 2026 and 2025, respectively (see Notes 12 and 13).

5. Financial Assets at FVOCI

This account consists of:

	March 31, 2026	December 31, 2025
Equity securities	**₱208,000,000**	₱201,000,000
Government securities	**5,941,927**	5,694,592
	₱213,941,927	₱206,694,592

For the three months ended March 31, 2026 and 2025, effective annual interest rates of government securities ranges from 5.03% to 6.94% and from 5.38% to 6.13%, respectively. Interest income earned on financial assets at FVOCI amounted to ₱67,500 and ₱43,000 for three months ended March 31, 2026 and 2025, respectively (see Note 13).

The movements in the net unrealized gains on financial assets at FVOCI follow:

	March 31, 2026	December 31, 2025
Balance at beginning of period	**₱158,945,404**	₱168,579,303
Recycles to profit or loss in subsequent periods		
Changes in fair values of government securities	**247,335**	66,001
Does not recycle to profit or loss in subsequent periods		
Changes in fair values of equity securities	**7,000,000**	(11,400,000)
	7,247,335	(11,333,999)
Deferred income tax effect	**(1,087,100)**	1,700,100
Net changes in unrealized gains	**6,160,235**	(9,633,899)
Balance at end of period	**₱165,105,639**	₱158,945,404

The movements of financial assets at FVOCI follow:

	March 31, 2026	December 31, 2025
Balance at beginning of period	**₱206,694,592**	₱218,028,591
Net unrealized fair value gains (losses)	**7,247,335**	(11,333,999)
Balance at end of period	**₱213,941,927**	₱206,694,592

6. Trade and Other Receivables

	March 31, 2026	December 31, 2025
Lease receivables (Note 12)	**₱777,384,495**	₱770,192,676
Interest	**6,160,326**	4,412,968
Others	**20,021,133**	20,021,133
	803,565,954	794,626,777
Allowance for ECL	**(20,021,133)**	(20,021,133)
	₱783,544,821	₱774,605,644

Other receivable pertains to advances made to the National Government in relation to the Company's sugar trading operations in the past amounting to ₱20.0 million. A favorable judgment from the office of the Solicitor General on the arbitration case against the Bureau of Treasury involving said advances was affirmed by the Department of Justice in 1998. However, it is not yet certain when the loans and receivables will finally be collected by the Company. As of March 31, 2026 and December 31, 2025, these receivables aggregating to ₱20.0 million were fully provided with allowance for credit losses.

Other than this, there has been no movement in the allowance for expected credit losses.

7. Other Current Assets

	March 31, 2026	December 31, 2025
Deferred rent assets	**₱340,964,103**	₱323,084,486
Prepayments and advances	**207,704,236**	202,108,278
Financial assets at FVTPL	**3,435,931**	3,403,301
Refundable deposits	**1,559,378**	1,559,378
Others	**4,447,807**	4,388,121
	558,111,455	534,543,564
Less: Noncurrent portion of deferred rent assets	**325,358,302**	317,931,430
	₱232,753,153	₱216,612,134

a. Deferred rent assets pertain to difference of rental income based on lease terms over rental income using straight line basis (see Note 18)

b. Prepayments and advances consist of advanced real property tax, subscription fees, annual fees and licenses for the building, association dues and other prepaid expenses.

c. Financial assets at FVTPL

This account consists of the following:

	March 31, 2026	December 31, 2025
Investment in UITF (Note 12)	**₱3,392,761**	₱3,369,928
Equity securities	**43,170**	33,373
	₱3,435,931	₱3,403,301

The Company recognized mark-to-market gains on financial assets at FVTPL as follows:

	March 31, 2026	March 31, 2025
Unrealized fair value gains:		
Investment in UITF (Note 12)	**₱22,833**	₱32,184
Equity securities	**9,797**	704
	₱32,630	₱32,888

The movements of financial assets at FVTPL follow:

	March 31, 2026	December 31, 2025
Balance at beginning of period	**₱3,403,301**	₱3,278,815
Mark-to-market gain on financial assets at FVTPL	**32,630**	124,486
Balance at end of period	**₱3,435,931**	₱3,403,301

d. Refundable deposits consist principally of amounts paid to utility providers for service applications.

e. Other current assets consist of advances to officers and employees and miscellaneous assets.

8. Investment Properties

	March 31, 2026				
	Land	**Buildings and Building Improvements**	**Condominium Units**	**Construction in Progress**	**Total**
Cost					
Beginning of period	**₱43,271,988,143**	**₱3,564,737,630**	**₱35,213,415**	**₱436,413,536**	**₱47,308,352,724**
Additions	**–**	**–**	**–**	**77,450,344**	**77,450,344**
End of period	**43,271,988,143**	**3,564,737,630**	**35,213,415**	**513,863,880**	**47,385,803,068**
Accumulated Depreciation					
Beginning of period	**–**	**768,847,768**	**16,638,255**	**–**	**785,486,023**
Depreciation (Note 14)	**–**	**33,904,233**	**177,782**	**–**	**34,082,015**
End of period	**–**	**802,752,001**	**16,816,037**	**–**	**819,568,038**
Net Book Values	**₱43,271,988,143**	**₱2,761,985,629**	**₱18,397,379**	**₱513,863,880**	**₱46,566,235,030**

	December 31, 2025				
	Land	Buildings and Building Improvements	Condominium Units	Construction in Progress	Total
Cost					
Beginning of year	₱43,271,988,143	₱3,520,258,746	₱35,213,415	₱–	₱46,827,460,304
Reclassification (Note 9)	–	–	–	480,892,420	480,892,420
Transfers	–	44,478,884	–	(44,478,884)	–
End of year	43,271,988,143	3,564,737,630	35,213,415	436,413,536	47,308,352,724
Accumulated Depreciation					
Beginning of year	–	635,527,025	15,927,131	–	651,454,156
Depreciation	–	133,320,743	711,123	–	134,031,866
End of year	–	768,847,768	16,638,255	–	785,486,022
Net Book Values	₱43,271,988,143	₱2,795,889,862	₱18,575,160	₱436,413,536	₱46,522,866,702

a. Rental income and dues arising from the investment properties amounted to ₱318.6 million and ₱271.4 million for the three months ended March 31, 2026 and 2025, respectively (see Notes 12 and 13). Direct costs arising from the investment properties amounted to ₱145.2 million and ₱156.4 million for the three months ended March 31, 2026 and 2025, respectively (see Notes 12 and 14).

Depreciation of investment properties amounting to ₱34.1 million and ₱42.3 million for the three months ended March 31, 2026 and 2025, respectively, was recognized as part of "Cost of rental income" account (see Note 14).

b. The estimated fair value of land, condominium units, and buildings for lease, are as follows:

		Fair Value as of	
Property	Approach	**March 31, 2026**	December 31, 2025
Financial Center (land and building)	Market approach	**₱59,733,431,900**	₱59,733,431,900
Makati Center (land and building)	Market approach	**12,834,493,100**	12,834,493,100
Buendia (land only)	Market approach	**13,136,000,000**	13,136,000,000
Others	Market approach	**183,410,000**	183,410,000
		₱85,887,335,000	₱85,887,335,000

The estimated fair value of the investment properties was arrived at using the Market Approach due to a number of transactions involving comparable properties within their respective areas during the year. The determination of the appropriate approach for the properties is based on the quality and quantity of data available, particularly the relevance of the property under appraisement. In this approach, the value of the investment properties was based on sales and listings of comparable property having the same potential use with the subject properties (e.g., for future development, for rent) registered within the vicinity. The approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. Management has determined that the inputs to the determination of the fair value of investment properties to be Level 2 fair value measurements.

The valuations were performed by a Philippine SEC- and PSE-accredited and independent valuer. The valuation model used in accordance with that recommended by the International Valuation Standards Council has been applied. These valuation models are consistent with the principles in PFRS 13, *Fair Value Measurement*.

The fair values of investment properties for lease were updated as of December 31, 2025 to reflect the value of comparable property registered within the vicinity. In June 2026, an amended appraisal report was issued to include the fair values of building improvements as of December 31, 2025, resulting in an insignificant increase in the fair values of the investment properties. Accordingly, the fair values as of December 31, 2025 were adjusted to reflect the revised amounts.

There were no significant developments in the investment properties for the three months ended March 31, 2026. Thus, the fair values of the investment properties remained unchanged from December 31, 2025 to March 31, 2026.

The fair values of the Company's investment properties have been determined by the appraisal method by accredited independent external appraiser based on highest and best use of property being appraised. Valuations were derived on the basis of recent sales of similar properties in the same areas and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued.

Description of the valuation techniques used in the valuation of Company's investment properties is as follows:

Valuation Techniques	
Market Data Approach	A process of comparing the subject property being appraised based on the property's highest and best use (i.e., current use of the properties) to similar comparable properties recently sold or being offered for sale.

Significant Unobservable Inputs	
Price per square meter	Ranges from ₱91,000 to ₱1,863,000 in 2026 and 2025
Reproduction cost new	The cost to create a virtual replica of the existing structure, employing the same design and similar building materials.
Size	Size of unit in terms of area. Evaluate if the unit size of property or comparable conforms to the average cut of the units in the area and estimate the impact of unit size differences on condominium unit values.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.

Valuation Techniques	
Time element	"An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investors' perceptions of the market over time". In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

For certain properties within the portfolio, the current use differs from the determined highest and best use. The following table summarizes the properties for which the current use varies from the highest and best use:

Property	Current Use	Highest and Best Use	Reasons for the Difference
Financial Center	Office leasing	Mixed institutional and commercial development	Driven by the demand in the market based on actual recent sales and the appreciation of the value of land through passage of time, the Company plans to redevelop these properties to maximize the economic benefits.
Makati Center	Office leasing	High-rise mixed used strata type development with commercial and office components	

c. As disclosed in Note 1, the Company increased its authorized capital stock from ₱500.0 million divided into 5.0 million shares with a par value of ₱100.0 per share to ₱50,500.0 million divided into 505.0 million shares with a par value of ₱100.0 per share. Out of the increase in the authorized capital stock of 500.0 million shares, 466.8 million shares with a par value of ₱100.0 per share have been subscribed by PNB through the exchange of real estate properties which was recorded initially at fair value amounting to ₱46,677.0 million in 2021. The fair value at the date of receipt of the investment properties is considered its deemed cost.

9. Property and Equipment

	March 31, 2026			
	Furniture, Fixtures & Office Equipment	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost				
Beginning of period	**₱64,367,046**	**₱21,600,123**	**₱23,984,428**	**₱109,951,597**
Additions	**1,130,627**	–	–	**1,130,627**
End of period	**65,497,673**	**21,600,123**	**23,984,428**	**111,082,224**
Accumulated Depreciation				
Beginning of period	**17,725,279**	**6,062,852**	–	**23,788,131**
Depreciation (Note 14)	**2,908,191**	**1,080,006**	–	**3,988,197**
End of period	**20,633,470**	**7,142,858**	–	**27,776,328**
Net Book Values	**₱44,864,203**	**₱14,457,265**	**₱23,984,428**	**₱83,305,896**

	December 31, 2025			
	Furniture, Fixtures & Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost				
Beginning of year	₱18,594,220	₱20,951,727	₱281,163,848	₱320,709,795
Additions	45,772,826	5,667,956	223,713,000	275,153,782
Disposal	–	(5,019,560)	–	(5,019,560)
Reclassification (Note 8)	–	–	(480,892,420)	(480,892,420)
End of year	64,367,046	21,600,123	23,984,428	109,951,597
Accumulated Depreciation				
Beginning of year	6,332,324	3,224,040	–	9,556,364
Depreciation (Note 14)	11,392,955	4,607,661	–	16,000,616
Disposal	–	(1,768,849)	–	(1,768,849)
End of year	17,725,279	6,062,852	–	23,788,131
Net Book Values	₱46,641,767	₱15,537,271	₱23,984,428	₱86,163,467

10. **Trade and Other Payables**

	March 31, 2026	December 31, 2025
Taxes payable:		
Output tax payable	**₱46,643,590**	₱12,263,326
Deferred output tax payable	**39,054,357**	39,956,355
Other tax payable	**3,630,096**	5,285,068
Accrued expenses:		
Service and professional fees	**81,004,478**	76,862,711
Supplies and construction materials	**28,324,738**	38,927,231
Property management and maintenance	**13,064,524**	14,555,720
Others	**16,577,767**	16,105,973
Accounts payable (Note 12)	**33,934,209**	15,285,952
Retention payable	**14,594,849**	8,420,201
Others	**7,337,036**	6,190,418
	₱284,165,644	₱233,852,955

a. Taxes payable includes output VAT, deferred output VAT, documentary stamp taxes and expanded withholding taxes payable to the Philippine tax authority.

b. Accrued expenses are reclassified to accounts payable upon receipt of the related invoice. These are generally payable under normal credit terms and are settled within twelve (12) months from the reporting date. The "Others" category under accrued expenses primarily includes accruals for technology support and testing, compliance and facility-related services, among others.

c. Accounts payable includes amount payable to suppliers which are normally settled within the Company's normal operating cycle.

d. Retention payable represents the amount withheld by the company from payments due to contractors, which is normally released within one year.

e. Other payables consist of advances from officers and other nontrade payables.

11. **Deposits and Other Liabilities**

	March 31, 2026	December 31, 2025
Advance rentals (Note 12)	**₱371,564,479**	₱304,523,515
Security deposits (Note 12)	**314,421,932**	294,354,782
	685,986,411	598,878,297
Less current portion of:		
Security deposits	**78,178,842**	78,094,963
Advance rentals	**61,295,326**	35,968,715
	139,474,168	114,063,678
	₱546,512,243	₱484,814,619

Security deposits pertain to the amounts paid by tenants at the inception of the lease which are refundable at the end of the lease term. Security deposits are initially recorded at fair value, which was obtained by discounting future cash flows using the applicable rates of similar types of instruments.

Advance rentals pertain to deposits from tenants which will be applied against receivables either at the beginning or at the end of lease term, depending on the lease contract.

12. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company has transacted with LT Group, Inc. and other related parties as follows:

Parent Company and Entities under Common Control
Parent Company
LT Group, Inc. (LTG)
Entities under common control
Allianz PNB Life Insurance, Inc.
Alliedbankers Insurance Corporation
Asia Brewery, Inc.
Basic Holdings Corporation
Eton Properties Management Corporation
Eton Properties Philippines, Inc.
Lucky Travel Corporation
Mabuhay Digital Technologies, Inc.
Macroasia Corporation
Macroasia Mining Corporation
PAL Holdings, Inc.
Philippine Airlines
Philippine National Bank
PNB Capital and Investment Corporation
PNB Employees Savings and Loans Association Inc.
PNB Retirees and Employees Multi-Purpose Cooperative
PNB Securities, Inc.
PNB-Mizuho Leasing and Finance Corporation
Tanduay Brands International, Inc.
Watergy Business Solutions, Inc.

The Company has transacted with its parent and other related parties as follows:

	Financial Statement Account		Amount/Volume		Outstanding Balance		Terms and Conditions
			March 31, 2026	December 31, 2025	**March 31, 2026**	December 31, 2025	
With subsidiaries of LTG	Cash and cash equivalents	a	**169,461,307**	411,513,591	**2,500,226,186**	2,330,764,887	Deposits and placements; interest-bearing; not impaired
	Financial assets at FVTPL	b	**22,833**	124,542	**3,392,761**	3,369,928	Unsecured; noninterest-bearing, not impaired
	Lease receivables	c	**166,908,722**	907,892,956	**605,014,404**	683,834,008	Unsecured; noninterest-bearing, not impaired
	Advance rental	c	**36,165,920**	(4,967,946)	**237,485,372**	201,319,452	Unsecured; noninterest-bearing
	Security deposit	c	**24,474,255**	(14,783,544)	**237,490,201**	213,015,946	Unsecured; noninterest-bearing
	Management fees	d	**7,560,000**	30,240,000	–	–	Unsecured; noninterest-bearing

As of March 31, 2026 and December 31, 2025, the outstanding related party balances are unsecured and settlement occurs in cash, unless otherwise indicated. The Company has not recorded any impairment of receivables relating to amounts owed by related parties, unless otherwise indicated. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which these related parties operate.

Other terms and conditions related to the above related party balances and transactions are as follows:

a. The Company's cash in banks and cash equivalents are deposited with PNB. Interest income on its cash in banks and cash equivalents amounted to ₱24.5 million and ₱21.7 million for the three months ended March 31, 2026 and 2025, respectively (see Notes 4 and 13).

b. The Company's investment in UITF Peso Money Market Fund recorded under "Financial assets at FVTPL" account is with PNB. Trading gain on its investment in UITF amounted to ₱22,833 and ₱32,184 for the three months ended March 31, 2026 and 2025, respectively (see Note 7).

c. The Company has various lease contract with its related parties for the use of its office spaces. Outstanding lease receivables as of March 31, 2026 and December 31, 2025 amounted to ₱605.0 million and ₱683.8 million, respectively (see Note 6).

   The related security deposits and advance rental received amounted to ₱237.5 million and ₱237.5 million, respectively, as of March 31, 2025, and ₱213.0 million and ₱201.3 million, respectively, as of December 31, 2025. Rental income and rental dues recognized amounted to ₱166.9 million and ₱208.3 million for the three months ended March 31, 2026 and 2025, respectively (see Notes 11 and 13).

d. The Company has existing service contract agreements with Basic Holdings Corporation. Total management fee recognized under "Outside services" amounted to ₱7.6 million and ₱7.6 million for the three months ended March 31, 2026 and 2025, respectively (see Note 14). There is no outstanding balance as of March 31, 2026 and December 31, 2025.

Compensation of Key Management Personnel

The total compensation of key management personnel, representing short-term benefits, amounted to ₱5.2 million and ₱6.9 million for the three months ended March 31, 2026 and 2025, respectively.

13. **Income**

Rental Income and Dues

a. Breakdown as follows:

	March 31, 2026	March 31, 2025
Rental income (Notes 8 and 12)	**₱266,326,537**	₱214,338,417
Rental dues (Notes 8 and 12)	**52,239,630**	57,015,295
	₱318,566,167	₱271,353,712

Rental dues are recognized over time. Rental dues are earned and collected from commercial tenants. There are no contract balances related to the rental dues as of March 31, 2026 and December 31, 2025.

b. Performance Obligations

The Company recognizes rental dues charged to tenants using an input method to measure progress towards complete satisfaction of the services, since the customers simultaneously receive and consume the benefits as the Company performs its obligation. The Company has no outstanding performance obligations as of March 31, 2026 and December 31, 2025.

Interest and Other Income

	March 31, 2026	March 31, 2025
Interest income:		
Cash and cash equivalents (Note 4)	**₱24,540,276**	₱21,717,038
Financial assets at FVOCI (Note 5)	**67,500**	43,000
Mark-to-market gain on financial assets at FVTPL (Notes 7 and 12)	**32,630**	32,888
Other income	**1,084,422**	32,685
	₱25,724,828	₱21,825,611

14. **Cost and Expenses**

a. Cost of Rental Income

	March 31, 2026	March 31, 2025
Taxes and licenses	**₱35,116,178**	₱36,777,258
Depreciation (Note 8)	**34,082,015**	42,277,931
Utilities	**29,535,213**	34,759,298
Outside services (Note 12)	**26,928,122**	28,529,328
Personnel cost	**12,765,707**	5,676,616
Repairs and maintenance	**4,856,899**	5,785,953
Others	**1,955,232**	2,583,265
	₱145,239,366	₱156,389,649

Other cost of rental income consists of insurance, supplies, association dues, and rent of low value assets.

b. General and Administrative Expenses

	March 31, 2026	March 31, 2025
Personnel cost	**₱24,817,847**	₱21,493,496
Listing fee	**12,440,000**	–
Outside services	**9,923,464**	11,122,146
IT-related expenses	**4,118,132**	3,236,344
Depreciation expense (Note 9)	**3,988,197**	3,653,702
Taxes and licenses	**2,808,549**	4,056,322
Membership and association dues	**481,743**	99,821
Transportation and travel	**380,778**	878,038
Fines and penalties	**347,730**	20,000
Supplies expense	**158,306**	214,752
Trainings, seminars and representation	**131,704**	4,409,740
Miscellaneous expenses	**2,647,879**	1,596,262
	₱62,244,329	₱50,780,623

Miscellaneous expenses consist of rent expenses, telecommunication, gas and oil, notarial fees, meal reimbursements, and other expenses.

c. Personnel Cost

	March 31, 2026	March 31, 2025
Salaries and wages	**₱36,186,974**	₱26,636,297
Other employee benefits	**1,396,580**	533,815
	₱37,583,554	₱27,170,112

15. Retirement Liability

Requirement of Republic Act (RA) 7641
RA 7641 provides for the minimum retirement pay to qualified private sector employees in the Philippines. Benefits due under RA 7641 are accounted for as defined benefit plan under PAS 19. However, there are instances when an employer establishes a defined contribution plan and does not have an equivalent defined benefit plan covering the benefits required under RA 7641.

An employee upon reaching the age of 60 years or more, but not beyond 65 years which is declared the compulsory retirement age, who has served at least five years in the said establishment, may retire and shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six months being considered as one whole year.

The Company is in compliance of the minimum requirement of RA 7641 as at March 31, 2026 and December 31, 2025.

Defined Benefit Plan
On February 26, 2025, the BOD approved the Company's defined benefit plan.

The fund is administered by PNB Trust (Trustee). The Trustee is responsible for investment of the assets. The Trustee proposes an investment strategy based on the investment instructions and, as approved, executes such strategy. When defining the investment strategy, the Trustee takes into account the plan's objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy). The control, direction, and management of the fund shall reside in and be the sole responsibility of the Trustee.

Net retirement liability amounted to ₱3.8 million as of March 31, 2026 and December 31, 2025, respectively. Actuarial loss, net of deferred tax, amounted to ₱2.0 million as of March 31, 2026 and December 31, 2025. No retirement benefit was recognized for the three months ended March 31, 2026 and 2025 since the amount is not significant.

There are no unusual or significant risks to which the retirement liability exposes the Company. However, it should be noted that in the event a benefit claim arises under the retirement liability, the benefit shall immediately be due and payable from the Company.

The Company does not expect to make a contribution to the retirement liability during the next financial year.

16. Income Tax

a. Details of the Company's provision for current income tax follow:

	March 31, 2026	March 31, 2025
RCIT	**₱33,449,558**	₱17,816,115
Final tax	**4,908,055**	4,343,369
	₱38,357,613	₱22,159,484

b. The Company's recognized deferred income tax assets (liabilities) follow:

	March 31, 2026	December 31, 2025
Deferred income taxes recognized in profit or loss:		
Deferred income tax assets on:		
Advance rentals	**₱92,891,120**	₱76,130,877
Allowance for ECL	**5,005,283**	5,005,283
Retirement benefits	**348,404**	348,404
Unrealized loss on foreign exchange	**40,684**	184,565
	98,285,491	81,669,129
Deferred income tax liabilities on:		
Deferred rent	**(85,241,026)**	(80,771,122)
Accretion of security deposit	**(8,606,373)**	(8,606,373)
Unrealized gain on financial assets at FVTPL	**(114,101)**	(109,206)
	(93,961,500)	(89,486,701)
	4,323,991	(7,817,572)
Deferred income taxes recognized in other comprehensive income:		
Deferred income tax asset on actuarial loss on retirement liability	**665,485**	665,485
Deferred income tax liability on gains arising from net unrealized gains on financial assets at FVOCI	**(29,136,289)**	(28,049,189)
	(28,470,804)	(27,383,704)
	(₱24,146,813)	(₱35,201,276)

c. The reconciliation of the provision for income tax computed using the statutory income tax rate to the provision for income tax as shown in the statements comprehensive of income is summarized as follows:

	March 31, 2026	March 31, 2025
Provision for income tax at the statutory income tax rate	**₱34,199,497**	₱21,498,213
Adjustments for:		
Adjustment in the current period for income tax as a result of OSD application	**(6,736,296)**	821,795
Income subjected to final tax	**(6,155,206)**	(5,443,298)
Final income tax	**4,908,055**	4,343,369
Provision for income tax	**₱26,216,050**	₱21,220,079

17. Equity

Capital Stock

Information on the number of shares of the Company's capital stock as of March 31, 2026 and December 31, 2025 follow:

	Shares	Amount
Authorized capital stock - ₱1 par	50,500,000,000	₱50,500,000,000
Issued	46,932,100,000	46,932,100,000

There is no appropriation of retained earnings as of March 31, 2026 and December 31, 2025.

18. Leases

The Company as lessor

The Company entered into lease agreements with related parties and third parties covering its investment property portfolio. These leases generally provide fixed monthly rent. The Company records rental income on a straight-line basis over the lease term.

Future minimum rental receivable under non-cancellable operating leases follows:

	March 31, 2026	December 31, 2025
Within one year	**₱1,094,315,326**	₱1,017,144,388
After one year but not more than two years	**1,074,333,523**	983,392,521
After two years but not more than three years	**1,033,422,644**	938,845,367
After three years but not more than four years	**1,047,191,441**	933,424,469
After four years but not more than five years	**803,990,085**	928,547,327
More than five years	**132,011,812**	74,077,997
	₱5,185,264,831	₱4,875,432,069

19. Earnings per Share

Basic and diluted earnings per share are computed as follows:

	March 31, 2026	March 31, 2025
Net income (a)	**₱110,581,939**	₱64,772,774
Weighted average number of shares issued and outstanding (b)	**46,932,100,000**	46,932,100,000
Basic and diluted earnings per share (a/b)	**₱0.002**	₱0.001

There are no potential dilutive capital stocks as of March 31, 2026 and 2025.

20. **Operating Segment Information**

The Company is organized into operating segments based on the location of its investment properties. Discrete financial information is provided on a property-by-property basis but grouped into the reportable segments above to members of executive management, who collectively comprise the chief operating decision maker (CODM). The CODM monitors this information for each reportable segment separately for the purpose of making decisions about resource allocation and performance assessment. All of the assets relating to the Company's operating segments are located in the Philippines.

Segment income, expenses, assets and liabilities are measured in accordance with PFRS. The presentation and classification of segment income and expenses are consistent with the statements of comprehensive income. The presentation and classification of segment assets and liabilities are consistent with the statements of financial position.

The following tables present income and expense information and certain assets and liabilities information regarding the different business segments as of March 31, 2026 and December 31, 2025 and for the three months ended March 31, 2026 and 2025:

	As of and for the three months ended March 31, 2026						
	Financial Center	Makati Center	CITEM*	Buendia	Others	Corporate	Total
Segment income	**₱167,103,654**	**₱95,826,838**	**₱50,400,000**	**₱3,150,000**	**₱2,085,674**	**₱25,724,829**	**₱344,290,995**
Segment expenses	**(87,987,223)**	**(46,641,898)**	**(1,473,900)**	**–**	**(332,568)**	**(71,048,106)**	**(207,483,695)**
Segment profit (loss)	**79,116,431**	**49,184,940**	**48,926,100**	**3,150,000**	**1,753,106**	**(45,323,277)**	**136,807,300**
Finance charges	**–**	**–**	**–**	**–**	**–**	**(9,311)**	**(9,311)**
Income (loss) before income tax	**79,116,431**	**49,184,940**	**48,926,100**	**3,150,000**	**1,753,106**	**(45,332,588)**	**136,797,989**
Provision for income tax	**–**	**–**	**–**	**–**	**–**	**(26,216,050)**	**(26,216,050)**
Net income (loss)	**79,116,431**	**49,184,940**	**48,926,100**	**3,150,000**	**1,753,106**	**(71,548,638)**	**110,581,939**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**6,160,235**	**6,160,235**
Total comprehensive income (loss)	**₱79,116,431**	**₱49,184,940**	**₱48,926,100**	**₱3,150,000**	**₱1,753,106**	**(₱65,388,403)**	**₱116,742,174**
Segment assets	**₱35,435,242,946**	**₱6,042,362,408**	**₱107,209,390**	**₱5,751,502,950**	**₱18,311,437**	**₱3,350,870,113**	**₱50,705,499,243**
Segment liabilities	**–**	**–**	**–**	**–**	**–**	**1,030,375,972**	**1,030,375,972**
Capital expenditures:							
Investment properties	**11,186,583**	**43,794,257**	**–**	**22,469,504**	**–**	**–**	**77,450,344**
Property and equipment	**353,044**	**389,076**	**–**	**–**	**–**	**388,507**	**1,130,627**
Depreciation and amortization	**19,215,312**	**15,140,491**	**251,047**	**–**	**177,781**	**3,285,580**	**38,070,212**

**Center for International Trade Expositions and Missions*

	For the three months ended March 31, 2025						
	Financial Center	Makati Center	CITEM*	Buendia	Others	Corporate	Total
Segment income	₱186,669,487	₱76,667,391	₱4,650,616	₱2,825,504	₱540,714	₱21,825,611	₱293,179,323
Segment expenses	(112,531,230)	(42,536,976)	(1,137,859)	(563,356)	(554,832)	(49,846,019)	(207,170,272)
Segment profit (loss)	74,138,257	34,130,415	3,512,757	2,262,148	(14,118)	(28,020,408)	86,009,051
Finance charges	–	–	–	–	–	(16,198)	(16,198)
Income (loss) before income tax	74,138,257	34,130,415	3,512,757	2,262,148	(14,118)	(28,036,606)	85,992,853
Provision for income tax	–	–	–	–	–	(21,220,079)	(21,220,079)
Net income (loss)	74,138,257	34,130,415	3,512,757	2,262,148	(14,118)	(49,256,685)	64,772,774
Other comprehensive income	–	–	–	–	–	750,207	750,207
Total comprehensive income (loss)	₱74,138,257	₱34,130,415	₱3,512,757	₱2,262,148	(₱14,118)	(₱48,506,478)	₱65,522,981
Segment assets**	₱35,463,524,651	₱6,022,342,746	₱51,012,437	₱ 5,731,007,313	₱18,489,218	₱3,169,396,411	₱50,455,772,776
Segment liabilities**	–	–	–	–	–	897,391,679	897,391,679
Capital expenditures:							
Investment properties	1,800,310	2,446,084	–	30,019,701	–	–	34,266,095
Property and equipment	–	632,321	–	–	–	34,778,200	35,410,521
Depreciation and amortization	24,657,451	17,526,183	251,047	–	177,781	3,319,171	45,931,633

**Center for International Trade Expositions and Missions*
***As of December 31, 2025*

Rental income and dues presented under Financial Center, Makati Center, CITEM and Buendia amounting to ₱166.9 million or 52% of the total for the three months ended March 31, 2026 and ₱208.3 million or 77% of the total for the three months ended March 31, 2025 were generated from the LTG and the entities under common control (see Note 12).

21. Financial Risk Management Objectives and Policies and Fair Value Disclosures

The Company's principal financial instruments are cash in banks, financial assets at FVTPL and financial assets at FVOCI. The Company has various financial assets and financial liabilities such as trade and other receivables, refundable deposits, trade and other payables and security deposits which arise directly from its operations. Management closely monitors the cash fund and financial transactions of the Company. Cash funds are normally deposited with banks considered as related parties, and financial transactions are normally dealt with related parties. These strategies, to an extent, mitigate the Company's interest rate and credit risks.

Exposure to credit, liquidity and foreign currency risks arises in the normal course of the Company's business activities. The main objectives of the Company's financial risk management policies are: (a) to identify and monitor such risks on an ongoing basis, (b) to minimize and mitigate such risks, and (c) to provide a degree of certainty about costs.

The BOD reviews and approves the policies for managing these risks which are described below.

Equity price risk
Equity price risk is the risk that the fair values of investment in equity securities decrease as a result of changes in the levels of equity indices and the value of individual stocks.

The effect on equity and pre-tax income as a result of change in the fair value of equity instruments held as financial assets at FVOCI and financial assets at FVTPL, due to reasonably possible change in equity indices, with all other variables held constant are as follows:

	March 31, 2026		
	Change in Equity Price	**Effect on Pre-tax Income**	**Effect on Equity***
Financial assets at FVTPL	**+0.96%**	**₱32,943**	**₱–**
	-0.96%	**(32,943)**	**–**
Financial assets at FVOCI	**+3.51%**	**–**	**7,501,448**
	-3.51%	**–**	**(7,501,448)**

	December 31, 2025		
	Change in Equity Price	Effect on Pre-tax income	Effect on Equity*
Financial assets at FVTPL	3.93%	₱133,818	₱–
	-3.93%	(133,818)	–
Financial assets at FVOCI	27.64%	–	57,137,961
	-27.64%	–	(57,137,961)

**The impact on the Company's equity for financial assets at FVOCI excludes the impact of transactions affecting income.*

Credit risk
Credit risk refers to the potential loss arising from any failure by counterparties to fulfil their obligations, as and when they fall due.

Credit risk is the risk that the Company will incur a loss because its counterparties failed to discharge their contractual obligations. The Company's credit risks are primarily attributable to cash in banks, trade and other receivables and other financial assets.

The carrying amount of cash in banks, trade and other receivables and refundable deposits represent the Company's maximum exposure to credit risk.

The Company's maximum exposure to credit risk for the components of the statements of financial position follows:

	March 31, 2026	December 31, 2025
Financial assets at amortized cost:		
Cash and cash equivalents*	**₱2,500,345,674**	₱2,330,884,367
Trade and other receivables		
Lease receivables	**777,384,495**	770,192,676
Interest receivable	**6,160,326**	4,412,968
Others	**20,021,133**	20,021,133
Refundable deposits	**1,559,378**	1,559,378
	₱3,305,471,006	₱3,127,070,522

**Excludes cash on hand amounting to ₱14,440 as of March 31, 2026 and December 31, 2025.*

Credit quality per class of financial assets
Description of the credit quality grades used by the Company follows:

a. *Financial assets at FVTPL and FVOCI*
High grade - Counterparties that are consistently profitable, have strong fundamentals and pays out dividends.

Standard grade - Counterparties that recently turned profitable and have the potential of becoming a high-grade Company. These counterparties have sound fundamentals.

Substandard grade - Counterparties that are not yet profitable, speculative in nature but have the potential to turn around fundamentally.

b. *Lease receivables*
High grade - High probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard grade - Collections are probable due to the reputation and the financial ability of the counterparty to pay.

The tables below show credit quality by class of financial assets based on the Company's credit quality grades (gross of allowance for credit losses):

	March 31, 2026			
	Stage 1		**Stage 3**	
	High Grade	**Standard Grade**	**Impaired**	**Total**
Cash in banks	**₱129,372,071**	**₱–**	**₱–**	**₱129,372,071**
Cash equivalents	**2,370,973,603**	**–**	**–**	**2,370,973,603**
Financial assets at FVTPL:				
Investment in UITF	**3,392,761**	**–**	**–**	**3,392,761**
Equity securities	**43,170**	**–**	**–**	**43,170**
Financial assets at FVOCI:				
Equity securities	**208,000,000**	**–**	**–**	**208,000,000**
Government securities	**5,941,927**	**–**	**–**	**5,941,927**
Loans and receivables:				
Lease receivables	**777,384,495**	**–**	**–**	**777,384,495**
Interest receivable	**6,160,326**	**–**	**–**	**6,160,326**
Others	**–**	**–**	**20,021,133**	**20,021,133**
Refundable deposit	**–**	**1,559,378**	**–**	**1,559,378**
	₱3,501,268,353	**₱1,559,378**	**₱20,021,133**	**₱3,522,848,864**

	December 31, 2025			
	Stage 1		Stage 3	
	High Grade	Standard Grade	Impaired	Total
Cash in banks	₱174,197,091	₱–	₱–	₱174,197,091
Cash equivalents	2,156,687,276	–	–	2,156,687,276
Financial assets at FVTPL:				
Investment in UITF	3,369,928	–	–	3,369,928
Equity securities	33,373	–	–	33,373
Financial assets at FVOCI:				
Equity securities	201,000,000	–	–	201,000,000
Government securities	5,694,592	–	–	5,694,592
Loans and receivables:				
Lease receivables	770,192,676	–	–	770,192,676
Interest receivable	4,412,968	–	–	4,412,968
Others	–	–	20,021,133	20,021,133
Refundable deposit	–	1,559,378	–	1,559,378
	₱3,315,587,904	₱1,559,378	₱20,021,133	₱3,337,168,415

For the three months ended March 31, 2026 and 2025, there is no set up of additional provisions on these receivables since management assessed that there is no credit risk arising from these receivables due to continuous collections from the related counterparties.

The credit risk exposure on the financial assets computed in 2025 is still consistent for the current period, as set out in the provision matrix below:

March 31, 2026:

		Trade and other receivables					
			Days past due				
(in millions)	**Refundable deposits**	**Current**	**<31 days**	**31-60 days**	**61-90 days**	**> 90 days**	**Total**
Expected credit loss rate	**-%**	**0.01% - 4.23%**	**0.05% - 4.96%**	**0.05% - 5.46%**	**0.90% - 8.97%**	**2.00% - 10.28%**	
Total gross carrying amount	**₱1.6**	**₱117.9**	**₱12.0**	**₱92.7**	**₱0.7**	**₱580.2**	**₱805.1**
Subjected to lifetime ECL	**–**	**–**	**–**	**–**	**–**	**20.0**	**20.0**
Estimated total gross carrying amount at default	**1.6**	**117.9**	**12.0**	**92.7**	**0.7**	**560.2**	**785.1**
Expected credit loss - 12-month ECL	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Expected credit loss - lifetime ECL	**–**	**–**	**–**	**–**	**–**	**20.0**	**20.0**
Expected credit loss (Note 6)	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱20.0**	**₱20.0**

December 31, 2025:

		Trade and other receivables					
			Days past due				
(in millions)	Refundable deposits	Current	<31 days	31-60 days	61-90 days	> 90 days	Total
Expected credit loss rate	-%	0.01% - 4.23%	0.05% - 4.96%	0.05% - 5.46%	0.90% - 8.97%	2.00% - 10.28%	
Total gross carrying amount	₱1.6	₱301.7	₱–	₱0.2	₱0.4	₱492.3	₱796.2
Subjected to lifetime ECL	–	–	–	–	–	20.0	20.0
Estimated total gross carrying amount at default	1.6	301.7	–	0.2	0.4	472.3	776.2
Expected credit loss - 12-month ECL	–	–	–	–	–	–	–
Expected credit loss - lifetime ECL	–	–	–	–	–	20.0	20.0
Expected credit loss (Note 6)	₱–	₱–	₱–	₱–	₱–	₱20.0	₱20.0

Concentration risk
Concentrations arise when a number of counterparties are engaged in similar business activities having similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Company's financial strength and undermine public confidence. Concentration risk per business.

Concentration risk of the Company could arise from revenue from a certain customer, particularly with related parties which comprises 52% and 77% of the total revenue for the three months ended March 31, 2026 and 2025, respectively.

Liquidity risk
Liquidity risk is defined as risk that the Company would not be able to settle or meet its obligations on time or at a reasonable price. The Company maintains sufficient cash in order to fund its operations.

The following tables show the maturity profile of the Company's other financial liabilities (undiscounted amounts of principal and related interest) as well as the undiscounted cash flows from financial assets used for liquidity management.

As of March 31, 2026:

	On demand	**Less than 1 year**	**More than 1 year**	**Total**
Financial liabilities:				
Trade and other payables:				
Accrued expenses	**₱–**	**₱138,971,507**	**₱–**	**₱138,971,507**
Accounts payables	**–**	**33,934,209**	**–**	**33,934,209**
Others	**–**	**7,337,036**	**–**	**7,337,036**
Security deposits*	**–**	**78,178,842**	**270,668,580**	**348,847,422**
	₱–	**₱258,421,594**	**₱270,668,580**	**₱529,090,174**
Financial assets:				
Cash and cash equivalents	**₱2,500,360,114**	**₱–**	**₱–**	**₱2,500,360,114**
Financial assets at FVTPL	**–**	**3,435,931**	**–**	**3,435,931**
Trade and other receivables	**–**	**783,544,821**	**–**	**783,544,821**
	₱2,500,360,114	**₱786,980,752**	**₱–**	**₱3,287,340,866**

**Including interest to maturity amounting to ₱34.4 million*

As of December 31, 2025:

	On demand	Less than 1 year	More than 1 year	Total
Financial liabilities:				
Trade and other payables:				
Accrued expenses	₱–	₱146,451,635	₱–	₱ 146,451,635
Accounts payables	–	15,285,952	–	15,285,952
Others	–	6,190,418	–	6,190,418
Security deposits*	–	78,094,963	250,685,309	328,780,272
	₱–	₱246,022,968	₱250,685,309	₱496,708,277
Financial assets:				
Cash and cash equivalents	₱2,330,898,807	₱–	₱–	₱2,330,898,807
Financial assets at FVTPL	–	3,403,301	–	3,403,301
Trade and other receivables	–	774,605,644	–	774,605,644
	₱2,330,898,807	₱778,008,945	₱–	₱3,108,907,752

**Including interest to maturity amounting to ₱34.4 million*

Fair Value Information

Presented below is the comparison of the carrying values and fair values of the Company's financial assets and liabilities that are presented in the statements of financial position.

	March 31, 2026		December 31, 2025	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets				
Cash on hand	**₱14,440**	**₱14,440**	₱14,440	₱14,440
Cash in banks	**129,372,071**	**129,372,071**	174,197,091	174,197,091
Cash equivalent	**2,370,973,603**	**2,370,973,603**	2,156,687,276	2,156,687,276
Financial assets at FVTPL*	**3,435,931**	**3,435,931**	3,403,301	3,403,301
Financial assets at FVOCI	**213,941,927**	**213,941,927**	206,694,592	206,694,592
Trade and other receivables:				
Lease receivables	**777,384,495**	**777,384,495**	770,192,676	770,192,676
Interest	**6,160,326**	**6,160,326**	4,412,968	4,412,968
Refundable deposits*	**1,559,378**	**1,559,378**	1,559,378	1,559,378
	₱3,502,842,171	**₱3,502,842,171**	₱3,317,161,722	₱3,317,161,722
Financial Liabilities				
Trade and other payables:				
Accrued expenses	**₱138,971,507**	**₱138,971,507**	₱146,451,635	₱146,451,635
Accounts payable	**33,934,209**	**33,934,209**	15,285,952	15,285,952
Others	**7,337,036**	**7,337,036**	6,190,418	6,190,418
Security deposits**	**314,421,932**	**314,421,932**	294,354,782	294,354,782
	₱494,664,684	**₱494,664,684**	₱462,282,787	₱462,282,787

**Presented as part of "Other current assets" account.*
***Presented as part of "Deposits and other liabilities" account.*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash, trade and other receivables and trade and other payables
The carrying values of the cash, trade and other receivables and trade and other payables approximate their fair values due to the short-term nature of these financial instruments.

Equity securities at FVTPL and FVOCI
Fair values are generally based on quoted market prices.

Government securities at FVOCI
Fair values are generally based upon quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Refundable deposits
The carrying value of deposits is the best estimate of its fair value since the related contracts and agreements pertaining to these deposits have indeterminable terms.

Security deposits
The fair values of security deposits are estimated using the discounted cash flow method based on the discounted value of future cash flows using the applicable risk-free rates for similar types of instruments. The discount rates used range from 4.00% to 7.00% as of March 31, 2026 and December 31, 2025. Management has determined the inputs to be Level 3.

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- quoted prices in active markets for identical assets (Level 1);
- those involving inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices) (Level 2); and,
- those inputs for the asset that are not based on observable market data (unobservable inputs) (Level 3).

In 2026 and 2025, there were no transfers between Levels 1 and 2 fair value measurements, and no transfers into and out of Level 3 measurements.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other revaluation models.

22. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating, complies with externally imposed capital requirements and maintains healthy capital ratios in order to support its business and maximize stockholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes for the period ended March 31, 2026 and December 31, 2025. Accordingly, the Company is not subject to externally imposed capital requirements.

The table below summarizes the total capital considered by the Company:

	March 31, 2026	December 31, 2025
Capital stock	**₱46,932,100,000**	₱46,932,100,000
Retained earnings	**2,579,914,088**	2,469,332,149
	₱49,512,014,088	₱49,401,432,149

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 SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
PNB Holdings Corporation
2nd Floor, PNB Financial Center
President Diosdado Macapagal Boulevard, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of PNB Holdings Corporation (the Company) as at March 31, 2026 and December 31, 2025 and for the three months ended March 31, 2026 and 2025 and have issued our report thereon dated August 20, 2026. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company'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 financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 109712-SEC (Group A)
Valid to cover audit of 2026 to 2030 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2026 to 2030 financial statements
BIR Accreditation No. 08-001998-109-2023, October 26, 2023, valid until October 25, 2026
PTR No. 10765025, January 2, 2026, Makati City

August 20, 2026

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Tel: (632) 8891 0307
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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

sssssssss
The Stockholders and the Board of Directors
PNB Holdings Corporation
2nd Floor, PNB Financial Center
President Diosdado Macapagal Boulevard, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of PNB Holdings Corporation (the Company) as at March 31, 2026 and December 31, 2025 and for the for the three months ended March 31, 2026, and have issued our report thereon dated August 20, 2026. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company'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 financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Company's financial statements as at March 31, 2026 and December 31, 2025 and for the three months ended March 31, 2026 and 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
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PTR No. 10765025, January 2, 2026, Makati City

August 20, 2026

PNB HOLDINGS CORPORATION

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

MARCH 31, 2026

Supplementary schedule required by Revised Securities Regulation Code Rule 68:

Schedule	Content
I	Retained Earnings Available for Dividend Declaration
II	Map of the Relationships of the Company within the Group
III	Proceeds for Listed Companies that recently offered securities to the Public
IV	Schedule of Audit and Non-audit Fees

Supplementary schedules

A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Long-Term Debt
E	Indebtedness to Related Parties
F	Guarantees of Securities of Other Issuers
G	Capital Stock

SCHEDULE I

PNB HOLDINGS CORPORATION

RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

MARCH 31, 2026

Unappropriated retained earnings as at December 31, 2025		**₱2,389,051,392**
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Reversal of retained earnings appropriation/s	–	
Effects of restatements or prior-period adjustments	–	–
Less: Category B: Items that are directly debited to unappropriated retained earnings		
Dividend declaration during the reporting period	–	
Retained earnings appropriated during the reporting period	–	
Effects of restatements or prior-period adjustments	–	–
Unappropriated retained earnings at December 31, 2025, as adjusted		**2,389,051,392**
Add: Net income for the current period		**110,581,939**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized fair value adjustment on financial instruments at fair value through profit or loss (FVTPL)	(27,735)	
Equity in net income/losses of associates/joint ventures, net of dividends	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Unrealized fair value gain of investment property	–	
Sub-total		**(27,735)**
Add: Category C.2: Unrealized income recognized in the profit or loss in prior 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 on financial instruments at FVPTL	–	
Realized fair value gain of investment property	–	
Sub-total		**–**
Add: Category C.3: Unrealized income recognized in the 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 on financial instruments at FVPTL	–	
Reversal of previously recorded fair value gain of investment property	–	
Sub-total		**–**
Adjusted net income		**110,554,204**

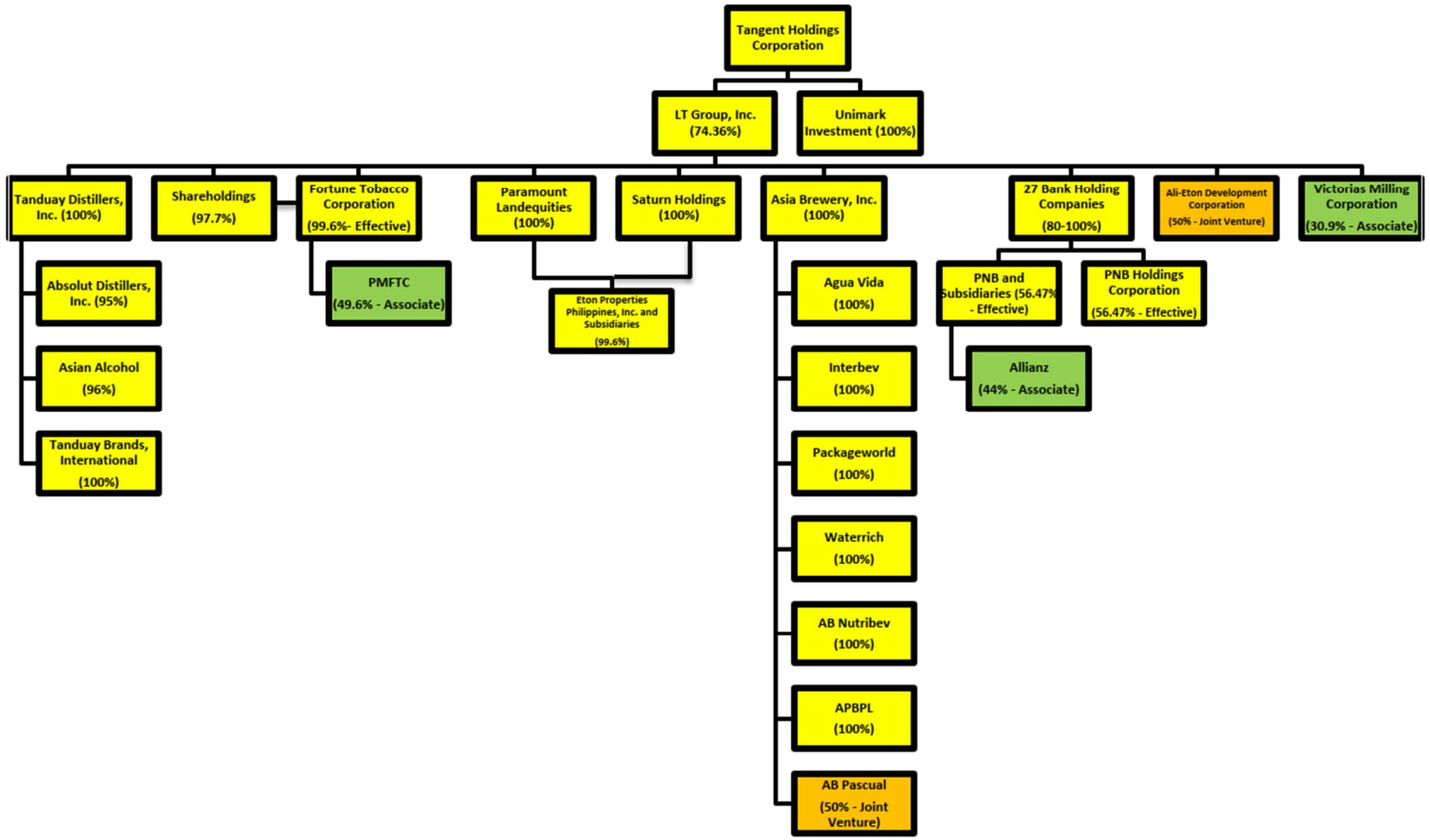
SCHEDULE I

Add:	**Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)**		
	Depreciation on revaluation increment (after tax)	₱–	
	Sub-total		₱–
Add:	**Category E: Adjustments related to relief granted by the SEC and BSP**		
	Amortization of the effect of reporting relief	–	
	Total amount of reporting relief granted during the year	–	
	Sub-total		–
Add/ Less:	**Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution**		
	Net movement of deferred tax assets not considered in the reconciling items under the previous categories	(11,438,015)	
	Net movement of deferred tax assets and deferred tax liabilities related to same transactions	–	
	Net movement of treasury share (except reacquisition of redeemable share)	–	
	Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
	Sub-total		**(11,438,015)**
Total Retained Earnings Available for Dividend as at March 31, 2026			**₱2,488,167,581**

SCHEDULE II

PNB HOLDINGS CORPORATION

MAP OF THE RELATIONSHIPS OF THE COMPANY WITHIN THE GROUP



SCHEDULE IV

PNB HOLDINGS CORPORATION
SCHEDULE OF AUDIT AND NON-AUDIT FEES

	March 31, 2026	December 31, 2026
Total Audit Fees	**₱600,000**	₱1,430,000
Non-Audit Services Fees:		
Other Audit Services	**–**	–
All Other Services	**–**	–
Total Non-Audit Fees	**–**	–
Total Audit and Non-Audit Fees	**₱600,000**	₱1,430,000

SCHEDULE IV

PNB HOLDINGS CORPORATION

SCHEDULE OF PROCEEDS FOR LISTED COMPANIES THAT RECENTLY OFFERED SECURITIES TO THE PUBLIC

MARCH 31, 2026

1. Gross and net proceeds as disclosed in the final prospectus **(Not applicable)**

   _____

2. Actual gross and net proceeds **(Not applicable)**

   _____

3. Each expenditure item where the proceeds were used **(Not applicable)**

   _____

4. Balance of the proceeds as of end of reporting period **(Not applicable)**

   _____

SCHEDULE A

PNB HOLDINGS CORPORATION

SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS

MARCH 31, 2026

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Income Received and Accrued
Cash in Banks and Cash Equivalents			
Philippine Peso and US Dollar Deposits			
Philippine National Bank	₱2,500,226,186	₱2,500,226,186	₱24,540,276
Union bank of the Philippines	119,488	119,488	–
Financial Assets at FVTPL			
PNB Prime Peso Money Market Fund			
Philippine National Bank	2,650,000	3,392,761	–
Equity Securities	16,664 shares	43,170	–
Financial Assets at FVOCI			
Government Securities	6,000,000	5,941,927	67,500
Golf Clubs	5 shares	208,000,000	–
		₱2,717,723,532	₱24,607,776

SCHEDULE B

PNB HOLDINGS CORPORATION

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

MARCH 31, 2026

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period

The Company has no receivables from its directors, officers, employees and principal stockholders as of March 31, 2026. Refer to Note 12, Related Party Transactions, in the financial statements for details of related party transactions.

SCHEDULE C

PNB HOLDINGS CORPORATION

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

MARCH 31, 2026

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period

The Company has no subsidiaries; hence, it is not required to prepare consolidated financial statements.

SCHEDULE D

PNB HOLDINGS CORPORATION

SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT

MARCH 31, 2026

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under Caption "Current Portion of Long-term Debt" in related Statement of Financial Position	Amount Shown under Caption "Long-term Debt" in related Statement of Financial Position
The Company has no long-term debt as of March 31, 2026.			

SCHEDULE E

PNB HOLDINGS CORPORATION

SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED PARTIES)

MARCH 31, 2026

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
The Company has no long-term loans from related parties as of March 31, 2026.		

SCHEDULE F

PNB HOLDINGS CORPORATION

SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS

MARCH 31, 2026

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount of Guaranteed and Outstanding	Amounted Owned by Person for which Statement is Filed	Nature of Guarantee
Not applicable				

SCHEDULE G

PNB HOLDINGS CORPORATION

SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK

MARCH 31, 2026

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding at Shown Under related Balance Sheet	Number of Shares for Options, Warrants, Conversion and Other Rights	Number of Shares held by Related Parties	Directors, Officers and Employees	Others
Common Stock	50,500,000,000	46,932,100,000	–	46,932,100,000	9	–

PNB HOLDINGS CORPORATION

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

MARCH 31, 2026 AND DECEMBER 31, 2025

Ratio	Formula	**March 31, 2026**	December 31, 2025
Current ratio	Current assets / Current liabilities	**7.714**	8.894
Acid test ratio	Quick assets[1] / Current liabilities	**7.204**	8.314
Solvency ratio[3]	EBITDA / Total debt[2]	**N/A**	N/A
Debt-to-equity ratio	Total liabilities / Total equity	**0.021**	0.018
Asset-to-equity ratio	Total assets / Total equity	**1.021**	1.018
Interest rate coverage ratio[3]	EBITDA / Interest expense[3]	**N/A**	N/A
Return on equity	Net income / Total average equity	**0.002**[4]	0.008
Return on assets	Net income / Total average assets	**0.002**[4]	0.008
Net profit margin	Net income / Revenue	**0.347**[4]	0.331

[1]Total current assets excluding other current assets
[2]Current and noncurrent portion of long-term debt
[3]Not applicable since the Company has no long-term debt
[4]For the three months ended March 31, 2026

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	0	0	0	0	1	0	5	6	

COMPANY NAME

P	N	B		H	O	L	D	I	N	G	S		C	O	R	P	O	R	A	T	I	O	N						

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

4	T	H		F	L	O	O	R		A	N	D		1	2	T	H		F	L	O	O	R	,		P	N	B	
M	A	K	A	T	I		C	E	N	T	E	R	,		6	7	5	4		A	Y	A	L	A						
A	V	E	N	U	E	,		M	A	K	A	T	I		C	I	T	Y												

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
phc.sec.mailbox@pnbholdings.com	(02)) 8817-1585	0917 585 0068

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,277	4/21	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
Ponciano S. Carreon, Jr.	ponciano.carreonjr@pnbholdings.com.ph	(02) 8817-1585	0917-585-0094

CONTACT PERSON'S ADDRESS

4th Floor and 12th Floor, PNB Makati Center, 6754 Ayala Avenue, Brgy. San Lorenzo, Makati 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
PNB Holdings Corporation
2nd Floor, PNB Financial Center
President Diosdado Macapagal Boulevard, Pasay City

Opinion

We have audited the financial statements of PNB Holdings Corporation (the Company) which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2025 then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for each of 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 Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS, 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 financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 24 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Company. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the Company financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Kristopher S. Catalan.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
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PTR No. 10765025, January 2, 2026, Makati City

March 10, 2026

PNB HOLDINGS CORPORATION
STATEMENTS OF FINANCIAL POSITION

	December 31, 2025	December 31, 2024 (As restated, Note 7)	January 1, 2024 (As restated, Note 7)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 4 and 12)	**₱2,330,898,807**	₱1,919,455,216	₱1,761,523,579
Trade and other receivables (Note 6)	**774,605,644**	959,388,279	1,633,870,678
Other current assets (Note 7)	**216,612,134**	265,689,040	196,168,996
Total Current Assets	**3,322,116,585**	3,144,532,535	3,591,563,253
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI) (Note 5)	**206,694,592**	218,028,591	161,930,944
Investment properties (Note 8)	**46,522,866,702**	46,176,006,148	46,227,211,551
Property and equipment (Note 9)	**86,163,467**	311,153,431	25,609,926
Deferred rent assets - net of current portion (Note 7)	**317,931,430**	304,553,721	22,430,501
Deferred income tax assets - net (Note 17)	–	–	1,574,440
Total Noncurrent Assets	**47,133,656,191**	47,009,741,891	46,438,757,362
TOTAL ASSETS	**₱50,455,772,776**	₱50,154,274,426	₱50,030,320,615
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables (Note 10)	**₱233,852,955**	₱431,512,283	₱416,700,924
Current portion of deposits and other current liabilities (Note 11)	**114,063,678**	58,108,682	300,721,899
Income tax payable	**25,610,352**	–	9,745,679
Total Current Liabilities	**373,526,985**	489,620,965	727,168,502
Noncurrent Liabilities			
Deposits and other noncurrent liabilities - net of current portion (Note 11)	**484,814,619**	451,291,427	711,492,498
Retirement liability (Note 16)	**3,848,799**	5,646,594	–
Deferred income tax liabilities - net (Note 17)	**35,201,276**	41,379,376	–
Total Noncurrent Liabilities	**523,864,694**	498,317,397	711,492,498
Total Liabilities	**897,391,679**	987,938,362	1,438,661,000
Equity			
Capital stock (Note 18)	**46,932,100,000**	46,932,100,000	46,932,100,000
Retained earnings (Note 18)	**2,469,332,149**	2,067,653,217	1,538,663,312
Other comprehensive income (Notes 5 and 16)	**156,948,948**	166,582,847	120,896,303
Total Equity	**49,558,381,097**	49,166,336,064	48,591,659,615
TOTAL LIABILITIES AND EQUITY	**₱50,455,772,776**	₱50,154,274,426	₱50,030,320,615

See accompanying Notes to Financial Statements.

PNB HOLDINGS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2025	2024	2023
INCOME			
Rental income and dues (Notes 8 and 13)	**₱1,212,180,380**	₱1,337,451,049	₱1,394,790,366
Interest and other income (Note 13)	**109,351,210**	94,029,406	49,289,629
	1,321,531,590	1,431,480,455	1,444,079,995
COSTS AND EXPENSES			
Cost of rental income (Notes 8 and 14)	**(550,329,864)**	(575,052,738)	(609,031,113)
General and administrative expenses (Note 14)	**(250,398,077)**	(180,392,644)	(95,027,983)
Finance charges (Note 15)	**(57,707)**	(12,947)	(1,534)
	(800,785,648)	(755,458,329)	(704,060,630)
INCOME BEFORE INCOME TAX	**520,745,942**	676,022,126	740,019,365
PROVISION FOR INCOME TAX (Note 17)			
Current	**123,545,013**	111,827,564	118,765,619
Deferred	**(4,478,003)**	35,204,657	11,735,291
	119,067,010	147,032,221	130,500,910
NET INCOME	**401,678,932**	528,989,905	609,518,455
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that recycles to profit or loss in subsequent periods			
Net changes in unrealized gains (losses) on financial assets at FVOCI (Note 5)	**56,101**	(180,452)	(20,128)
Item that does not recycle to profit or loss in subsequent periods			
Net changes in unrealized gains (losses) on financial assets at FVOCI, net of deferred income tax effect (Note 5)	**(9,690,000)**	47,863,452	10,306,635
Actuarial loss on retirement liability, net of deferred income tax effect (Note 16)	**–**	(1,996,456)	–
	(9,690,000)	45,866,996	10,306,635
	(9,633,899)	45,686,544	10,286,507
TOTAL COMPREHENSIVE INCOME	**₱392,045,033**	₱574,676,449	₱619,804,962
BASIC AND DILUTED EARNINGS PER SHARE (Note 20)	**₱0.009**	₱0.011	₱0.013

See accompanying Notes to Financial Statements.

PNB HOLDINGS CORPORATION

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

			Other Comprehensive Income (Loss)			
	Capital Stock (Note 18)	Retained Earnings (Note 18)	Net Unrealized Gains on Financial Assets at FVOCI (Note 5)	Actuarial Loss on Retirement Liability (Note 16)	Subtotal	Total
BALANCES AS AT JANUARY 1, 2023	**₱46,932,100,000**	**₱929,144,857**	**₱110,609,796**	**₱–**	**₱110,609,796**	**₱47,971,854,653**
Net income	–	609,518,455	–	–	–	609,518,455
Other comprehensive income	–	–	10,286,507	–	10,286,507	10,286,507
Total comprehensive income	–	609,518,455	10,286,507	–	10,286,507	619,804,962
BALANCES AS AT DECEMBER 31, 2023	**46,932,100,000**	**1,538,663,312**	**120,896,303**	**–**	**120,896,303**	**48,591,659,615**
Net income	–	528,989,905	–	–	–	528,989,905
Other comprehensive income (loss)	–	–	47,683,000	(1,996,456)	45,686,544	45,686,544
Total comprehensive income (loss)	–	528,989,905	47,683,000	(1,996,456)	45,686,544	574,676,449
BALANCES AS AT DECEMBER 31, 2024	**46,932,100,000**	**2p,067,653,217**	**168,579,303**	**(1,996,456)**	**166,582,847**	**49,166,336,064**
Net income	–	401,678,932	–	–	–	401,678,932
Other comprehensive loss	–	–	(9,633,899)	–	(9,633,899)	(9,633,899)
Total comprehensive loss	–	401,678,932	(9,633,899)	–	(9,633,899)	392,045,033
BALANCES AS AT DECEMBER 31, 2025	**₱46,932,100,000**	**₱2,469,332,149**	**₱158,945,404**	**(₱1,996,456)**	**₱156,948,948**	**₱49,558,381,097**

See accompanying Notes to Financial Statements.

PNB HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱520,745,942**	₱676,022,126	₱740,019,365
Adjustments for:			
Depreciation (Notes 8 and 9)	**150,032,483**	173,966,779	161,150,958
Interest income (Notes 4, 5 and 13)	**(105,171,463)**	(92,130,176)	(48,605,110)
Movements in retirement liability (Notes 14 and 16)	**(1,797,795)**	2,984,652	–
Gain on sale of transportation equipment	**(463,794)**	–	–
Mark-to-market gain on financial assets at FVTPL (Notes 7 and 13)	**(124,486)**	(112,843)	(131,612)
Interest expense and other finance charges (Note 15)	**57,707**	12,947	1,534
Operating income before working capital changes	**563,278,594**	760,743,485	852,435,135
Decrease (increase) in:			
Trade and other receivables	**178,877,130**	682,327,225	(825,231,031)
Other assets	**35,765,976**	(327,285,831)	175,942,175
Increase (decrease) in:			
Trade and other payables	**(197,659,327)**	14,798,414	121,828,488
Deposits and other liabilities	**89,478,188**	(502,814,288)	427,091,467
Cash generated from operations	**669,740,561**	627,769,005	747,066,234
Income taxes paid, including final tax	**(99,411,037)**	(143,856,627)	(153,860,294)
Interest received	**112,553,344**	82,324,140	46,631,424
Net cash provided by operating activities	**682,882,868**	566,236,518	639,837,364
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment (Note 9)	**(275,153,782)**	(408,304,881)	(27,443,584)
Sale of transportation equipment (Note 9)	**3,714,505**	–	–
Retirement of financial assets at FVOCI (Note 5)	**–**	–	5,000,000
Net cash used in investing activities	**(271,439,277)**	(408,304,881)	(22,443,584)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**411,443,591**	157,931,637	617,393,780
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,919,455,216**	1,761,523,579	1,144,129,799
CASH AND CASH EQUIVALENTS AT END OF YEAR (Notes 4 and 12)	**₱2,330,898,807**	₱1,919,455,216	₱1,761,523,579

See accompanying Notes to Financial Statements.

PNB HOLDINGS CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of the Financial Statements

Corporate Information

PNB Holdings Corporation (the "Company") was incorporated in the Philippines on May 20, 1920 to invest, subscribe for, sell, transfer, exchange or otherwise dispose of all kinds of stocks, bonds, certificates of deposit, contract of instruments whatsoever representing evidence of title or interest in the capital of any property or assets and leases of all kinds.

The Revised Corporation Code, Republic Act No. 11232, which took effect in 2019 provides that corporations with certificates of incorporation issued prior to the effectivity of this Code, and which continue to exist, shall have perpetual existence, unless the corporation, upon a vote of its stockholders representing a majority of its outstanding capital stock, notifies the Commission that it elects to retain its specific corporate term pursuant to its articles of incorporation.

On October 9, 2020, the Company's Board of Directors (BOD) and stockholders approved the amendments to the secondary purposes of the Company to invest and acquire by purchase, transfer, exchange or otherwise, to own, use, improve, develop, operate, sell, assign, transfer, exchange, lease, mortgage, pledge, and the like, any or all properties of every kind and description and wherever situated and as to the extent permitted by law (including but not limited to real estate, and any right or interest therein), to exercise all rights, powers and privileges of ownership or any other interest therein, including the right to develop, conduct, operate and maintain the real estate business, such as but not limited to the operation, maintenance of commercial spaces for rent, to construct, erect, manage, and administer buildings for commercial, residential, or mixed use purposes to engage in any and all kinds of real estate business. This was subsequently approved by the Philippine Securities and Exchange Commission (SEC) on January 13, 2021.

On October 20, 2020, the Company's BOD and stockholders approved the increase of its authorized capital stock from ₱500.0 million divided into 5.0 million shares with a par value of ₱100.0 per share to ₱50,500.0 million divided into 505.0 million shares with a par value of ₱100.0 per share. On December 11, 2020, the Company filed an application with the Philippine SEC to increase its authorized capital stock which was subsequently approved by the SEC on January 13, 2021. Out of the increase in the authorized capital stock of 500.0 million shares, 466.8 million with a par value of ₱100.0 per share have been subscribed by Philippine National Bank (PNB) through the exchange of real estate properties (see Note 8). This resulted in the Company becoming a wholly owned subsidiary of the bank.

On April 23, 2021, PNB's BOD approved the property dividend declaration of up to 239,353,710 common shares of PNB Holdings Corporation, representing 51.00% ownership, with a par value of ₱100 per share, to all stockholders of record as of May 18, 2021, or ₱23.9 billion. On December 24, 2021, the Philippine SEC issued a certificate of filing the notice of property dividend declaration.

On May 29, 2023, the SEC approved the decrease in the par value of the shares of the Company from ₱100.00 per share to ₱1.00 per share, without any return of capital. As a result, the authorized capital stock of the Corporation increased from 505,000,000 common shares with a par value of ₱100.00 per share, to 50,500,000,000 common shares with a par value of ₱1.00 per share.

Prior to the distribution of the property dividend, the Company was a wholly owned subsidiary of PNB. As a result of the property dividend, LT Group Inc., a publicly-listed company incorporated and domiciled in the Philippines, gained indirect ownership of the Company of up to 30.51% through LTG-affiliated companies which received the dividend shares. The Company's ultimate parent company, Tangent Holdings Corporation, is also incorporated in the Philippines.

On December 22, 2025 and January 14, 2026, the Company filed with the SEC and the Philippine Stock Exchange (PSE), respectively, applications for listing based on Section 1(b) of the PSE's Amended Rules on Listing by Way of Introduction, which provides that listing of securities by way of introduction may be appropriate where the securities of an unlisted issuer (the Company in this case) are distributed by way of property dividend by a listed issuer (PNB in this case) to shareholders of that listed issuer. As of March 10, 2026, the applications are not yet approved.

The Company's registered business address is 4th Floor and 12th Floor, PNB Makati Center 6754 Ayala Avenue, Brgy. San Lorenzo, Makati City.

Authorization for Issuance of the Financial Statements
The financial statements of the Company as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 were authorized for issuance by the BOD on March 10, 2026.

2. Summary of Material Accounting Policies

Basis of Preparation and Statement of Compliance
The financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) and are presented in Philippine peso (Peso), which is the Company's functional and presentation currency. All amounts are rounded to the nearest Peso except when otherwise indicated.

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards as issued by the Financial Reporting Standards Council (FRSC). PFRS Accounting Standards include statements named PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) issued by FRSC.

PFRS Accounting Standards require an entity to present at a minimum a complete set of financial statements for the preceding year, including comparative amounts in the notes to the financial statements.

Changes in Material Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2025. The 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 Company.

Effective beginning on or after January 1, 2025

- Amendments to PAS 21*, Lack of exchangeability*

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Company intends to adopt the following pronouncements when they become effective.

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*

  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 Company is currently assessing the impact the standard will have on the primary financial statements and notes to the 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*
- PFRS 17, *Insurance Contracts*

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 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 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.

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

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

Financial Instruments - Classification and Measurement

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15.

As of December 31, 2025 and 2024, the Company's financial assets pertain to financial assets at amortized cost (debt instrument), fair value through profit or loss (FVTPL) and fair value through OCI (FVOCI).

Financial assets at FVTPL

Financial assets are measured at FVTPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Company may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Company determines the appropriate classification of financial assets at the time of purchase and re-evaluates its portfolio on a regular basis to ensure that all financial assets are appropriately classified. Classification of financial assets is determined by both the contractual cash flow characteristics of the financial assets (cash flow characteristics test) and the Company's business model for managing the financial assets (business model test). The Company first assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test (Solely Payment of Principal and Interest (SPPI) test). For the purpose of the SPPI test, principal is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium or discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. In contrast, contractual terms that introduce a more than insignificant exposure

to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI. In such cases, the financial asset is required to be measured at FVTPL. Only financial assets that pass the SPPI test are eligible to be measured at FVOCI or at amortized cost.

The Company determines its business model at the level that best reflects how it manages Company of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets at FVOCI
The Company's financial assets at FVOCI include quoted debt and equity securities. After initial measurement, financial assets at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of financial assets at FVOCI are excluded, as applicable, from the reported earnings and are included in the statement of comprehensive income as "Net changes in unrealized gains on financial assets at FVOCI".

Debt securities at FVOCI are those that meet both the following conditions: (i) the asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. The effective yield component of debt securities at FVOCI, as well as the impact of the restatement of foreign currency-denominated debt securities at FVOCI, is reported in profit or loss. Interest earned on holding debt securities at FVOCI are reported as 'Interest' in profit or loss using the effective interest rate (EIR) method.

When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the other comprehensive income (OCI) is recognized in the profit or loss. Where the Company holds more than one investment in the same security, these are deemed to be disposed based on specific identification. The expected credit losses (ECL) arising from impairment of such investments are recognized in OCI with a corresponding charge to "Provision for ECL" in profit or loss.

Equity securities designated at FVOCI are those that the Company made an irrevocable election at initial recognition to present in OCI the subsequent changes in fair value. Dividends earned on holding equity securities at FVOCI are recognized in the statement of comprehensive income under "Other income" when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are adjusted to the carrying amount of the investment. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the statement of comprehensive income is reclassified to "Retained earnings" or any other appropriate equity account upon disposal. Equity securities at FVOCI are not subject to impairment assessment.

Impairment of financial assets
The 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 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.

For trade receivables and refundable deposits, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For cash and cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis.

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

Investment Properties

Investment properties are measured initially at its deemed cost, including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be directly measured in which case the investment property acquired is measured at the carrying amount of the asset given up. The fair value at the date of receipt of the investment properties is considered its deemed cost.

Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and impairment loss, if any.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged against income in the year in which the costs are incurred, unless they meet the capitalization criteria under applicable accounting standards. According to standards, subsequent expenditure should be recognized in the carrying amount of the investment property if it is expected to produce future economic benefits to the entity and its costs can be reliably measured.

Depreciation of investment properties commences once these are available for use and is computed on a straight-line basis over their estimated useful lives. In 2025, the Company reassessed and adjusted the useful lives of certain buildings classified as investment properties to better reflect appraisal assessments and the impact of structural improvements. The revised estimated useful lives are as follows:

Category	Years
Buildings	21 to 31 (previously 17 to 25) (see Note 8)
Condominium units	50
Building improvements	10

The estimated useful lives and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment properties when, and only 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 properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred nor the cost of the property for measurement or for disclosure purposes.

The disclosure of the fair value of investment properties is determined by a Philippine SEC-accredited and independent valuer based on Market Approach using sales and listings of comparable properties having same potential use with the investment properties owned by the Company.

Property and Equipment

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

The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use and any estimated cost of dismantling and removing the property and equipment item and restoring the site on which it is located to the extent that the Company had recognized the obligation of that cost. Such cost includes the cost of replacing part of the property and equipment if the recognition criteria are met. When significant parts of property and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date the asset is derecognized.

Depreciation is computed on a straight-line basis over the following estimated useful lives of the assets:

	Number of Years
Construction equipment	5
Transportation equipment	5
Furniture, fixtures and office equipment	5
Office improvements	5
LED	5

The estimated useful lives and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from the items of property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any accumulated impairment in value are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

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, if any, are recognized in profit or loss.

Assets Under Construction
Assets under construction represent costs incurred for the construction of buildings, infrastructure, and other capital projects that are not yet completed. These costs include materials, labor, and overhead directly attributable to the construction activities. Assets under constructions are classified as either investment property or property and equipment, based on management's intended future use of the project and is depreciated over its useful life upon completion of the construction (See policy on depreciation in the preceding sections).

Leases
The Company as lessor
In operating leases where the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset, the Company recognizes rental income on a straight-line basis over the lease terms. The Company adds back the initial direct costs incurred in negotiating and arranging an operating lease to the carrying amount of the leased asset and recognizes them as expense over the lease term on the same basis.

Employee Benefits
Short-term Benefits
The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits
The Company has a defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes retirement benefits cost, comprising of current service costs and interest costs in profit or loss. Interest is calculated by applying the discount rate to the retirement liability.

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

The retirement liability is the present value of the defined benefit obligation. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Revenue, Income and Cost Recognition
Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Rental income
Rental income arising on leased properties under operating lease is accounted for on a straight-line basis over the lease terms on ongoing leases.

Charges and expenses recoverable from tenants
Income arising from expenses recharged to tenants recorded as "Rental dues" is recognized in the period in which the compensation becomes receivable. The Company is acting as a principal.

Cost of rental income
Cost of rental income is recognized in relation to the leasing activities of the Company. This includes depreciation of the investment properties being leased out, real property taxes and other directly attributable costs.

Interest income
Interest on held-for-trading investments is recognized based on contractual rate. Interest on financial instruments measured at amortized cost and FVOCI are recognized based on effective interest method of accounting to calculates the amortized cost of a financial asset or a financial liability and allocate the interest income or interest expense.

The Company records interest income using the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. In calculating EIR, the Company considers all contractual terms of the financial instrument (for example, prepayment options), and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The Company adjusts the carrying amount of the financial instrument through "Finance charges" in the statement of comprehensive income based on the original EIR.

Income Taxes
Income tax on profit and loss for the year comprises current and deferred tax. Income tax is determined in accordance with Philippine tax laws. Income tax is recognized in profit or loss in the statements of comprehensive income, except to the extent that it relates to items directly recognized in OCI.

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

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

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

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

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

Current income tax and deferred income tax relating to items recognized directly in OCI are recognized in the statement of comprehensive income.

Earnings per Share

The Company presents basic and diluted earnings per share (EPS). Basic and diluted EPS is calculated by dividing the net income by the weighted average number of capital stock outstanding during the year.

Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components. The operating results of an operating segment are reviewed regularly by the chief operating decision maker to determine the resources to be allocated to the segment and assess its performance, and for which financial information is available.

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire investment properties and property and equipment.

Events After the Balance Sheet Date

Post year-end events that provide additional information about the Company's financial position at the reporting year (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements requires the Company to exercise judgments, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the financial statements as they become reasonably determinable.

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that we believed to be reasonable under the circumstances.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the financial statements. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the financial statements as they become reasonably determinable.

Operating lease commitments - the Company as lessor

The Company has entered into commercial property leases of its investment property. The Company has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases (see Notes 8 and 19).

Distinction between investment properties and owner-occupied properties

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flow largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the provision of services.

Certain properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use for administrative purposes. If these portions cannot be sold separately as of the financial reporting date, the property is accounted for as investment property only if an insignificant portion is held for use for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

The Company determined that certain floors and locations of its properties are owner-occupied for use by its personnel and are classified as property and equipment. Furthermore, assets under construction are classified as property and equipment or investment property depending on management's intended use and are reassessed on an annual basis or upon the completion of these projects in response to the market demand for leasable properties or future plans (see Note 9).

Determination of fair value of financial and nonfinancial instruments

Where the fair values of financial and nonfinancial instruments recorded or disclosed in the financial statements are derived from available market data, they are determined using external valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values (see Notes 8 and 22).

For nonfinancial instrument, fair value measurement considers the asset's highest and best use. This represents the use of the asset that is physically possible, legally permissible, and financially feasible, and that maximizes the value of the asset to market participants, regardless of the Company's intended use. The asset's current use is presumed to be its highest and best use unless market or other factors suggest that an alternative use would generate greater value. Accordingly, if the current use meets the criteria of highest and best use, fair value is measured based on that current use. This ensures that valuations reflect market participant assumptions and the most economically advantageous use of the asset.

Determination of the highest and best use of the investment properties
The current use of the investment properties is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximize the value of the asset. The highest and best use is determined from the perspective of market participants. The Company has assessed that the highest and best use of some of these investment properties may be different from its current use (see Note 8).

Assessment of impairment of noncurrent nonfinancial assets and estimation of recoverable amount
The Company evaluates its nonfinancial assets, which include investment properties for any impairment in value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

As described in the accounting policy, the Company estimates the recoverable amount as the higher of the asset's fair value less costs to sell and value-in-use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that can materially affect the financial statements.

Accounting Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the financial 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 as follows:

Estimation of allowance for expected credit losses of debt instruments at amortized cost
The level of allowance for loans and receivables is evaluated by management based on past collection history and other factors which include, but are not limited to the length of the Company's relationship with the customer, the customer's payment behavior and known market factors that affect the collectability of the accounts.

Allowance for ECL is presented in Note 6.

Other than these, there has been no movement in the allowance for expected credit losses. This is following the management's assessment that all outstanding receivables are collectible during the ordinary course of business.

Estimation of useful lives of nonfinancial assets
The Company estimates the useful lives of its nonfinancial assets based on the period over which the assets are expected to be available for use. The estimated useful lives of the nonfinancial assets are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives of nonfinancial assets would increase depreciation and amortization expense and decrease noncurrent assets.

There was a change in the estimated useful lives of depreciable nonfinancial assets in 2025. No changes were made in 2024 and 2023. The carrying values of the Company's investment properties (excluding land and construction in progress) are presented in Note 8. The carrying values of the Company's property and equipment (excluding construction in progress) are presented in Note 9.

Recognition of deferred income tax assets
The Company reviews the carrying amounts at each financial reporting date and adjusts 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. The determination of future taxable profits requires the estimation and use of assumptions about the Company's future taxable income and timing of reversal of temporary differences. differences. The Company recognized deferred income tax assets of are presented in Note 17.

4. Cash and Cash Equivalents

	2025	2024
Cash on hand	**₱14,440**	₱104,440
Cash in banks (Note 12)	**174,197,091**	429,822,607
Cash equivalents (Note 12)	**2,156,687,276**	1,489,528,169
	₱2,330,898,807	₱1,919,455,216

Cash in banks and cash equivalents earn interest at the prevailing bank deposit rates. Interest income earned from cash in banks and cash equivalents amounted to ₱104.9 million, ₱91.9 million and ₱48.0 million in 2025, 2024 and 2023, respectively (see Notes 12 and 15).

5. Financial Assets at FVOCI

	2025	2024
Equity securities	**₱201,000,000**	₱212,400,000
Government securities	**5,694,592**	5,628,591
	₱206,694,592	₱218,028,591

In 2025, 2024 and 2023, effective annual interest rate of government securities ranges from 5.17% to 6.38%, 5.38% to 6.13% and 5.49% to 6.60%, respectively. Interest income earned on financial assets at FVOCI amounted to ₱0.3 million in 2025, ₱0.3 million in 2024, and ₱0.6 million in 2023 (see Note 15).

The movements in the net unrealized gains on financial assets at FVOCI follow:

	2025	2024
Balance at beginning of year	**₱168,579,303**	₱120,896,303
Recycles to profit or loss in subsequent periods		
Changes in fair values of government securities	**66,001**	(180,452)
Does not recycle to profit or loss in subsequent periods		
Changes in fair values of equity securities	**(11,400,000)**	56,278,099
	(11,333,999)	56,097,647
Deferred income tax effect	**1,700,100**	(8,414,647)
Net changes in unrealized gains (losses)	**(9,633,899)**	47,683,000
Balance at end of year	**₱158,945,404**	₱168,579,303

The movements of financial assets at FVOCI follow:

	2025	2024
Balance at beginning of year	**₱218,028,591**	₱161,930,944
Unrealized fair value gains (losses)	**(11,333,999)**	56,097,647
Retirement	**–**	–
Balance at end of year	**₱206,694,592**	₱218,028,591

6. Trade and Other Receivables

	2025	2024
Lease receivables (Note 12)	**₱770,192,676**	₱948,466,205
Interest	**4,412,968**	10,318,473
Others	**20,021,133**	20,624,734
	794,626,777	979,409,412
Allowance for ECL	**(20,021,133)**	(20,021,133)
	₱774,605,644	₱959,388,279

Other receivable pertains to advances made to the National Government in relation to the Company's sugar trading operations in the past amounting to ₱20.0 million. A favorable judgment from the office of the Solicitor General on the arbitration case against the Bureau of Treasury involving said advances was affirmed by the Department of Justice in 1998. However, it is not yet certain when the loans and receivables will finally be collected by the Company. As of December 31, 2025 and 2024, these receivables aggregating to ₱20.0 million were fully provided with allowance for credit losses.

Other than these, there has been no movement in the allowance for expected credit losses in 2025 and 2024.

7. Other Current Assets

	December 31, 2025	December 31, 2024 (As restated)	January 1, 2024 (As restated)
Deferred rent assets	**₱323,084,486**	₱312,141,836	₱22,430,501
Prepayments:			
Real property taxes	**126,072,779**	147,251,899	137,317,725
Others	**8,001,828**	6,181,650	839,536
Advances to contractors and suppliers	**68,033,671**	70,901,622	18,669,750
Financial assets at FVTPL (Note 12)	**3,403,301**	3,278,815	3,165,972
Refundable deposits	**1,559,378**	1,778,227	25,618,246
Creditable withholding tax	**–**	24,244,590	–
Others	**4,388,121**	4,464,122	10,557,767
	534,543,564	570,242,761	218,599,497
Less: Noncurrent portion of deferred rent assets (Note 24)	**317,931,430**	304,553,721	22,430,501
	₱216,612,134	₱265,689,040	₱196,168,996

a. Deferred rent assets pertain to difference of rental income based on lease terms over rental income using straight line basis (see Note 19).

The Company has reclassified a portion of the deferred rent assets amounting to ₱304.6 million as of December 31, 2024 and ₱22.43 million as of January 1, 2024, which are expected to reverse beyond 12 months following the requirements of PAS 1, *Presentation of Financial Statements*. The resulting adjustments on the statement of financial position as of December 31, 2024 and January 1, 2024 follows:

Statement of Financial Position as of December 31, 2024

	As previously stated	Adjustment	As restated
Other current assets	₱570,242,761	(₱304,553,721)	₱265,689,040
Total Current Assets	3,449,086,256	(304,553,721)	3,144,532,535
Deferred rent assets - net of current portion	–	304,553,721	304,553,721
Total Noncurrent Assets	46,705,188,170	304,553,721	47,009,741,891

Statement of Financial Position as of January 1, 2024

	As previously stated	Adjustment	As restated
Other current assets	₱218,599,497	(₱22,430,501)	₱196,168,996
Total Current Assets	3,613,993,754	(22,430,501)	3,591,563,253
Deferred rent assets - net of current portion	–	22,430,501	22,430,501
Total Noncurrent Assets	46,416,326,861	22,430,501	46,438,757,362

There is no impact to the 2024 profit and loss and cash flows.

b. Other prepayments consist of annual fees and licenses for the building, association dues and other prepaid expenses.

c. Advances to contractors and suppliers are recouped every settlement of progress billings based on percentage of accomplishment of each contract package. The activities related to these advances will be completed within the Company's normal operating cycle.

d. Financial assets at FVTPL

This account consists of the following:

	2025	2024	2023
Investment in UITF (Note 12)	**₱3,369,928**	₱3,245,385	₱3,111,498
Equity securities	**33,373**	33,430	54,474
	₱3,403,301	₱3,278,815	₱3,165,972

The Company recognized net trading gains on financial assets at FVTPL as follows:

	2025	2024	2023
Unrealized fair value gains (losses):			
Investment in UITF (Note 12)	**₱124,543**	₱133,887	₱185,615
Equity securities	**(57)**	(21,044)	(54,003)
	₱124,486	₱112,843	₱131,612

The movements of financial assets at FVTPL follow:

	2025	2024	2023
Balance at beginning of year	**₱3,278,815**	₱3,165,972	₱3,034,360
Mark-to-market gain on financial assets at FVTPL	**124,486**	112,843	131,612
Balance at end of year	**₱3,403,301**	₱3,278,815	₱3,165,972

e. Refundable deposits consist principally of amounts paid to utility providers for service applications.

f. Other current assets consist of advances to officers and employees, input VAT and miscellaneous assets.

8. Investment Properties

	2025				
	Land	**Buildings and Building Improvements**	**Condominium Units**	**Construction in Progress**	**Total**
Cost					
Beginning of year	**₱43,271,988,143**	**₱3,520,258,746**	**₱35,213,415**	**₱–**	**₱46,827,460,304**
Reclassification (Note 9)	**–**	**–**	**–**	**480,892,420**	**480,892,420**
Transfers	**–**	**44,478,884**	**–**	**(44,478,884)**	**–**
End of year	**43,271,988,143**	**3,564,737,630**	**35,213,415**	**436,413,536**	**47,308,352,724**
Accumulated Depreciation					
Beginning of year	**–**	**635,527,025**	**15,927,131**	**–**	**651,454,156**
Depreciation (Note 14)	**–**	**133,320,743**	**711,124**	**–**	**134,031,867**
End of year	**–**	**768,847,768**	**16,638,255**	**–**	**785,486,023**
Net Book Values	**₱43,271,988,143**	**₱2,795,889,862**	**₱18,575,160**	**₱436,413,536**	**₱46,522,866,701**

	2024			
	Land	Buildings and Building Improvements	Condominium Units	Total
Cost				
Beginning of year	₱43,271,988,143	₱3,405,011,857	₱35,213,415	₱46,712,213,415
Transfers (Note 9)	–	115,246,889	–	115,246,889
End of year	43,271,988,143	3,520,258,746	35,213,415	46,827,460,304
Accumulated Depreciation				
Beginning of year	–	469,785,857	15,216,007	485,001,864
Depreciation (Note 14)	–	165,741,168	711,124	166,452,292
End of year	–	635,527,025	15,927,131	651,454,156
Net Book Values	₱43,271,988,143	₱2,884,732,721	₱19,286,284	₱46,176,006,148

a. Rental income arising from the investment properties amounted to ₱937.8 million in 2025, ₱1,047.6 million in 2024 and ₱1,110.4 million in 2023 (see Notes 12 and 13). Direct costs arising from the investment properties amounted to ₱550.3 million in 2025, ₱575.1 million in 2024 and ₱609.0 million in 2023 (see Notes 12 and 14).

   Depreciation of investment properties amounting to ₱134.0 million in 2025, ₱166.5 million in 2024 and ₱159.1 million in 2023 was recognized as part of "Cost of rental income" account (see Note 14).

b. The estimated fair value of land, condominium units, and buildings for lease are as follows:

		Fair Value as of December 31	
Property	Approach	**2025**	2024
Financial Center (land and building)	Market approach	**₱59,729,662,400**	₱57,143,547,000
Makati Center (land and building)	Market approach	**12,749,596,900**	12,081,545,500
Buendia (land only)	Market approach	**13,136,000,000**	11,672,000,000
Others	Market approach	**183,410,000**	170,243,000
		₱85,798,669,300	₱81,067,335,700

The estimated fair value of the investment properties was arrived at using the Market Approach due to a number of transactions involving comparable properties within their respective areas during the year. The determination of the appropriate approach for the properties is based on the quality and quantity of data available, particularly the relevance of the property under appraisement. In this approach, the value of the investment properties was based on sales and listings of comparable property having the same potential use with the subject properties (e.g., for future development, for rent) registered within the vicinity. The approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. Management has determined that the inputs to the determination of the fair value of investment properties to be Level 2 fair value measurements.

The valuations were performed by a Philippine SEC-accredited and independent valuer. The valuation model used in accordance with that recommended by the International Valuation Standards Council has been applied. These valuation models are consistent with the principles in PFRS 13, *Fair Value Measurement*.

The fair values of investment properties for lease were updated to reflect the value of comparable property registered within the vicinity.

Description of the valuation techniques used in the valuation of Company's investment properties is as follows:

Valuation Techniques	
Market Data Approach	A process of comparing the subject property being appraised based on the property's highest and best use to similar comparable properties recently sold or being offered for sale.

Significant Unobservable Inputs

Price per square meter	Ranges from ₱91,000 to ₱1,863,000 in 2025, ₱84,000 to ₱1,718,000 in 2024 and ₱78,600 to ₱900,000 in 2023.
Reproduction cost new	The cost to create a virtual replica of the existing structure, employing the same design and similar building materials.
Size	Size of unit in terms of area. Evaluate if the unit size of property or comparable conforms to the average cut of the units in the area and estimate the impact of unit size differences on condominium unit values.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.
Time element	"An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investors' perceptions of the market over time". In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

For certain properties within the portfolio, the current use differs from the determined highest and best use. The following table summarizes the properties for which the current use varies from the highest and best use:

Property	Current Use	Highest and Best Use	Reasons for the Difference
Financial Center	Office leasing	Mixed institutional and commercial development	Driven by the demand in the market based on actual recent sales and the appreciation of the value of land through passage of time, the Company plans to redevelop these properties to maximize the economic benefits.
Makati Center	Office leasing	High-rise mixed used strata type development with commercial and office components	

c. As disclosed in Note 1, the Company increased its authorized capital stock from ₱500.0 million divided into 5.0 million shares with a par value of ₱100.0 per share to ₱50,500.0 million divided into 505.0 million shares with a par value of ₱100.0 per share. Out of the increase in the authorized capital stock of 500.0 million shares, 466.8 million shares with a par value of ₱100.0 per share have been subscribed by PNB through the exchange of real estate properties which was recorded initially

at fair value amounting to ₱46,677.0 million in 2021. The fair value at the date of receipt of the investment properties is considered its deemed cost.

d. In 2025, the Company reassessed and adjusted the useful lives of its buildings. Based on the updated appraisal assessments and the impact of recent structural improvements, management determined that the useful lives of the buildings should be extended from 17 to 25 years to 21 to 31 years.

   This change constitutes a change in accounting estimate under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, and has been applied prospectively. As a result, depreciation expense for the year ended December 31, 2025 decreased by ₱38.7 million compared to the amount that would have been recognized under the previous estimate. The change will also increase depreciation expense in future periods by the same amount.

e. Construction in progress represents costs incurred for the construction of buildings, infrastructure, and other capital projects that are not yet completed. These costs include materials, labor, and overhead directly attributable to the construction activities. Construction in progress is classified as either investment property or property and equipment, based on management's intended future use of the project. Upon completion, the total cost of the project is transferred to the appropriate investment property or property and equipment category and depreciated over its useful life.

   A project is recognized as investment property if it is held to earn rentals, for capital appreciation, or both. Conversely, a project is recognized as property, plant, and equipment if it is used for administrative purposes or is expected to be utilized by the Company in its operations.

9. Property and Equipment

	2025			
	Furniture, Fixtures & Office Equipment	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost				
Beginning of year	**₱18,594,220**	**₱20,951,727**	**₱281,163,848**	**₱320,709,795**
Additions	**45,772,826**	**5,667,956**	**223,713,000**	**275,153,782**
Disposal	**–**	**(5,019,560)**	**–**	**(5,019,560)**
Reclassification (Note 8)	**–**	**–**	**(480,892,420)**	**(480,892,420)**
End of year	**64,367,046**	**21,600,123**	**23,984,428**	**109,951,597**
Accumulated Depreciation				
Beginning of year	**6,332,324**	**3,224,040**	**–**	**9,556,364**
Depreciation (Note 14)	**11,392,955**	**4,607,661**	**–**	**16,000,616**
Disposal	**–**	**(1,768,849)**	**–**	**(1,768,849)**
End of year	**17,725,279**	**6,062,852**	**–**	**23,788,131**
Net Book Values	**₱46,641,767**	**₱15,537,271**	**₱23,984,428**	**₱86,163,467**

	2024			
	Furniture, Fixtures & Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost				
Beginning of year	₱7,768,464	₱8,566,649	₱11,316,690	₱27,651,803
Additions	10,825,756	12,385,078	385,094,047	408,304,881
Transfers (Note 8)	–	–	(115,246,889)	(115,246,889)
End of year	18,594,220	20,951,727	281,163,848	320,709,795
Accumulated Depreciation				
Beginning of year	1,756,322	285,555		2,041,877
Depreciation (Note 14)	4,576,002	2,938,485	–	7,514,487
End of year	6,332,324	3,224,040	–	9,556,364
Net Book Values	₱12,261,896	₱17,727,687	₱281,163,848	₱311,153,431

In 2025 and 2024, the Company reclassified certain assets under construction from the "Property and Equipment" account to the "Investment Properties" account, amounting to ₱480.9 million and ₱115.2 million, respectively, to reflect their intended use and management's purpose for holding the assets.

10. Trade and Other Payables

	2025	2024
Taxes payable:		
Deferred output VAT payable	**₱39,956,355**	₱124,108,332
Output tax payable	**12,263,326**	52,483,846
Other tax payable	**5,285,068**	6,701,768
Accrued expenses		
Service and professional fees	**76,862,711**	79,446,966
Supplies and construction materials	**38,927,231**	37,413,748
Property management and maintenance	**14,555,720**	10,599,737
Others	**16,105,973**	19,852,151
Accounts payable (Note 12)	**15,285,952**	94,415,088
Retention payable	**8,420,201**	862,829
Others	**6,190,418**	5,627,818
	₱233,852,955	₱431,512,283

a. Taxes payable includes output VAT, deferred output VAT, documentary stamp taxes and expanded withholding taxes payable to the Philippine tax authority.

b. Accrued expenses are reclassified to accounts payable upon receipt of the related invoice. These are generally payable under normal credit terms and are settled within twelve (12) months from the reporting date. The "Others" category under accrued expenses primarily includes accruals for technology support and testing, compliance and facility-related services, among others.

c. Accounts payable includes amount payable to suppliers which are normally settled within the Company's normal operating cycle.

d. Retention payable represents the amount withheld by the company from payments due to contractors, which is normally released within one year.

e. Other payables consist of advances from officers and other nontrade payables.

11. Deposits and Other Liabilities

	2025	2024
Security and other deposits (Note 12)	**₱311,479,492**	₱242,086,226
Advance rentals (Note 12)	**287,398,804**	267,313,883
	598,878,296	509,400,109
Less current portion of:		
Security and other deposits	**95,219,673**	29,349,886
Advance rentals	**18,844,805**	28,758,796
	114,063,678	58,108,682
	₱484,814,619	₱451,291,427

Security and other deposits pertain to the amounts paid by tenants at the inception of the lease which are refundable at the end of the lease term. Security and other deposits are initially recorded at fair value, which was obtained by discounting future cash flows using the applicable rates of similar types of instruments.

Advance rentals pertain to deposits from tenants which will be applied against receivables either at the beginning or at the end of lease term, depending on the lease contract.

12. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company has transacted with LT Group, Inc. and other related parties as follows:

Parent Company and Entities under Common Control
Parent Company
LT Group, Inc. (LTG)

Entities under common control
Allianz PNB Life Insurance, Inc.
Alliedbankers Insurance Corporation
Asia Brewery, Inc.
Basic Holdings Corporation
Eton Properties Management Corporation
Eton Properties Philippines, Inc.

Parent Company and Entities under Common Control
Lucky Travel Corporation
Mabuhay Digital Technologies, Inc.
Macroasia Corporation
Macroasia Mining Corporation
PAL Holdings, Inc.
Philippine Airlines
Philippine National Bank
PNB Capital and Investment Corporation
PNB Employees Savings and Loans Association Inc.
PNB Retirees and Employees Multi Purpose Cooperative
PNB Securities, Inc.
PNB-Mizuho Leasing and Finance Corporation
Tanduay Brands International, Inc.
Watergy Business Solutions, Inc.

The Company has transacted with its parent and other related parties as follows:

			Amount/Volume		Outstanding Balance		
	Financial Statement Account		**2025**	2024	**2025**	2024	**Terms and Conditions**
With LTG	Lease receivables	c	**₱–**	(₱1,334,134)	**₱–**	₱–	Unsecured; noninterest-bearing, not impaired
With subsidiaries of LTG	Cash and cash equivalents	a	**521,011,405**	157,817,718	**2,440,262,702**	1,919,251,296	Deposits and placements; interest-bearing
	Financial assets at FVTPL	b	**124,543**	133,887	**3,369,928**	3,245,386	Unsecured; noninterest-bearing, not impaired
	Lease receivables	c	**907,892,956**	927,835,264	**683,834,008**	811,484,449	Unsecured; noninterest-bearing, not impaired
	Advance rental	c	**(4,967,946)**	(163,272,304)	**201,319,452**	206,287,398	Unsecured; noninterest-bearing
	Security deposit	c	**(14,783,544)**	21,367,383	**213,015,946**	227,799,490	Unsecured; noninterest-bearing
	Management fees	d	**30,240,000**	39,821,428	–	–	Unsecured; noninterest-bearing

As of December 31, 2025 and 2024, the outstanding related party balances are unsecured and settlement occurs in cash, unless otherwise indicated. The Company has not recorded any impairment of receivables relating to amounts owed by related parties, unless otherwise indicated. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which these related parties operate.

Other terms and conditions related to the above related party balances and transactions are as follows:

a. The Company's cash in banks and cash equivalents are deposited with PNB. Interest income on its cash in banks and cash equivalents amounted to ₱104.9 million in 2025, ₱91.9 million in 2024 and ₱48.0 million in 2023 (see Notes 4 and 15).

b. The Company's investment in UITF Peso Money Market Fund recorded under "Financial assets at FVTPL" account is with PNB. Trading gain on its investment in UITF amounted to ₱124,543, ₱133,887 and ₱185,615 in 2025, 2024 and 2023, respectively (see Note 7).

c. The Company has various lease contracts with its related parties for the use of its office spaces. Outstanding lease receivables as of December 31, 2025 and 2024 amounted to ₱683.8 million and ₱811.5 million, respectively (see Note 6).

   The related security deposits and advance rental received amounted to ₱213.0 million and ₱201.3 million as of December 31, 2025, respectively, and ₱227.8 million and ₱206.3 million as of December 31, 2024, respectively. Total rental income and rental dues recognized amounted to ₱907.9 million, ₱927.8 million and ₱604.1 million in 2025, 2024 and 2023, respectively (see Notes 11 and 13).

d. The Company has existing service contract agreements with Basic Holdings Corporation, Eton Properties Philippines, Inc. and Eton Properties Management Corporation. Total management fee recognized under "Outside services" amounted to ₱30.2 million, ₱39.8 million and ₱7.9 million in 2025, 2024 and 2023, respectively (see Note 14). Outstanding balance reflected in "Trade and other payables - accounts payable" amounted to ₱39.8 million as of December 31, 2023 (see Note 10).

Compensation of Key Management Personnel
The total compensation of key management personnel, representing short-term benefits, amounted to ₱74.7 million in 2025, ₱93.1 million in 2024 and ₱39.8 million in 2023.

13. Income

Rental Income and Dues
a. Breakdown as follows:

	2025	2024	2023
Rental income (Notes 8 and 12)	**₱937,778,086**	₱1,047,557,361	₱1,110,371,106
Rental dues (Notes 8 and 12)	**274,402,294**	289,893,688	284,419,260
	₱1,212,180,380	₱1,337,451,049	₱1,394,790,366

Rental dues are recognized over time. Rental dues are earned and collected from commercial tenants. There are no contract balances related to the rental dues as of December 31, 2025, 2024 and 2023.

b. Performance Obligations

The Company recognizes rental dues charged to tenants using an input method to measure progress towards complete satisfaction of the services, since the customers simultaneously receive and consume the benefits as the Company performs its obligation. The Company has no outstanding performance obligations as at December 31, 2025 and 2024.

Interest and Other Income

	2025	2024	2023
Interest income (Note 15)	**₱105,171,463**	₱92,130,176	₱48,605,110
Mark-to-market gain on financial assets at FVTPL (Notes 7 and 12)	**124,486**	112,843	131,612
Other income	**4,045,249**	1,786,387	552,907
	₱109,351,210	₱94,029,406	₱49,289,629

14. Cost and Expenses

a. Cost of Rental Income

	2025	2024	2023
Taxes and licenses	**₱146,637,667**	₱140,767,051	₱142,078,291
Depreciation (Note 8)	**134,031,867**	166,452,292	159,146,054
Utilities	**106,085,318**	109,797,447	69,764,239
Outside services (Note 12)	**105,506,852**	105,123,063	183,283,871
Personnel cost	**24,719,395**	19,324,183	9,352,201
Repairs and maintenance	**15,778,662**	21,468,436	28,680,499
Others	**17,570,103**	12,120,266	16,725,958
	₱550,329,864	₱575,052,738	₱609,031,113

Other cost of rental income consists of insurance, supplies, association dues, and rent of low value assets.

b. General and Administrative Expenses

	2025	2024	2023
Personnel cost	**₱121,305,134**	₱78,668,734	₱33,438,566
Outside services	**53,302,069**	53,443,166	22,409,998
Taxes and licenses	**18,516,539**	9,720,267	10,674,879
Depreciation expense (Note 9)	**16,000,616**	7,514,487	2,004,904
IT-related expenses	**12,578,812**	7,966,955	9,402,392
Listing fees	**12,577,057**	–	–
Transportation and travel	**3,761,133**	2,338,403	876,277
Trainings, seminars and representation	**2,384,536**	4,058,067	1,553,887
Directors' fees	**2,250,000**	800,000	1,325,000
Fines and penalties	**1,153,897**	11,111,132	1,124,507
Membership and association dues	**1,075,462**	1,020,337	772,880
Supplies expense	**965,757**	917,947	1,939,574
Miscellaneous expenses	**4,527,065**	2,833,149	9,505,119
	₱250,398,077	₱180,392,644	₱95,027,983

Miscellaneous expenses consist of stationery and supplies, reproduction costs, rent expenses, telecommunication, gas and oil, notarial fees, meal reimbursements, and other expenses.

c. Personnel Cost

	2025	2024	2023
Salaries and wages	**₱138,069,967**	₱90,824,407	₱42,413,903
Retirement benefits (Note 16)	**3,212,217**	2,984,652	–
Other employee benefits	**4,742,345**	4,183,858	376,864
	₱146,024,529	₱97,992,917	₱42,790,767

15. Interest Income and Finance Charges

	2025	2024	2023
Interest income:			
Cash and cash equivalents (Notes 4 and 12)	**₱104,901,463**	₱91,860,176	₱47,970,110
Financial assets at FVOCI (Note 5)	**270,000**	270,000	635,000
	₱105,171,463	₱92,130,176	₱48,605,110
Finance charges:			
Bank service charges and others	**₱57,707**	₱12,947	₱1,534

16. Retirement Liability

Requirement of Republic Act (RA) 7641
RA 7641 provides for the minimum retirement pay to qualified private sector employees in the Philippines. Benefits due under RA 7641 are accounted for as defined benefit plan under PAS 19. However, there are instances when an employer establishes a defined contribution plan and does not have an equivalent defined benefit plan covering the benefits required under RA 7641.

An employee upon reaching the age of 60 years or more, but not beyond 65 years which is declared the compulsory retirement age, who has served at least five years in the said establishment, may retire and shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six months being considered as one whole year.

The Company is in compliance of the minimum requirement of RA 7641 as at December 31, 2025, 2024 and 2023.

Defined Benefit Plan
As of December 31, 2024 and 2023, the Company does not have an established retirement plan and only conforms to the minimum regulatory benefit under RA7641 which is of the final salary defined benefit type and provides a retirement benefit equal to 22.5 days' pay for every year of credited service. The benefit is paid in a lump sum upon retirement.

On February 26, 2025, the BOD approved the Company's defined benefit plan.

The fund is administered by PNB Trust (Trustee). The Trustee is responsible for investment of the assets. The Trustee proposes an investment strategy based on the investment instructions and, as approved, executes such strategy. When defining the investment strategy, the Trustee takes into account the plan's objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy). The control, direction, and management of the fund shall reside in and be the sole responsibility of the Trustee.

Net retirement liability amounted to ₱3.8 million and ₱5.6 million as of December 31, 2025 and December 31, 2024, respectively. No retirement benefit was recognized in 2023 since the amount is not significant.

There are no unusual or significant risks to which the retirement liability exposes the Company. However, it should be noted that in the event a benefit claim arises under the retirement liability, the benefit shall immediately be due and payable from the Company.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	2025	2024
Discount rate	**6.14%**	6.10%
Expected rate of salary increase	**5.00%**	5.00%
Average remaining service years	**23.8 years**	23.0 years

Amounts recognized in the statements of comprehensive income in respect of this defined benefit plan are as follows:

	2025	2024
Current service cost	**₱2,997,075**	₱2,894,624
Net interest cost	**215,142**	90,028
Retirement benefits expense	**3,212,217**	2,984,652
Actuarial loss recognized in OCI	**–**	2,661,942
Total	**₱3,212,217**	₱5,646,594

The retirement benefits is charged to cost of rental income and operating expenses under "Personnel cost" account as follows:

	2025	2024
Cost of services (Note 14)	**₱722,393**	₱744,419
Operating expenses (Note 14)	**2,489,824**	2,565,744
	₱3,212,217	₱ 3,310,163

Movements in the present value of the retirement liability are as follows:

	2025	2024
Present value of net retirement liability as at beginning of year	**₱5,646,594**	₱5,646,594
Current service cost	**2,997,075**	2,894,624
Interest cost	**344,442**	90,028
Actuarial loss due to:		
Experience adjustments	**–**	2,510,114
Changes in financial assumptions	**–**	151,828
	8,988,112	5,646,594
Fair value of plan asset:		
Actual contribution	**(5,000,000)**	–
Return on plan assets	**(139,313)**	–
Present value of net retirement liability as at end year	**₱3,848,799**	₱5,646,594

Significant actuarial assumptions for the determination of the retirement liability are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Change in Assumption	Increase (Decrease)	
		2025	2024
Discount rate	+100 basis points	**(₱208,157)**	(₱358,751)
	-100 basis points	**225,187**	404,852
Expected salary growth	+100 basis points	**225,500**	405,259
	-100 basis points	**(212,272)**	(365,579)

The sensitivity analyses presented above may not be representative of the actual change in the retirement liability as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analyses, the present value of the retirement liability has been calculated using the Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the retirement liability recognized in the statements of financial position.

The Company does not expect to make a contribution to the retirement liability during the next financial year.

Shown below is the maturity profile of the undiscounted expected benefit payments:

Plan Year	**2025**	2024
Year 1	**₱243,374**	₱–
Year 2	**325,674**	–
Year 3	**5,452,546**	–
Year 4	**3,317,230**	10,834,943
Year 5	**1,555,213**	2,873,379
Year 6 - 10	**6,754,072**	16,676,562

The weighted average duration of the retirement liability at the end of 2025 and 2024 is 4.3 years and 6.8 years, respectively.

17. **Income Tax**

a. Details of the Company's provision for current income tax follow:

	2025	2024	2023
RCIT	**₱102,583,272**	₱93,515,066	₱109,044,596
Final tax	**20,961,741**	18,312,498	9,721,022
	₱123,545,013	₱111,827,564	₱118,765,618

b. The Company's recognized deferred income tax assets (liabilities) as of December 31 follow:

	2025	2024
Deferred income taxes recognized in profit or loss:		
Deferred income tax assets on:		
Advance rentals	**₱71,849,699**	₱66,828,472
Allowance for ECL	**5,005,283**	5,005,283
Retirement benefits	**348,404**	167,804
Unrealized loss on foreign exchange	**184,565**	171,277
	77,387,951	72,172,836
Deferred income tax liabilities on:		
Deferred rent	**(76,489,944)**	(75,773,004)
Accretion of security deposit	**(8,606,373)**	(8,606,373)
Unrealized gain on financial assets at FVTPL	**(109,206)**	(89,032)
	(85,205,523)	(84,468,409)
Deferred income taxes recognized in other comprehensive income:		
Deferred income tax asset on actuarial loss on retirement liability	**665,486**	665,486
Deferred income tax liability on gains arising from net unrealized gains on financial assets at FVOCI	**(28,049,189)**	(29,749,289)
	(₱35,201,276)	(₱41,379,376)

The reconciliation of the provision for income tax computed using the statutory income tax rate to the provision for income tax as shown in the statements comprehensive of income is summarized as follows:

	2025	2024	2023
Provision for income tax at the statutory income tax rate	**₱130,186,486**	₱169,005,532	₱185,004,841
Adjustments for:			
Income subjected to final tax	**(26,306,315)**	(23,043,828)	(12,164,439)
Final income tax	**20,961,741**	18,312,498	9,721,022
Adjustment in the current period for income tax as a result of OSD application	**(5,774,902)**	(17,241,981)	(52,161,341)
Nondeductible expenses	**–**	–	100,827
Provision for income tax	**₱119,067,010**	₱147,032,221	₱130,500,910

18. Equity

Capital Stock

Information on the number of shares of the Company's capital stock as of December 31, 2025 and 2024 follow:

	Shares	Amount
Authorized capital stock - ₱1 par	50,500,000,000	₱50,500,000,000
Issued	46,932,100,000	46,932,100,000

There is no appropriation of retained earnings as of December 31, 2025, 2024 and 2023.

19. Leases

The Company as lessor

The Company entered into lease agreements with related parties and third parties covering its investment property portfolio. These leases generally provide fixed monthly rent. The Company records rental income on a straight-line basis over the lease term.

Future minimum rental receivable under non-cancellable operating leases as of December 31 follow:

	2025	2024
Within one year	**₱1,017,144,388**	₱756,874,299
After one year but not more than two years	**983,392,521**	662,818,714
After two years but not more than three years	**938,845,367**	635,225,623
After three years but not more than four years	**933,424,469**	568,513,044
After four years but not more than five years	**928,547,327**	546,997,310
More than five years	**74,077,997**	571,471,694
	₱4,875,432,069	₱3,741,900,684

20. Earnings per Share

Basic and diluted earnings per share are computed as follows:

	2025	2024	2023
Net income (a)	**₱401,678,932**	₱528,989,905	₱609,518,455
Weighted average number of shares issued and outstanding (b)	**46,932,100,000**	46,932,100,000	46,932,100,000
Basic and diluted earnings per share (a/b)	**₱0.009**	₱0.011	₱0.013

There are no potential dilutive capital stocks as of December 31, 2025, 2024 and 2023.

21. Operating Segment Information

The Company is organized into operating segments based on the location of its investment properties. Discrete financial information is provided on a property-by-property basis but grouped into the reportable segments above to members of executive management, who collectively comprise the chief operating decision maker (CODM). The CODM monitors this information for each reportable segment separately for the purpose of making decisions about resource allocation and performance assessment. All of the assets relating to the Company's operating segments are located in the Philippines.

Segment income, expenses, assets and liabilities are measured in accordance with PFRS Accounting Standards. The presentation and classification of segment income and expenses are consistent with the statements of comprehensive income. The presentation and classification of segment assets and liabilities are consistent with the statements of financial position.

The following tables present income and expense information and certain assets and liabilities information regarding the different business segments as of and for the years ended December 31, 2025, 2024 and 2023:

	2025						
	Financial Center	Makati Center	CITEM*	Buendia	Others	Corporate	Total
Segment income	**₱821,987,183**	**₱340,691,427**	**₱31,733,092**	**₱12,886,754**	**₱4,881,924**	**₱109,351,210**	**₱1,321,531,590**
Segment expenses	**(448,285,455)**	**(125,884,555)**	**(5,861,184)**	**(2,740,120)**	**–**	**(217,956,627)**	**(800,727,941)**
Segment profit (loss)	**373,701,728**	**214,806,872**	**25,871,908**	**10,146,634**	**4,881,924**	**(108,605,417)**	**520,803,649**
Finance charges	**–**	**–**	**–**	**–**	**–**	**(57,707)**	**(57,707)**
Income (loss) before income tax	**373,701,728**	**214,806,872**	**25,871,908**	**10,146,634**	**4,881,924**	**(108,663,124)**	**520,745,942**
Provision for income tax	**–**	**–**	**–**	**–**	**–**	**(119,067,010)**	**(119,067,010)**
Net income (loss)	**373,701,728**	**214,806,872**	**25,871,908**	**10,146,634**	**4,881,924**	**(227,730,134)**	**401,678,932**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**(9,633,899)**	**(9,633,899)**
Total comprehensive income (loss)	**₱373,701,728**	**₱214,806,872**	**₱25,871,908**	**₱10,146,634**	**₱4,881,924**	**(₱237,364,033)**	**₱392,045,033**
Segment assets	**₱35,463,524,651**	**₱6,022,342,746**	**₱51,012,437**	**₱5,731,007,313**	**₱18,489,218**	**₱3,169,396,411**	**₱50,455,772,776**
Segment liabilities	**–**	**–**	**–**	**–**	**–**	**897,391,679**	**897,391,679**
Capital expenditures:							
Investment properties	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Property and equipment	**47,541,508**	**110,641,904**	**–**	**75,324,926**	**–**	**41,645,444**	**275,153,782**
Depreciation and amortization	**75,618,894**	**59,037,585**	**756,240**	**–**	**711,124**	**13,908,640**	**150,032,483**

**Center for International Trade Expositions and Missions*

	2024						
	Financial Center	Makati Center	CITEM*	Buendia	Others	Corporate	Total
Segment income	₱929,960,749	₱342,157,075	₱35,431,361	₱7,754,984	₱22,146,878	₱94,029,408	₱1,431,480,455
Segment expenses	(458,741,452)	(75,973,767)	(9,445,603)	(2,645,119)	(31,215,869)	(177,423,572)	(755,445,382)
Segment profit (loss)	471,219,297	266,183,308	25,985,758	5,109,865	(9,068,991)	(83,394,164)	676,035,073
Finance charges	–	–	–	–	–	(12,947)	(12,947)
Income (loss) before income tax	471,219,297	266,183,308	25,985,758	5,109,865	(9,068,991)	(83,407,111)	676,022,126
Provision for income tax	–	–	–	–	–	(147,032,221)	(147,032,221)
Net income (loss)	471,219,297	266,183,308	25,985,758	5,109,865	(9,068,991)	(230,439,332)	528,989,905
Other comprehensive income	–	–	–	–	–	45,686,544	45,686,544
Total comprehensive income (loss)	₱471,219,297	₱266,183,308	₱25,985,758	₱5,109,865	(₱9,068,991)	(₱184,752,788)	₱574,676,449
Segment assets	₱35,504,142,139	₱6,128,077,621	₱64,286,518	₱5,659,123,881	₱23,181,744	₱2,775,462,523	₱50,154,274,426
Segment liabilities	–	–	–	–	–	987,938,362	987,938,362
Capital expenditures:							
Investment properties	8,257,605	106,989,284	–	–	–	–	115,246,889
Property and equipment	47,235,769	125,692,752	70,500,506	–	–	49,628,965	293,057,992
Depreciation and amortization	98,130,834	67,515,623	1,004,188	–	711,124	6,605,010	173,966,779

**Center for International Trade Expositions and Missions*

	2023						
	Financial Center	Makati Center	CITEM*	Buendia	Others	Corporate	Total
Segment income	₱909,488,177	₱434,066,549	₱37,455,795	₱9,650,604	₱4,129,242	₱49,289,628	₱1,444,079,995
Segment expenses	(451,125,355)	(160,627,480)	(9,523,886)	(2,610,286)	(7,114,440)	(73,057,649)	(704,059,096)
Segment profit	458,362,822	273,439,069	27,931,909	7,040,318	(2,985,198)	(23,768,021)	740,020,899
Finance charges	–	–	–	–	–	(1,534)	(1,534)
Income (loss) before income tax	458,362,822	273,439,069	27,931,909	7,040,318	(2,985,198)	(23,769,555)	740,019,365
Provision for income tax	–	–	–	–	–	(130,500,910)	(130,500,910)
Net income (loss)	458,362,822	273,439,069	27,931,909	7,040,318	(2,985,198)	(154,270,465)	609,518,455
Other comprehensive income	–	–	–	–	–	10,286,507	10,286,507
Total comprehensive income (loss)	₱458,362,822	₱273,439,069	₱27,931,909	₱7,040,318	(₱2,985,198)	(₱143,983,958)	₱619,804,962
Segment assets	₱36,209,745,652	₱5,989,620,560	₱61,492,937	₱5,585,946,708	₱23,892,868	₱2,159,621,890	₱50,030,320,615
Segment liabilities	–	–	–	–	–	1,438,661,000	1,438,661,000
Capital expenditures:							
Investment properties	–	–	–	–	–	–	–
Property and equipment	287,467	11,455,304	–	–	–	15,700,813	27,443,584
Depreciation and amortization	97,532,124	60,091,268	1,004,876	–	625,181	1,897,509	161,150,958

**Center for International Trade Expositions and Missions*

Rental income and dues presented under Financial Center, Makati Center, CITEM and Buendia amounting to ₱907.9 million or 75% of the total in 2025, ₱927.8 million or 69% of the total in 2024, and ₱604.1 million or 43% of the total in 2023 were generated from the LT Group, Inc. and the entities under common control (see Note 12).

22. Financial Risk Management Objectives and Policies and Fair Value Disclosures

The Company's principal financial instruments are cash in banks, financial assets at FVTPL and financial assets at FVOCI. The Company has various financial assets and financial liabilities such as trade and other receivables, refundable deposits, trade and other payables and security deposits which arise directly from its operations. Management closely monitors the cash fund and financial transactions of the Company. Cash funds are normally deposited with banks considered as related parties, and financial transactions are normally dealt with related parties. These strategies, to an extent, mitigate the Company's interest rate and credit risks.

Exposure to credit, liquidity and foreign currency risks arises in the normal course of the Company's business activities. The main objectives of the Company's financial risk management policies are: (a) to identify and monitor such risks on an ongoing basis, (b) to minimize and mitigate such risks, and (c) to provide a degree of certainty about costs.

The BOD reviews and approves the policies for managing these risks which are described below.

Equity price risk
Equity price risk is the risk that the fair values of investment in equity securities decrease as a result of changes in the levels of equity indices and the value of individual stocks.

The effect on equity and pre-tax income as a result of change in the fair value of equity instruments held as financial assets at FVOCI and financial assets at FVTPL, due to reasonably possible change in equity indices, with all other variables held constant are as follows:

	2025		
	Change in Equity Price	**Effect on Pre-tax Income**	**Effect on Equity***
Financial assets at FVTPL	**3.93%**	**₱133,818**	**₱–**
	-3.93%	**(133,818)**	**–**
Financial assets at FVOCI	**27.64%**	**–**	**57,137,961**
	-27.64%	**–**	**(57,137,961)**

	2024		
	Change in Equity Price	Effect on Pre-tax income	Effect on Equity*
Financial assets at FVTPL	3.56%	₱116,865	₱–
	-3.56%	(116,865)	–
Financial assets at FVOCI	34.64%	–	75,531,524
	-34.64%	–	(75,531,524)

**The impact on the Company's equity for financial assets at FVOCI excludes the impact of transactions affecting income.*

Credit risk
Credit risk refers to the potential loss arising from any failure by counterparties to fulfil their obligations, as and when they fall due.

Credit risk is the risk that the Company will incur a loss because its counterparties failed to discharge their contractual obligations. The Company's credit risks are primarily attributable to cash in banks, trade and other receivables and other financial assets.

The carrying amount of cash in banks, trade and other receivables and refundable deposits represent the Company's maximum exposure to credit risk.

As of December 31, the Company's maximum exposure to credit risk for the components of the statements of financial position follows:

	2025	2024
Financial assets at amortized cost:		
Cash and cash equivalents*	**₱2,330,884,367**	₱1,919,350,776
Trade and other receivables		
Lease receivables	**770,192,676**	948,466,205
Accrued interest receivable	**4,412,968**	10,318,473
Others	**20,021,133**	20,624,734
Refundable deposits	**1,559,378**	1,778,227
	₱3,127,070,522	₱2,900,538,415

**Excludes cash on hand amounting to ₱14,440 and ₱104,440 as of December 31, 2025 and 2024, respectively.*

Credit quality per class of financial assets
Description of the credit quality grades used by the Company follows:

a. *Financial assets at FVTPL and FVOCI*
High grade - Counterparties that are consistently profitable, have strong fundamentals and pays out dividends.

Standard grade - Counterparties that recently turned profitable and have the potential of becoming a high grade Company. These counterparties have sound fundamentals.

Substandard grade - Counterparties that are not yet profitable, speculative in nature but have the potential to turn around fundamentally.

b. Lease receivables

High grade - High probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard grade - Collections are probable due to the reputation and the financial ability of the counterparty to pay.

The tables below show credit quality by class of financial assets based on the Company's credit quality grades (gross of allowance for credit losses):

	2025			
	Stage 1		**Stage 3**	
	High Grade	**Standard Grade**	**Impaired**	**Total**
Cash in banks	**₱174,197,091**	**₱–**	**₱–**	**₱174,197,091**
Cash equivalents	**2,156,687,276**	**–**	**–**	**2,156,687,276**
Financial assets at FVTPL:				
Investment in UITF	**3,369,928**	**–**	**–**	**3,369,928**
Equity securities	**33,373**	**–**	**–**	**33,373**
Financial assets at FVOCI:				
Equity securities	**201,000,000**	**–**	**–**	**201,000,000**
Government securities	**5,694,592**	**–**	**–**	**5,694,592**
Loans and receivables:				
Lease receivables	**770,192,676**	**–**	**–**	**770,192,676**
Accrued interest receivable	**4,412,968**	**–**	**–**	**4,412,968**
Others	**–**	**–**	**20,021,133**	**20,021,133**
Refundable deposit	**–**	**1,559,378**	**–**	**1,559,378**
	₱3,315,587,904	**₱1,559,378**	**₱20,021,133**	**₱3,337,168,415**

	2024			
	Stage 1		Stage 3	
	High Grade	Standard Grade	Impaired	Total
Cash in banks	₱429,822,607	₱–	₱–	₱429,822,607
Cash equivalents	1,489,528,169	–	–	1,489,528,169
Financial assets at FVTPL:				
Investment in UITF	3,245,385	–	–	3,245,385
Equity securities	33,430	–	–	33,430
Financial assets at FVOCI:				
Equity securities	212,400,000	–	–	212,400,000
Government securities	5,628,591	–	–	5,628,591
Loans and receivables:				
Lease receivables	948,466,205	–	–	948,466,205
Accrued interest receivable	10,318,473	–	–	10,318,473
Others	–	603,601	20,021,133	20,624,734
Refundable deposit	–	1,778,227	–	1,778,227
	₱3,099,442,860	₱2,381,828	₱20,021,133	₱3,121,845,821

As of December 31, 2025 and 2024, the Company determined that it has no financial assets classified under Stage 2 since there were no outstanding financial assets that showed a significant increase in credit risk from initial recognition while not yet being considered credit-impaired.

In 2025, 2024 and 2023, there is no set up of additional provisions on these receivables since management assessed that there is no credit risk arising from these receivables due to continuous collections from the related counterparties.

The credit risk exposure on the financial assets computed in 2024 is still consistent for the current year, as set out in the provision matrix below:

December 31, 2025:

		Trade and other receivables					
			Days past due				
(in millions)	**Refundable deposits**	**Current**	**<31 days**	**31-60 days**	**61-90 days**	**> 90 days**	**Total**
Expected credit loss rate	**-%**	**0.01% - 2.57%**	**0.05% - 4.67%**	**0.05% - 6.74%**	**0.90% - 8.98%**	**2.00% - 8.98%**	
Total gross carrying amount	**₱1.6**	**₱301.7**	**₱–**	**₱0.2**	**₱0.4**	**₱492.3**	**₱796.2**
Subjected to lifetime ECL	**–**	**–**	**–**	**–**	**–**	**20.0**	**20.0**
Estimated total gross carrying amount at default	**1.6**	**301.7**	**–**	**0.2**	**0.4**	**472.3**	**776.2**
Expected credit loss - 12-month ECL	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Expected credit loss - lifetime ECL	**–**	**–**	**–**	**–**	**–**	**20.0**	**20.0**
Expected credit loss (Note 6)	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱20.0**	**₱20.0**

December 31, 2024:

		Trade and other receivables					
			Days past due				
(in millions)	Refundable deposits	Current	<31 days	31-60 days	61-90 days	> 90 days	Total
Expected credit loss rate	-%	0.01% - 4.23%	0.05% - 4.96%	0.05% - 5.46%	0.90% - 8.97%	2.00% - 10.28%	
Total gross carrying amount	₱1.8	₱292.1	₱27.7	₱5.7	₱24.8	₱629.2	₱981.2
Subjected to lifetime ECL	–	–	–	–	–	20.0	20.0
Estimated total gross carrying amount at default	1.8	292.1	27.7	5.7	24.8	609.2	961.2
Expected credit loss - 12-month ECL	–	–	–	–	–	–	–
Expected credit loss - lifetime ECL	–	–	–	–	–	20.0	20.0
Expected credit loss (Note 6)	₱–	₱–	₱–	₱–	₱–	₱20.0	₱20.0

Concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities having similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Company's financial strength and undermine public confidence. Concentration risk per business.

Concentration risk of the Company could arise from revenue from a certain customer, particularly with related parties which comprises 75% of the total revenue.

Liquidity risk
Liquidity risk is defined as risk that the Company would not be able to settle or meet its obligations on time or at a reasonable price. The Company maintains sufficient cash in order to fund its operations.

The following tables show the maturity profile of the Company's other financial liabilities (undiscounted amounts of principal and related interest) as well as the undiscounted cash flows from financial assets used for liquidity management.

As of December 31, 2025:

	On demand	**Less than 1 year**	**More than 1 year**	**Total**
Financial liabilities:				
Trade and other payables:				
Accrued expenses	**₱–**	**₱146,451,635**	**₱–**	**₱146,451,635**
Accounts payables	**–**	**15,285,952**	**–**	**15,285,952**
Others	**–**	**6,190,418**	**–**	**6,190,418**
Security deposits*	**–**	**95,219,673**	**250,685,309**	**345,904,982**
	₱–	**₱263,147,678**	**₱250,685,309**	**₱513,832,987**
Financial assets:				
Cash and cash equivalents	**₱2,330,898,807**	**₱–**	**₱–**	**₱2,330,898,807**
Financial assets at FVTPL	**–**	**3,403,301**	**–**	**3,403,301**
Trade and other receivables	**–**	**774,605,644**	**–**	**774,605,644**
	₱2,330,898,807	**₱778,008,945**	**₱–**	**₱3,108,907,752**

**Including interest to maturity amounting to ₱34.4 million*

As of December 31, 2024:

	On demand	Less than 1 year	More than 1 year	Total
Financial liabilities:				
Trade and other payables:				
Accounts payables	₱–	₱ 94,415,088	₱–	₱ 94,415,088
Accrued expenses	–	147,312,602	–	147,312,602
Other	–	6,490,647		6,490,647
Security deposits*	–	29,349,886	212,736,340	242,086,226
	–	277,568,223	212,736,340	490,304,563
Financial assets:				
Cash and cash equivalents	₱1,919,455,216	₱–	₱–	₱1,919,455,216
Financial assets at FVTPL	–	3,278,815	–	3,278,815
Trade and other receivables	–	959,388,279	–	959,388,279
	₱1,919,455,216	₱962,667,094	₱–	₱2,882,122,310

**Including interest to maturity amounting to ₱34.4 million*

Fair Value Information

Presented below is the comparison of the carrying values and fair values of the Company's financial assets and liabilities that are presented in the statements of financial position.

	December 31, 2025		December 31, 2024	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets				
Cash on hand	**₱14,440**	**₱14,440**	₱104,440	₱104,440
Cash in banks	**174,197,091**	**174,197,091**	429,822,607	429,822,607
Cash equivalent	**2,156,687,276**	**2,156,687,276**	1,489,528,169	1,489,528,169
Financial assets at FVTPL*	**3,403,301**	**3,403,301**	3,278,815	3,278,815
Financial assets at FVOCI	**206,694,592**	**206,694,592**	218,028,591	218,028,591
Trade and other receivables:				
Lease receivables	**770,192,676**	**770,192,676**	948,466,205	948,466,205
Interest	**4,412,968**	**4,412,968**	10,318,473	10,318,473
Others	**–**	**–**	603,601	603,601
Refundable deposits*	**1,559,378**	**1,559,378**	1,778,227	1,778,227
	₱3,317,161,722	**₱3,317,161,722**	₱3,101,929,128	₱3,101,929,128
Financial Liabilities				
Trade and other payables:				
Accrued expenses	**₱146,451,635**	**₱146,451,635**	₱147,312,602	₱147,312,602
Accounts payable	**15,285,952**	**15,285,952**	94,415,088	94,415,088
Others	**6,190,418**	**6,190,418**	6,490,647	6,490,647
Security deposits**	**311,479,492**	**311,479,492**	242,086,226	242,086,226
	₱479,407,497	**₱479,407,497**	₱490,304,563	₱490,304,563

**Presented as part of "Other current assets" account.*
***Presented as part of "Deposits and other liabilities" account.*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash, trade and other receivables, loans payable and trade and other payables
The carrying values of the cash, trade and other receivables, trade and other payables and loans payable approximate their fair values due to the short-term nature of these financial instruments.

Equity securities at FVTPL and FVOCI
Fair values are generally based on quoted market prices.

Government securities at FVOCI
Fair values are generally based upon quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Refundable deposits
The carrying value of deposits is the best estimate of its fair value since the related contracts and agreements pertaining to these deposits have indeterminable terms.

Security deposits
The fair values of security deposits are estimated using the discounted cash flow method based on the discounted value of future cash flows using the applicable risk-free rates for similar types of instruments. The discount rates used range from 4.00% to 7.00% as of December 31, 2025 and 2024. Management has determined the inputs to be Level 3.

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- quoted prices in active markets for identical assets (Level 1);
- those involving inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices) (Level 2); and,
- those inputs for the asset that are not based on observable market data (unobservable inputs) (Level 3).

In 2025 and 2024, there were no transfers between Levels 1 and 2 fair value measurements, and no transfers into and out of Level 3 measurements.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other revaluation models.

23. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating, complies with externally imposed capital requirements and maintains healthy capital ratios in order to support its business and maximize stockholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes for the years ended December 31, 2025, 2024 and 2023. Accordingly, the Company is not subject to externally imposed capital requirements.

The table below summarizes the total capital considered by the Company:

	2025	2024
Capital stock	**₱46,932,100,000**	₱46,932,100,000
Retained earnings	**2,469,332,149**	2,067,653,217
	₱49,401,432,149	₱48,999,753,217

24. Supplementary Information Required Under Revenue Regulations No. 15-2010

The Company reported and/or paid the following types of taxes in 2025:

Value Added Tax (VAT)

a. The Company is a VAT-registered company with output VAT declaration as follows:

	Net Sales/ Receipts	Output VAT
VATable sales	₱970,457,571	₱116,454,909
Government sales	74,735,065	8,968,208
Zero-rated sales	131,413,225	–
	₱1,176,605,861	₱125,423,116

Prior to the implementation of the Ease of Paying Taxes (EOPT) Law, the Company's revenues per VAT returns were based on actual collections received. After the implementation of the EOPT Law, revenues per VAT returns are based on amounts invoiced. Hence, revenues per VAT returns may not be the same as the amounts recognized in the statement of comprehensive income.

b. Details of the Company's input VAT for 2025 follow:

Balance at January 1	₱–
Current year's transactions:	
Domestic purchases of goods other than capital goods	957,671
Domestic purchases of services	46,691,707
Purchases of capital goods exceeding ₱1.0 million	1,707,149
Purchases of capital goods not exceeding ₱1.0 million	386,617
VAT withheld on sales to government	3,736,753
Services rendered by nonresidents	16,039,626
	69,519,523
Less: Input VAT claimed as deduction from output VAT	(69,519,523)
Balance at December 31	₱–

Taxes and Licenses

Other taxes and licenses (local and national) for 2024 included under "General and administrative expenses" and "Cost of rental income" are as follow:

Real property tax	₱146,056,657
Business taxes	15,633,504
Documentary stamp taxes	1,483,175
Other percentage taxes	1,326,872
Other licenses and permits fees	653,998
Total	₱165,154,206

Withholding Taxes

Withholding taxes on compensation	₱26,888,901
Expanded withholding taxes	15,715,189
Final withholding VAT	16,039,626
Total	₱58,643,716

Tax Assessments/Cases

In 2025, the Company has ongoing tax assessments for the following period and tax types:

Period	Tax Type	Stage
Taxable Year 2021	All Internal Revenue Taxes	Preliminary Stage
Taxable Year 2022	All Internal Revenue Taxes except VAT - 1st Semester	Preliminary Stage

Apart from the above, the Company does not have any pending tax cases, litigations and/or prosecution in courts or bodies outside the BIR in 2025.

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
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
PNB Holdings Corporation
2nd Floor, PNB Financial Center
President Diosdado Macapagal Boulevard, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of PNB Holdings Corporation (the Company) as at December 31, 2025 and 2024 and for the three years in the period ended December 31, 2025, included in this Form 17-A, and have issued our report thereon dated March 10, 2026. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company'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 financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 109712-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-109-2023, October 26, 2023, valid until October 25, 2026
PTR No. 10765025, January 2, 2026, Makati City

March 10, 2026

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
PNB Holdings Corporation
2nd Floor, PNB Financial Center
President Diosdado Macapagal Boulevard, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of PNB Holdings Corporation (the Company) as at December 31, 2025 and 2024 and for the three years in the period ended December 31, 2025, and have issued our report thereon dated March 10, 2026. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company'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 financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2025 and 2024 and for the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
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PTR No. 10765025, January 2, 2026, Makati City

March 10, 2026

PNB HOLDINGS CORPORATION
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2025, 2024 and 2023

Ratio	Formula	**2025**	2024	2023
Current ratio[1]	Current assets / Current liabilities	**8.894**	6.422	4.939
Acid test ratio	Quick assets[2] / Current liabilities	**8.314**	5.880	4.669
Solvency ratio	EBITDA / Total debt[3]	**N/A[4]**	N/A[4]	N/A[4]
Debt-to-equity ratio	Total liabilities / Total equity	**0.018**	0.019	0.030
Asset-to-equity ratio	Total assets / Total equity	**1.018**	1.019	1.030
Interest rate coverage ratio	EBITDA / Interest expense[4]	**N/A[4]**	N/A[4]	N/A[4]
Return on equity	Net income / Total average equity	**0.008**	0.011	0.013
Return on assets	Net income / Total average assets	**0.008**	0.011	0.012
Net profit margin	Net income / Revenue	**0.331**	0.396	0.437

[1]As restated for 2024 and 2023
[2]Total current assets excluding other current assets
[3]Current and noncurrent portion of long-term debt
[4]Not applicable since the Company has no long-term debt

PNB HOLDINGS CORPORATION

IpNDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

DECEMBER 31, 2025

Supplementary schedule required by Revised Securities Regulation Code Rule 68:

Schedule	Content
I	Retained Earnings Available for Dividend Declaration
II	Map of the Relationships of the Company within the Group
III	Schedule of Audit and Non-audit Fees
IV	Proceeds for Listed Companies that recently offered securities to the Public
Supplementary schedules	
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Long-Term Debt
E	Indebtedness to Related Parties
F	Guarantees of Securities of Other Issuers
G	Capital Stock

SCHEDULE I

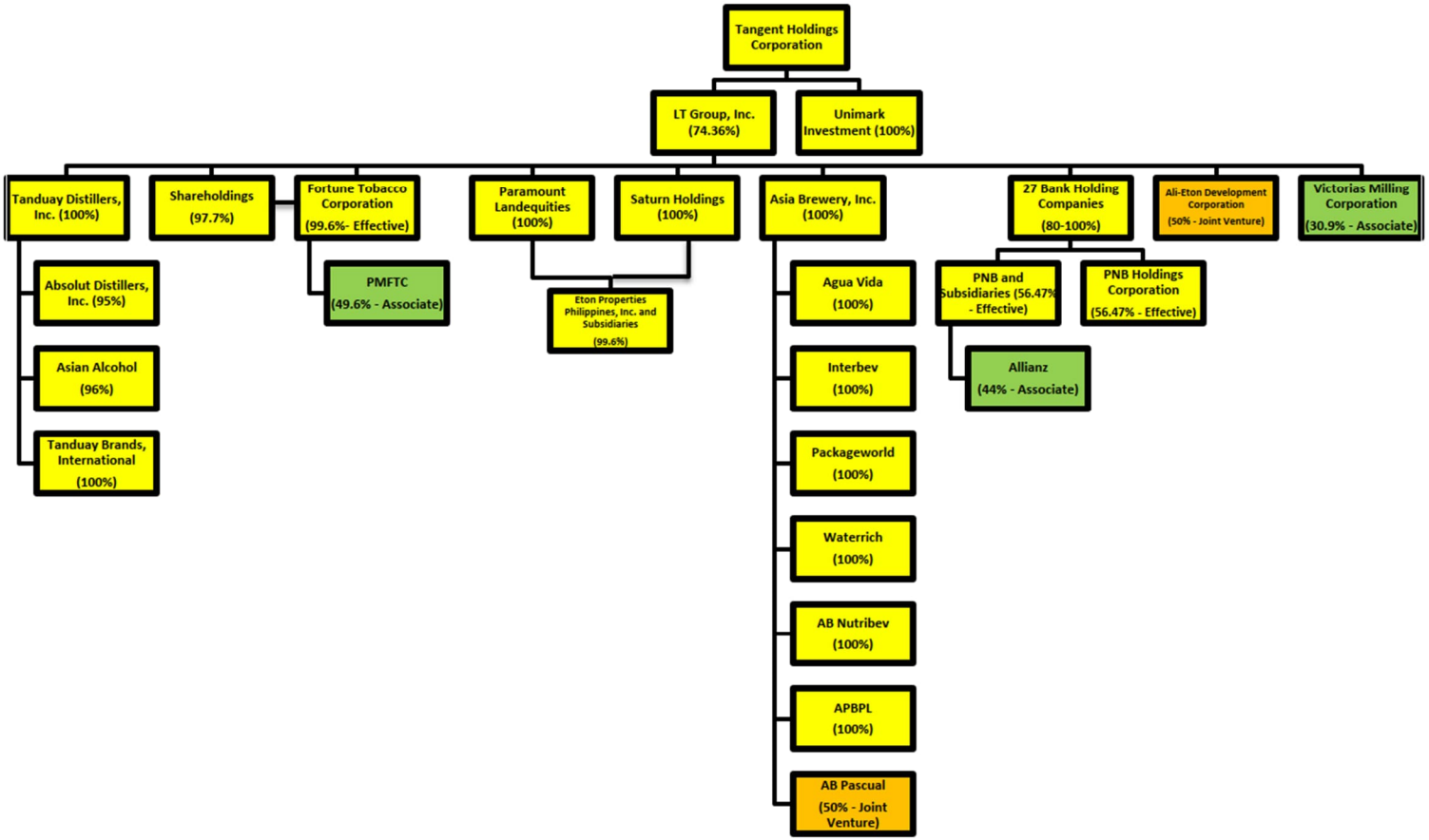
PNB HOLDINGS CORPORATION
SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2025

Unappropriated retained earnings as at December 31, 2024			**₱1,992,693,388**
Add:	**Category A: Items that are directly credited to unappropriated retained earnings**		
	Reversal of retained earnings appropriation/s	–	
	Effects of restatements or prior-period adjustments	–	–
Less:	**Category B: Items that are directly debited to unappropriated retained earnings**		
	Dividend declaration during the reporting period	–	
	Retained earnings appropriated during the reporting period	–	
	Effects of restatements or prior-period adjustments	–	–
Unappropriated retained earnings at December 31, 2024, as adjusted			**1,992,693,388**
Add:	**Net income for the current year**		**401,678,932**
Less:	**Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)**		
	Unrealized fair value adjustment on financial instruments at fair value through profit or loss (FVTPL)	(105,813)	
	Equity in net income/losses of associates/joint ventures, net of dividends	–	
	Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
	Unrealized fair value gain of investment property	–	
	Sub-total		**(105,813)**
Add:	**Category C.2: Unrealized income recognized in the profit or loss in prior 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 on financial instruments at FVPTL	–	
	Realized fair value gain of investment property	–	
	Sub-total		**–**
Add:	**Category C.3: Unrealized income recognized in the 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 on financial instruments at FVPTL	–	
	Reversal of previously recorded fair value gain of investment property	–	
	Sub-total		**–**
Adjusted net income			**401,573,119**
Add:	**Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)**		
	Depreciation on revaluation increment (after tax)	–	
	Sub-total		**–**
Add:	**Category E: Adjustments related to relief granted by the SEC and BSP**		
	Amortization of the effect of reporting relief	–	
	Total amount of reporting relief granted during the year	–	
	Sub-total		**–**
Add/ Less:	**Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution**		
	Net movement of deferred tax assets not considered in the reconciling items under the previous categories	(5,215,115)	
	Net movement of deferred tax assets and deferred tax liabilities related to same transactions	–	
	Net movement of treasury share (except reacquisition of redeemable share)	–	
	Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
	Sub-total		**(5,215,115)**
Total Retained Earnings Available for Dividend as at December 31, 2025			**₱2,389,051,392**

SCHEDULE II

PNB HOLDINGS CORPORATION

MAP OF THE RELATIONSHIPS OF THE COMPANY WITHIN THE GROUP



SCHEDULE III

PNB HOLDINGS CORPORATION
SCHEDULE OF AUDIT AND NON-AUDIT FEES

	2025	2024
Total Audit Fees	**₱1,430,000**	₱650,000
Non-Audit Services Fees:		
Other Audit Services	**–**	300,000
All Other Services	**–**	–
Total Non-Audit Fees	**–**	300,000
Total Audit and Non-Audit Fees	**₱1,430,000**	₱950,000

SCHEDULE IV

PNB HOLDINGS CORPORATION

SCHEDULE OF PROCEEDS FOR LISTED COMPANIES THAT RECENTLY OFFERED SECURITIES TO THE PUBLIC

DECEMBER 31, 2025

1. Gross and net proceeds as disclosed in the final prospectus **(Not applicable)**

   _____

2. Actual gross and net proceeds **(Not applicable)**

   _____

3. Each expenditure item where the proceeds were used **(Not applicable)**

   _____

4. Balance of the proceeds as of end of reporting period **(Not applicable)**

   _____

SCHEDULE A

PNB HOLDINGS CORPORATION
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2025

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Income Received and Accrued
Cash in Banks and Cash Equivalents			
Philippine Peso and US Dollar Deposits			
Philippine National Bank	₱2,330,764,887	₱2,330,764,887	₱105,031,734
Union bank of the Philippines	119,480	119,480	–
Financial Assets at FVTPL			
PNB Prime Peso Money Market Fund			
Philippine National Bank	2,650,000	3,369,928	–
Equity Securities	16,664 shares	33,373	–
Financial Assets at FVOCI			
Government Securities	6,000,000	5,694,592	270,000
Golf Clubs	5 shares	201,000,000	–
		₱ 2,540,982,260	₱ 105,301,734

SCHEDULE B

PNB HOLDINGS CORPORATION

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2025

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period

The Company has no receivables from its directors, officers, employees, related parties and principal stockholders as of December 31, 2025.

SCHEDULE C

PNB HOLDINGS CORPORATION

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2025

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Period

The Company has no subsidiaries; hence, it is not required to prepare consolidated financial statements.

SCHEDULE D

PNB HOLDINGS CORPORATION
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2025

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under Caption "Current Portion of Long-term Debt" in related Statement of Financial Position	Amount Shown under Caption "Long-term Debt" in related Statement of Financial Position
The Company has no long-term debt as of December 31, 2025.			

SCHEDULE E

PNB HOLDINGS CORPORATION
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED PARTIES)
DECEMBER 31, 2025

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
The Company has no long-term loans from related parties as of December 31, 2025.		

SCHEDULE F

PNB HOLDINGS CORPORATION

SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2025

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount of Guaranteed and Outstanding	Amounted Owned by Person for which Statement is Filed	Nature of Guarantee
Not applicable				

SCHEDULE G

PNB HOLDINGS CORPORATION

SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK

DECEMBER 31, 2025

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding at Shown Under related Balance Sheet	Number of Shares for Options, Warrants, Conversion and Other Rights	Number of Shares held by Related Parties	Directors, Officers and Employees	Others
Common Stock	50,500,000,000	46,932,100,000	–	46,932,099,100	9	–

C O V E R S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	0	0	0	0	1	0	5	6	

C O M P A N Y N A M E

P	N	B		H	O	L	D	I	N	G	S		C	O	R	P	O	R	A	T	I	O	N						

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

2	N	D		F	L	O	O	R	,		P	N	B		F	I	N	A	N	C	I	A	L						
C	E	N	T	E	R	,		P	R	E	S	I	D	E	N	T		D	I	O	S	D	A	D	O				
M	A	C	A	P	A	G	A	L		B	O	U	L	E	V	A	R	D	,		P	A	S	A	Y				
C	I	T	Y																										

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N A

C O M P A N Y I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
phc.sec.mailbox@pnbholdings.com.ph	(02) 8814-1678	0917 585 0068

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
9	4/21	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
Maryknoll B. Zamora	maryknoll.zamora@pnbholdings.com.ph	(02) 8814-1678	0917-585-0094

CONTACT PERSON'S ADDRESS

4th Floor, PNB Makati Center, 6754 Ayala Avenue, Brgy. San Lorenzo, Makati City 1226

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
PNB Holdings Corporation
2nd Floor, PNB Financial Center
President Diosdado Macapagal Boulevard, Pasay City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PNB Holdings Corporation (the Company) which comprise the statements of financial position as at December 31, 2024, 2023 and 2022 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, 2023 and 2022 and its financial performance and its cash flows for each of 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 Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 24 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of PNB Holdings Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-109-2023, October 26, 2023, valid until October 25, 2026
PTR No. 10465281, January 2, 2025, Makati City

February 26, 2025

PNB HOLDINGS CORPORATION
STATEMENTS OF FINANCIAL POSITION

	December 31		
	2024	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 4 and 12)	**₱1,919,455,216**	₱1,761,523,579	₱1,144,129,799
Trade and other receivables (Note 6)	**959,388,279**	1,633,870,678	806,665,961
Other current assets (Note 7)	**570,242,761**	218,599,497	389,410,060
Total Current Assets	**3,449,086,256**	3,613,993,754	2, 340,205,820
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI) (Note 5)	**218,028,591**	161,930,944	154,829,171
Investment properties (Note 8)	**46,176,006,148**	46,227,211,551	46,386,357,605
Property and equipment (Note 9)	**311,153,431**	25,609,926	171,246
Deferred income tax assets - net (Note 17)	**–**	1,574,440	15,124,999
Total Noncurrent Assets	**46,705,188,170**	46,416,326,861	46,556,483,021
TOTAL ASSETS	**₱50,154,274,426**	₱50,030,320,615	₱48,896,688,841
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables (Note 10)	**₱431,512,283**	₱416,700,924	₱294,870,904
Current portion of deposits and other current liabilities (Note 11)	**58,108,682**	300,721,899	90,124,721
Income tax payable	**–**	9,745,679	44,840,354
Total Current Liabilities	**489,620,965**	727,168,502	429,835,979
Noncurrent Liabilities			
Deposits and other noncurrent liabilities - net of current portion (Note 11)	**451,291,427**	711,492,498	494,998,209
Retirement liability (Note 16)	**5,646,594**	–	–
Deferred income tax liabilities - net (Note 17)	**41,379,376**	–	–
Total Noncurrent Liabilities	**498,317,397**	711,492,498	494,998,209
Total Liabilities	**987,938,362**	1,438,661,000	924,834,188
Equity			
Capital stock (Note 18)	**46,932,100,000**	46,932,100,000	46,932,100,000
Retained earnings (Note 18)	**2,067,653,217**	1,538,663,312	929,144,857
Other comprehensive income (Notes 5 and 16)	**166,582,847**	120,896,303	110,609,796
Total Equity	**49,166,336,064**	48,591,659,615	47,971,854,653
TOTAL LIABILITIES AND EQUITY	**₱50,154,274,426**	₱50,030,320,615	₱48,896,688,841

See accompanying Notes to Financial Statements.

PNB HOLDINGS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023	2022
INCOME			
Rental income and dues (Notes 8 and 13)	**₱1,337,451,049**	₱1,394,790,366	₱1,421,787,347
Interest and other income (Note 13)	**94,029,406**	49,289,629	77,379,660
	1,431,480,455	1,444,079,995	1,499,167,007
COSTS AND EXPENSES			
Cost of rental income (Notes 8 and 14)	**(575,052,738)**	(609,031,113)	(576,817,791)
General and administrative expenses (Note 14)	**(180,392,644)**	(95,027,983)	(32,533,585)
Finance charges (Note 15)	**(12,947)**	(1,534)	(1,336,984)
	(755,458,329)	(704,060,630)	(610,688,360)
INCOME BEFORE INCOME TAX	**676,022,126**	740,019,365	888,478,647
PROVISION FOR INCOME TAX (Note 17)			
Current	**111,827,564**	118,765,619	187,143,301
Deferred	**35,204,657**	11,735,291	34,468,055
	147,032,221	130,500,910	221,611,356
NET INCOME	**528,989,905**	609,518,455	666,867,291
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that recycles to profit or loss in subsequent periods			
Net changes in unrealized losses on financial assets at FVOCI (Note 5)	**(180,452)**	(20,128)	(582,745)
Item that does not recycle to profit or loss in subsequent periods			
Net changes in unrealized gains on financial assets at FVOCI, net of deferred income tax effect (Note 5)	**47,863,452**	10,306,635	40,377,412
Actuarial loss on retirement liability, net of deferred income tax effect (Note 16)	**(1,996,456)**	–	–
	45,886,996	10,306,635	40,377,412
	45,686,544	10,286,507	39,794,667
TOTAL COMPREHENSIVE INCOME	**₱574,676,449**	₱619,804,962	₱706,661,958
BASIC AND DILUTED EARNINGS PER SHARE (Note 20)	**₱1.127**	₱1.299	₱1.421

See accompanying Notes to Financial Statements.

PNB HOLDINGS CORPORATION

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

				Other Comprehensive Income (Loss)			
		Retained Earnings (Note 18)		Net Unrealized Gains on Financial Assets at FVOCI	Actuarial Loss on Retirement Liability		
	Capital Stock (Note 18)	Unappropriated	Appropriated	(Note 5)	(Note 16)	Total	**Total**
BALANCES AS AT JANUARY 1, 2022	**₱46,932,100,000**	**₱261,277,566**	**₱1,000,000**	**₱70,815,129**	**₱–**	**₱70,815,129**	**₱47,265,192,695**
Net income	–	666,867,291	–	–	–	–	666,867,291
Other comprehensive income	–	–	–	39,794,667	–	39,794,667	39,794,667
Total comprehensive income	–	666,867,291	–	39,794,667	–	39,794,667	706,661,958
Reversal of appropriated retained earnings	–	1,000,000	(1,000,000)	–	–	–	–
BALANCES AS AT DECEMBER 31, 2022	**46,932,100,000**	**929,144,857**	**–**	**110,609,796**	**–**	**110,609,796**	**47,971,854,653**
Net income	–	609,518,455	–	–	–	–	609,518,455
Other comprehensive income	–	–	–	10,286,507	–	10,286,507	10,286,507
Total comprehensive income	–	609,518,455	–	10,286,507	–	10,286,507	619,804,962
BALANCES AS AT DECEMBER 31, 2023	**46,932,100,000**	**1,538,663,312**	**–**	**120,896,303**	**–**	**120,896,303**	**48,591,659,615**
Net income	–	528,989,905	–	–	–	–	528,989,905
Other comprehensive income (loss)	–	–	–	47,683,000	(1,996,456)	45,686,544	45,686,544
Total comprehensive income (loss)	–	528,989,905	–	47,683,000	(1,996,456)	45,686,544	574,676,449
BALANCES AS AT DECEMBER 31, 2024	**₱46,932,100,000**	**₱2,067,653,217**	**₱–**	**₱168,579,303**	**(₱1,996,456)**	**₱166,582,847**	**₱49,166,336,064**

See accompanying Notes to Financial Statements.

PNB HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱676,022,126**	₱740,019,365	₱888,478,647
Adjustments for:			
Depreciation (Notes 8 and 9)	**173,966,779**	161,150,958	158,931,941
Interest income (Notes 4, 5 and 13)	**(92,130,176)**	(48,605,110)	(6,014,706)
Retirement benefits cost (Notes 14 and 16)	**2,984,652**	–	–
Mark-to-market gain on financial assets at FVTPL (Notes 7 and 13)	**(112,843)**	(131,612)	(41,495)
Interest expense and other finance charges (Note 15)	**12,947**	1,534	1,336,984
Day 1 gain on security deposits (Note 13)	**–**	–	(2,251,276)
Operating income before working capital changes	**760,743,485**	852,435,135	1,040,440,095
Decrease (increase) in:			
Trade and other receivables	**682,327,225**	(825,231,031)	(549,377,140)
Other current assets	**(327,285,831)**	175,942,175	6,983,827
Increase (decrease) in:			
Trade and other payables	**14,798,414**	121,828,488	134,689,504
Deposits and other liabilities	**(502,814,288)**	427,091,467	(12,131,173)
Cash generated from operations	**627,769,005**	747,066,234	620,605,113
Income taxes paid, including final tax	**(143,856,627)**	(153,860,294)	(226,660,376)
Interest received	**82,324,140**	46,631,424	5,711,373
Net cash provided by operating activities	**566,236,518**	639,837,364	399,656,110
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment (Note 9)	**(408,304,881)**	(27,443,584)	(208,219)
Retirement of financial assets at FVOCI (Note 5)	**–**	5,000,000	–
Net cash used in investing activities	**(408,304,881)**	(22,443,584)	(208,219)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**157,931,637**	617,393,780	399,447,891
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,761,523,579**	1,144,129,799	744,681,908
CASH AND CASH EQUIVALENTS AT END OF YEAR (Notes 4 and 12)	**₱1,919,455,216**	₱1,761,523,579	₱1,144,129,799

See accompanying Notes to Financial Statements.

PNB HOLDINGS CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issuance of the Financial Statements

Corporate Information

PNB Holdings Corporation (the "Company") was incorporated in the Philippines on May 20, 1920 to invest, subscribe for, sell, transfer, exchange or otherwise dispose of all kinds of stocks, bonds, certificates of deposit, contract of instruments whatsoever representing evidence of title or interest in the capital of any property or assets and leases of all kinds.

The Revised Corporation Code, Republic Act No. 11232, which took effect in 2019 provides that corporations with certificates of incorporation issued prior to the effectivity of this Code, and which continue to exist, shall have perpetual existence, unless the corporation, upon a vote of its stockholders representing a majority of its outstanding capital stock, notifies the Commission that it elects to retain its specific corporate term pursuant to its articles of incorporation.

On October 9, 2020, the Company's Board of Directors (BOD) and stockholders approved the amendments to the secondary purposes of the Company to invest and acquire by purchase, transfer, exchange or otherwise, to own, use, improve, develop, operate, sell, assign, transfer, exchange, lease, mortgage, pledge, and the like, any or all properties of every kind and description and wherever situated and as to the extent permitted by law (including but not limited to real estate, and any right or interest therein), to exercise all rights, powers and privileges of ownership or any other interest therein, including the right to develop, conduct, operate and maintain the real estate business, such as but not limited to the operation, maintenance of commercial spaces for rent, to construct, erect, manage, and administer buildings for commercial, residential, or mixed use purposes to engage in any and all kinds of real estate business. This was subsequently approved by the Philippine Securities and Exchange Commission (SEC) on January 13, 2021.

On October 20, 2020, the Company's BOD and stockholders approved the increase of its authorized capital stock from ₱500.0 million divided into 5.0 million shares with a par value of ₱100.0 per share to ₱50,500.0 million divided into 505.0 million shares with a par value of ₱100.0 per share. On December 11, 2020, the Company filed an application with the Philippine SEC to increase its authorized capital stock which was subsequently approved by the SEC on January 13, 2021. Out of the increase in the authorized capital stock of 500.0 million shares, 466.8 million with a par value of ₱100.0 per share have been subscribed by Philippine National Bank (PNB) through the exchange of real estate properties (see Note 8). This resulted to the Company becoming a wholly owned subsidiary of the bank.

On April 23, 2021, PNB's BOD approved the property dividend declaration of up to 239,353,710 common shares of PNB Holdings Corporation, representing 51.00% ownership, with a par value of ₱100 per share, to all stockholders of record as of May 18, 2021, or ₱23.9 billion. On December 24, 2021, the Philippine SEC issued a certificate of filing the notice of property dividend declaration.

The Company's intermediate parent company is LT Group Inc., a publicly-listed company incorporated and domiciled in the Philippines. The Company's ultimate parent company, Tangent Holdings Corporation, is incorporated in the Philippines.

The Company's registered business address is 2nd Floor, PNB Financial Center, President Diosdado Macapagal Boulevard, Pasay City, Philippines.

Authorization for Issuance of the Financial Statements
The financial statements of the Company as at December 31, 2024, 2023 and 2022 and for each of the three years in the period ended December 31, 2024 were authorized for issuance by the BOD on February 26, 2025.

2. Summary of Material Accounting Policies

Basis of Preparation and Statement of Compliance
The financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) and are presented in Philippine peso (Peso), which is the Company's functional and presentation currency. All amounts are rounded to the nearest Peso except when otherwise indicated.

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards as issued by the Financial Reporting Standards Council (FRSC). PFRSs include statements named PFRSs, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) issued by FRSC.

PFRS Accounting Standards require an entity to present at a minimum a complete set of financial statements for the preceding year, including comparative amounts in the notes to the financial statements. While not mandatory, the Company voluntarily presented a complete set of financial statements, including the notes thereto, for the two preceding comparative periods to help the users of the financial statements.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2024. The 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 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, *Disclosures: 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.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

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

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*

Financial Instruments - Classification and Measurement

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15.

As of December 31, 2024, 2023 and 2022, the Company's financial assets pertain to financial assets at amortized cost (debt instrument), fair value through profit or loss (FVTPL) and fair value through OCI (FVOCI).

Financial assets at FVTPL

Financial assets are measured at FVTPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Company may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Company determines the appropriate classification of financial assets at the time of purchase and re-evaluates its portfolio on a regular basis to ensure that all financial assets are appropriately classified. Classification of financial assets is determined by both the contractual cash flow characteristics of the financial assets (cash flow characteristics test) and the Company's business model for managing the financial assets (business model test). The Company first assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test (Solely Payment of Principal and Interest (SPPI) test). For the purpose of the SPPI test, principal is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium or discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. In contrast, contractual terms that introduce a more than insignificant exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI. In such cases, the financial asset is required to be measured at FVTPL. Only financial assets that pass the SPPI test are eligible to be measured at FVOCI or at amortized cost.

The Company determines its business model at the level that best reflects how it manages Company of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets at FVOCI
The Company's financial assets at FVOCI include quoted debt and equity securities. After initial measurement, financial assets at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of financial assets at FVOCI are excluded, as applicable, from the reported earnings and are included in the statement of comprehensive income as "Net changes in unrealized gains on financial assets at FVOCI".

Debt securities at FVOCI are those that meet both the following conditions: (i) the asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. The effective yield component of debt securities at FVOCI, as well as the impact of the restatement of foreign currency-denominated debt securities at FVOCI, is reported in profit or loss. Interest earned on holding debt securities at FVOCI are reported as 'Interest' in profit or loss using the effective interest rate (EIR) method.

When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the other comprehensive income (OCI) is recognized in the profit or loss. Where the Company holds more than one investment in the same security, these are deemed to be disposed based on specific identification. The expected credit losses (ECL) arising from impairment of such investments are recognized in OCI with a corresponding charge to "Provision for ECL" in profit or loss.

Equity securities designated at FVOCI are those that the Company made an irrevocable election at initial recognition to present in OCI the subsequent changes in fair value. Dividends earned on holding equity securities at FVOCI are recognized in the statement of comprehensive income under "Other income" when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are adjusted to the carrying amount of the investment. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the statement

of comprehensive income is reclassified to "Retained earnings" or any other appropriate equity account upon disposal. Equity securities at FVOCI are not subject to impairment assessment.

Impairment of financial assets
The 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 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.

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

For trade receivables and refundable deposits, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For cash and cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis.

Investment Properties
Investment properties are measured initially at its deemed cost, including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be directly measured in which case the investment property acquired is measured at the carrying amount of the asset given up. The fair value at the date of receipt of the investment properties is considered its deemed cost.

Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and impairment loss, if any.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged against income in the year in which the costs are incurred, unless they meet the capitalization criteria under applicable accounting standards. According to standards, subsequent expenditure should be recognized in the carrying amount of the investment property if it is expected to produce future economic benefits to the entity and its costs can be reliably measured.

Depreciation of investment properties commences once these are available for use and is computed on a straight-line basis over the estimated useful lives of the investment properties as follows:

Category	Years
Buildings	17 to 25
Condominium units	50
Building improvements	10

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment properties when, and only 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 properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

The disclosure of the fair value of investment properties is determined by a Philippine SEC-accredited and independent valuer based on Market Approach using sales and listings of comparable properties having same potential use with the investment properties owned by the Company.

Asset Under Construction

Construction in progress represents costs incurred for the construction of buildings, infrastructure, and other capital projects that are not yet completed. These costs include materials, labor, and overhead directly attributable to the construction activities. Upon completion, the total cost of the project is transferred to the appropriate asset category and depreciated over its useful life.

Expenditures related to construction in progress are capitalized when they meet the criteria for recognition as an asset. Costs that do not meet these criteria are expensed as incurred. The capitalization of costs ceases when the asset is ready for its intended use.

Construction in progress is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized if the carrying amount exceeds the recoverable amount.

Leases

The Company as lessor

In operating leases where the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset, the Company recognizes rental income on a straight-line basis over the lease terms. The Company adds back the initial direct costs incurred in negotiating and arranging an operating lease to the carrying amount of the leased asset and recognizes them as rental income over the lease term on the same basis.

Employee Benefits

Short-term Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits

The Company has a defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes retirement benefits cost, comprising of current service costs and interest costs in profit or loss. Interest is calculated by applying the discount rate to the retirement liability.

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

The retirement liability is the present value of the defined benefit obligation. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Revenue, Income and Cost Recognition

Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Rental income

Rental income arising on leased properties under operating lease is accounted for on a straight-line basis over the lease terms on ongoing leases.

Charges and expenses recoverable from tenants

Income arising from expenses recharged to tenants recorded as "Rental dues" is recognized in the period in which the compensation becomes receivable. The Company is acting as a principal.

Cost of rental income

Cost of rental income is recognized in relation to the leasing activities of the Company. This includes depreciation of the investment properties being leased out, real property taxes and other directly attributable costs.

Interest income

Interest on held-for-trading investments is recognized based on contractual rate. Interest on financial instruments measured at amortized cost and FVOCI are recognized based on effective interest method of accounting to calculates the amortized cost of a financial asset or a financial liability and allocate the interest income or interest expense.

The Company records interest income using the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. In calculating EIR, the Company considers all contractual terms of the financial instrument (for example, prepayment options), and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The Company adjusts the carrying amount of the financial instrument through "Finance charges" in the statement of comprehensive income based on the original EIR.

Mark-to-market gain on financial asset at FVTPL

The Company recognizes in "Other income (charges)" the results arising from trading activities, all gains and losses from changes in fair value of financial assets at FVTPL, and gains and losses from disposal of debt securities at FVOCI.

Income Taxes

Income tax on profit and loss for the year comprises current and deferred tax. Income tax is determined in accordance with Philippine tax laws. Income tax is recognized in profit or loss in the statements of comprehensive income, except to the extent that it relates to items directly recognized in OCI.

Current tax

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

Deferred tax

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

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

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

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

Current income tax and deferred income tax relating to items recognized directly in OCI are recognized in the statement of comprehensive income.

Earnings per Share

The Company presents basic and diluted earnings per share (EPS). Basic and diluted EPS is calculated by dividing the net income by the weighted average number of capital stock outstanding during the year.

Segment Reporting
An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components. The operating results of an operating segment are reviewed regularly by the chief operating decision maker to determine the resources to be allocated to the segment and assess its performance, and for which financial information is available.

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire investment properties and property and equipment.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements requires the Company to exercise judgments, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the financial statements as they become reasonably determinable.
Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that we believed to be reasonable under the circumstances.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the financial statements. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the financial statements as they become reasonably determinable.

Provision for expected credit losses of trade and other receivables and refundable deposits
The Company uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, property collaterals and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Company's historical observed default rates.

The Company uses low credit risks simplification for cash in banks, refundable deposits and government securities at FVOCI.

The assessment of the correlation between historical observed default rates, forecast economic conditions (i.e., gross domestic product) and ECLs are significant estimates. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Company's trade and other receivables is disclosed in Note 6.

Operating lease commitments - the Company as lessor
The Company has entered into commercial property leases of its investment property. The Company has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases (see Notes 8 and 19).

Determination of fair value of financial and nonfinancial instruments
Where the fair values of financial and nonfinancial instruments recorded or disclosed in the financial statements are derived from available market data, they are determined using external valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values (see Notes 8 and 22).

Assessment of impairment of noncurrent nonfinancial assets and estimation of recoverable amount
The Company evaluates its nonfinancial assets, which include investment properties for any impairment in value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

As described in the accounting policy, the Company estimates the recoverable amount as the higher of the asset's fair value less costs to sell and value-in-use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that can materially affect the financial statements.

Accounting Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the financial 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 as follows:

Estimation of allowance for expected credit losses of debt instruments at amortized cost
The level of allowance for loans and receivables is evaluated by management based on past collection history and other factors which include, but are not limited to the length of the Company's relationship with the customer, the customer's payment behavior and known market factors that affect the collectability of the accounts.

As of December 31, 2024, 2023 and 2022, allowance for ECL amounted to ₱20.0 million, ₱20.0 million and ₱36.8 million, respectively (see Note 6).

Other than these, there has been no movement in the allowance for expected credit losses. This is following the management's assessment that all outstanding receivables are collectible during the ordinary course of business.

Estimation of useful lives of nonfinancial assets
The Company estimates the useful lives of its nonfinancial assets based on the period over which the assets are expected to be available for use. The estimated useful lives of the nonfinancial assets are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives of nonfinancial assets would increase depreciation and amortization expense and decrease noncurrent assets.

There were no changes in the estimated useful lives of depreciable nonfinancial assets in 2024, 2023 and 2022. The carrying values of the Company's investment properties (excluding land) amounted to ₱2,904.0 million, ₱2,955.2 million and ₱3,114.4 million as of December 31, 2024, 2023 and 2022, respectively (see Note 8). The carrying values of the Company's property and equipment (excluding construction in progress) amounted to ₱30.0 million, ₱14.3 million and ₱0.1 million as of December 31, 2024, 2023 and 2022, respectively (see Note 9).

Recognition of deferred income tax assets
The Company reviews the carrying amounts at each financial reporting date and adjusts 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. The determination of future taxable profits requires the estimation and use of assumptions about the Company's future taxable income and timing of reversal of temporary differences. The Company recognized deferred income tax assets of ₱72.8 million, ₱69.3 million and ₱89.0 million as of December 31, 2024, 2023 and 2022, respectively (see Note 17).

4. Cash and Cash Equivalents

	2024	2023	2022
Cash on hand	**₱104,440**	₱90,000	₱60,000
Cash in banks (Note 12)	**429,822,607**	527,376,943	545,238,895
Cash equivalents (Note 12)	**1,489,528,169**	1,234,056,636	598,830,904
	₱1,919,455,216	₱1,761,523,579	₱1,144,129,799

Cash in banks and cash equivalents earn interest at the prevailing bank deposit rates. Interest income earned from cash in banks and cash equivalents amounted to ₱91.9 million, ₱48.0 million and ₱4.5 million in 2024, 2023 and 2022, respectively (see Notes 12 and 15).

5. Financial Assets at FVOCI

This account consists of:

	2024	2023	2022
Equity securities	**₱212,400,000**	₱156,121,901	₱144,000,000
Government securities	**5,628,591**	5,809,043	10,829,171
	₱218,028,591	₱161,930,944	₱154,829,171

In 2024, 2023 and 2022, effective annual interest rate of government securities ranges from 5.38% to 6.13%, 5.49% to 6.60% and 2.05% to 7.50%, respectively. Interest income earned on financial assets at FVOCI amounted to ₱0.3 million in 2024, ₱0.6 million in 2023, and ₱1.5 million in 2022 (see Note 15).

The movements in the net unrealized gains on financial assets at FVOCI follow:

	2024	2023	2022
Balance at beginning of year	**₱120,896,303**	₱110,609,796	₱70,815,129
Recycles to profit or loss in subsequent periods			
Changes in fair values of government securities	**(180,452)**	(20,128)	(582,745)
Does not recycle to profit or loss in subsequent periods			
Changes in fair values of equity securities	**₱56,278,099**	₱12,121,901	₱47,400,000
	56,097,647	12,101,773	46,817,255
Deferred income tax effect	**(8,414,647)**	(1,815,266)	(7,022,588)
Net changes in unrealized gains	**47,683,000**	10,286,507	39,794,667
Balance at end of year	**₱168,579,303**	₱120,896,303	₱110,609,796

The movements of financial assets at FVOCI follow:

	2024	2023	2022
Balance at beginning of year	**₱161,930,944**	₱154,829,171	₱108,011,916
Net unrealized fair value gains	**56,097,647**	12,101,773	46,817,255
Retirement	**–**	(5,000,000)	–
Balance at end of year	**₱218,028,591**	₱161,930,944	₱154,829,171

6. Trade and Other Receivables

	2024	2023	2022
Lease receivables (Note 12)	**₱948,466,205**	₱1,627,479,561	₱822,928,436
Interest	**10,318,473**	2,473,647	499,961
Others	**20,624,734**	23,938,603	20,021,133
	979,409,412	1,653,891,811	843,449,530
Allowance for ECL	**(20,021,133)**	(20,021,133)	(36,783,569)
	₱959,388,279	₱1,633,870,678	₱806,665,961

Rollforward of allowance for ECL follows:

	2024	2023	2022
Beginning of year	**₱20,021,133**	₱36,783,569	₱105,855,752
Write-off	**–**	(16,762,436)	–
Reversal (Note 13)	**–**	–	(69,072,183)
End of year	**₱20,021,133**	₱20,021,133	₱36,783,569

Other receivable pertains to advances made to the National Government in relation to the Company's sugar trading operations in the past amounting to ₱20.0 million. A favorable judgment from the office of the Solicitor General on the arbitration case against the Bureau of Treasury involving said advances was affirmed by the Department of Justice in 1998. However, it is not yet certain when the loans and receivables will finally be collected by the Company. As of December 31, 2024, 2023 and 2022, these receivables aggregating to ₱20.0 million were fully provided with allowance for credit losses.

Other than these, there has been no movement in the allowance for expected credit losses.

7. Other Current Assets

	2024	2023	2022
Deferred rent assets	**₱312,141,836**	₱22,430,501	₱182,693,772
Prepayments:			
Real property taxes	**147,251,899**	137,317,725	137,063,662
Others	**6,181,650**	839,536	839,797
Advances to contractors and suppliers	**70,901,622**	18,669,750	31,792,812
Creditable withholding tax	**24,244,590**	–	–
Financial assets at FVTPL (Note 12)	**3,278,815**	3,165,972	3,034,360
Refundable deposits	**1,778,227**	25,618,246	25,593,446
Others	**4,464,122**	10,557,767	8,392,211
	₱570,242,761	₱218,599,497	₱389,410,060

a. Deferred rent assets pertain to difference of rental income based on lease terms over rental income using straight line basis (see Note 19).

b. Other prepayments consist of annual fees and licenses for the building, association dues and other prepaid expenses.

c. Advances to contractors and suppliers are recouped every settlement of progress billings based on percentage of accomplishment of each contract package. The activities related to these advances will be completed within the Company's normal operating cycle.

d. Financial assets at FVTPL

This account consists of the following:

	2024	2023	2022
Investment in UITF (Note 12)	**₱3,245,385**	₱3,111,498	₱2,925,883
Equity securities	**33,430**	54,474	108,477
	₱3,278,815	₱3,165,972	₱3,034,360

The Company recognized net trading gains on financial assets at FVTPL as follows:

	2024	2023	2022
Unrealized fair value gains (losses):			
Investment in UITF (Note 12)	**₱133,887**	₱185,615	(₱19,457)
Equity securities	**(21,044)**	(54,003)	60,952
	₱112,843	₱131,612	₱41,495

The movements of financial assets at FVTPL follow:

	2024	2023	2022
Balance at beginning of year	**₱3,165,972**	₱3,034,360	₱2,992,865
Mark-to-market gain on financial assets at FVTPL	**112,843**	131,612	41,495
Balance at end of year	**₱3,278,815**	₱3,165,972	₱3,034,360

e. Refundable deposits consist principally of amounts paid to utility providers for service applications.

f. Other current assets consist of advances to officers and employees, input VAT and miscellaneous assets.

8. Investment Properties

	2024			
	Land	**Buildings and Building Improvements**	**Condominium Units**	**Total**
Cost				
Beginning of year	**₱43,271,988,143**	**₱3,405,011,857**	**₱35,213,415**	**₱46,712,213,415**
Transfers (Note 9)	**–**	**115,246,889**	**–**	**115,246,889**
End of year	**43,271,988,143**	**3,520,258,746**	**35,213,415**	**46,827,460,304**
Accumulated Depreciation				
Beginning of year	**–**	**469,785,857**	**15,216,007**	**485,001,864**
Depreciation (Note 14)	**–**	**165,741,168**	**711,124**	**166,452,292**
End of year	**–**	**635,527,025**	**15,927,131**	**651,454,156**
Net Book Values	**₱43,271,988,143**	**₱2,884,731,721**	**₱19,286,284**	**₱46,176,006,148**

	2023			
	Land	Buildings and Building Improvements	Condominium Units	Total
Cost				
Beginning and end of year	₱43,271,988,143	₱3,405,011,857	₱35,213,415	₱46,712,213,415
Accumulated Depreciation				
Beginning of year	–	311,264,984	14,590,826	325,855,810
Depreciation (Note 14)	–	158,520,873	625,181	159,146,054
End of year	–	469,785,857	15,216,007	485,001,864
Net Book Values	₱43,271,988,143	₱2,935,226,000	₱19,997,408	₱46,227,211,551

	2022			
	Land	Buildings and Building Improvements	Condominium Units	Total
Cost				
Beginning and end of year	₱43,271,988,143	₱3,405,011,857	₱35,213,415	₱46,712,213,415
Accumulated Depreciation				
Beginning of year	–	153,081,140	13,879,702	166,960,842
Depreciation (Note 14)	–	158,183,844	711,124	158,894,968
End of year	–	311,264,984	14,590,826	325,855,810
Net Book Values	₱43,271,988,143	₱3,093,746,873	₱20,622,589	₱46,386,357,605

a. Rental income arising from the investment properties amounted to ₱1,047.6 million in 2024, ₱1,110.4 million in 2023 and ₱1,107.6 million in 2022 (see Notes 12 and 13). Direct costs arising from the investment properties amounted to ₱575.1 million in 2024, ₱609.0 million in 2023 and ₱576.8 million in 2022 (see Notes 12 and 14).

   Depreciation of investment properties amounting to ₱166.5 million in 2024, ₱159.1 million in 2023 and ₱158.9 million in 2022 was recognized as part of "Cost of rental income" account (see Note 14).

b. The estimated fair value of land, condominium units, and buildings for lease are as follows:

		Fair Value as of December 31		
Property	Approach	**2024**	2023	2022
Land	Market approach	**₱68,706,456,000**	₱61,973,056,000	₱53,181,451,800
Buildings for lease	Market approach	**12,190,636,700**	10,088,841,000	2,939,719,000
Condominium units	Market approach	**170,243,000**	162,947,000	151,935,000
		₱81,067,335,700	₱72,224,844,000	₱56,273,105,800

The estimated fair value of the investment properties was arrived at using the Market Approach. In this approach, the value of the investment properties was based on sales and listings of comparable property having the same potential use with the subject properties (e.g., for future development, for rent) registered within the vicinity. The approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator.

The valuations were performed by a Philippine SEC-accredited and independent valuer. The valuation model used in accordance with that recommended by the International Valuation Standards Council has been applied. These valuation models are consistent with the principles in PFRS 13, *Fair Value Measurement.*

The fair values of investment properties for lease were updated to reflect the value of comparable property registered within the vicinity as of December 31, 2024. The valuation of the buildings for lease has been updated to reflect utilization from the dates of the latest valuation.

The fair values of the Company's investment properties have been determined by the appraisal method by accredited independent external appraiser based on highest and best use of property being appraised. Valuations were derived on the basis of recent sales of similar properties in the same areas and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued.

Description of the valuation techniques used in the valuation of Company's investment properties is as follows:

Valuation Techniques	
Market Data Approach	A process of comparing the subject property being appraised based on the property's highest and best use (i.e., current use of the properties) to similar comparable properties recently sold or being offered for sale.

Significant Unobservable Inputs

Price per square meter	Ranges from ₱84,000 to ₱1,718,000 in 2024, ₱78,600 to ₱900,000 in 2023 and ₱72,000 to ₱900,000 in 2022.
Reproduction cost new	The cost to create a virtual replica of the existing structure, employing the same design and similar building materials.
Size	Size of unit in terms of area. Evaluate if the unit size of property or comparable conforms to the average cut of the units in the area and estimate the impact of unit size differences on condominium unit values.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.
Time element	"An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investors' perceptions of the market over time". In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

c. As disclosed in Note 1, the Company increased its authorized capital stock from ₱500.0 million divided into 5.0 million shares with a par value of ₱100.0 per share to ₱50,500.0 million divided into 505.0 million shares with a par value of ₱100.0 per share. Out of the increase in the authorized capital stock of 500.0 million shares, 466.8 million shares with a par value of ₱100.0 per share have been subscribed by PNB through the exchange of real estate properties (see Note 18) which was recorded initially at fair value amounting to ₱46,677.0 million in 2021.

9. **Property and Equipment**

	2024			
	Furniture, Fixtures & Office Equipment	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost				
Beginning of year	**₱7,768,464**	**₱8,566,649**	**₱11,316,690**	**₱27,651,803**
Additions	**10,825,756**	**12,385,078**	**385,094,047**	**408,304,881**
Transfers (Note 8)	**–**	**–**	**(115,246,889)**	**(115,246,889)**
End of year	**18,594,220**	**20,951,727**	**281,163,848**	**320,709,795**
Accumulated Depreciation				
Beginning of year	**1,756,322**	**285,555**	**–**	**2,041,877**
Depreciation (Note 14)	**4,576,002**	**2,938,485**	**–**	**7,514,487**
End of year	**6,332,324**	**3,224,040**	**–**	**9,556,364**
Net Book Values	**₱12,261,896**	**₱17,727,687**	**₱281,163,848**	**₱311,153,431**

	2023			
	Furniture, Fixtures & Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost				
Beginning of year	₱208,219	₱–	₱–	₱208,219
Additions	7,560,245	8,566,649	11,316,690	27,443,584
End of year	7,768,464	8,566,649	11,316,690	27,651,803
Accumulated Depreciation				
Beginning of year	36,973	–	–	36,973
Depreciation (Note 14)	1,719,349	285,555	–	2,004,904
End of year	1,756,322	285,555	–	2,041,877
Net Book Values	₱6,012,142	₱8,281,094	₱11,316,690	₱25,609,926

	2022			
	Furniture, Fixtures & Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost				
Beginning of year	₱–	₱–	₱–	₱–
Additions	208,219	–	–	208,219
End of year	208,219	–	–	208,219
Accumulated Depreciation				
Beginning of year	–	–	–	–
Depreciation (Note 14)	36,973	–	–	36,973
End of year	36,973	–	–	36,973
Net Book Values	₱171,246	₱–	₱–	₱171,246

10. **Trade and Other Payables**

	2024	2023	2022
Taxes payable:			
Deferred output VAT payable	**₱124,108,332**	₱227,380,190	₱136,761,064
Output tax payable	**52,483,846**	6,173,393	11,290,960
Other tax payable	**6,701,768**	4,430,996	2,971,752
Accrued expenses	**147,312,602**	93,355,447	23,058,571
Accounts payable (Note 12)	**94,415,088**	85,360,898	120,784,411
Others	**6,490,647**	–	4,146
	₱431,512,283	₱416,700,924	₱294,870,904

a. Taxes payable includes output VAT, deferred output VAT, documentary stamp taxes and expanded withholding taxes payable to the Philippine tax authority.

b. Accounts payable includes amount payable to suppliers which are normally settled within the Company's normal operating cycle.

c. Accrued expenses represent various accruals such as utilities and association dues of the Company for its expenses.

d. Other payables consist of advances from officers, retention payable and other nontrade payables.

11. **Deposits and Other Liabilities**

	2024	2023	2022
Security and other deposits (Note 12)	**₱242,086,226**	₱755,079,046	₱266,000,286
Advance rentals (Note 12)	**267,313,883**	257,135,351	319,122,644
	509,400,109	1,012,214,397	585,122,930
Less current portion of:			
Security and other deposits	**29,349,886**	288,047,183	77,450,005
Advance rentals	**28,758,796**	12,674,716	12,674,716
	58,108,682	300,721,899	90,124,721
	₱451,291,427	₱711,492,498	₱494,998,209

Security and other deposits pertain to the amounts paid by tenants at the inception of the lease which are refundable at the end of the lease term. Security and other deposits are initially recorded at fair value, which was obtained by discounting future cash flows using the applicable rates of similar types of instruments.

Advance rentals pertain to deposits from tenants which will be applied against receivables either at the beginning or at the end of lease term, depending on the lease contract.

12. **Related Party Transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company has transacted with LT Group, Inc. and other related parties as follows:

Parent Company and Entities under Common Control
Parent Company
LT Group, Inc. (LTG)

Entities under common control
Allianz PNB Life Insurance, Inc.
Alliedbankers Insurance Corporation
Asia Brewery, Inc.
Basic Holdings Corporation
Eton Properties Management Corporation
Eton Properties Philippines, Inc.
Lucky Travel Corporation
Mabuhay Digital Technologies, Inc.
Macroasia Corporation
Macroasia Mining Corporation
PAL Holdings, Inc.
Philippine Airlines
Philippine National Bank
PNB Capital and Investment Corporation
PNB Employees Savings and Loans Association Inc.
PNB Retirees and Employees Multi Purpose Cooperative
PNB Securities, Inc.
PNB-Mizuho Leasing and Finance Corporation
Tanduay Brands International, Inc.
Watergy Business Solutions, Inc.

The Company has transacted with its parent and other related parties as follows:

	Financial Statement Account		Amount/Volume			Outstanding Balance			Terms and Conditions
			2024	2023	2022	**2024**	2023	2022	
With LTG	Lease receivables	c	**(₱1,334,134)**	₱360,515	₱–	**₱–**	₱1,334,134	₱973,619	Unsecured; noninterest-bearing, not impaired
With subsidiaries of LTG	Cash and cash equivalents	a	**157,817,718**	617,453,780	399,447,891	**1,919,251,296**	1,761,433,579	1,144,069,799	Deposits and placements; interest-bearing
	Financial assets at FVTPL	b	**133,887**	185,615	–	**3,245,386**	3,111,498	2,925,883	Unsecured; noninterest-bearing, not impaired
	Lease receivables	c	**(247,507,749)**	604,093,345	831,804,941	**811,484,449**	1,058,992,198	454,898,853	Unsecured; noninterest-bearing, not impaired
	Advance rental	c	**(163,272,304)**	111,988,706	–	**206,287,398**	237,036,143	257,570,996	Unsecured; noninterest-bearing
	Security deposit	c	**21,367,383**	43,967,591	–	**227,799,490**	206,432,107	162,464,516	Unsecured; noninterest-bearing
	Management fees	d	**39,821,428**	7,939,021	66,594,735	–	39,821,428	47,760,450	Unsecured; noninterest-bearing

As of December 31, 2024, 2023 and 2022, the outstanding related party balances are unsecured and settlement occurs in cash, unless otherwise indicated. The Company has not recorded any impairment of receivables relating to amounts owed by related parties, unless otherwise indicated. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which these related parties operate.

Other terms and conditions related to the above related party balances and transactions are as follows:

a. The Company's cash in banks and cash equivalents are deposited with PNB. Interest income on its cash in banks and cash equivalents amounted to ₱91.9 million, ₱48.0 million and ₱4.5 million in 2024, 2023 and 2022, respectively (see Notes 4 and 15).

b. The Company's investment in UITF Peso Money Market Fund recorded under "Financial assets at FVTPL" account is with PNB. Trading gain (loss) on its investment in UITF amounted to ₱133,887, ₱185,615 and (₱19,457) in 2024, 2023 and 2022, respectively (see Note 7).

c. The Company has various lease contract with its related parties for the use of its office spaces. Outstanding lease receivables as of December 31, 2024, 2023 and 2022 amounted to ₱811.5 million, ₱1,059.0 million and ₱455.9 million, respectively (see Note 6).

   The related security deposits and advance rental received amounted to ₱227.8 million and ₱206.3 million as of December 31, 2024, respectively, ₱206.4 million and ₱237.0 million as of December 31, 2023, respectively, and ₱162.5 million and ₱257.6 million as of December 31, 2022, respectively. Total rental income and rental dues recognized amounted to ₱927.8 million, ₱604.1 million and ₱831.8 million in 2024, 2023 and 2022, respectively (see Notes 11 and 13).

d. The Company has existing service contract agreements with Basic Holdings Corporation, Eton Properties Philippines, Inc. and Eton Properties Management Corporation. Total management fee recognized under "Outside services" amounted to ₱39.8 million, ₱7.9 million and ₱66.59 million in 2024, 2023 and 2022, respectively (see Note 14). Outstanding balance reflected in "Trade and other payables - accounts payable" amounted to nil, ₱39.8 million and ₱47.8 million as of December 31, 2024, 2023 and 2022, respectively (see Note 10).

13. Income

Rental Income and Dues

a. Breakdown as follows:

	2024	2023	2022
Rental income (Notes 8 and 12)	**₱1,047,557,361**	₱1,110,371,106	₱1,107,580,584
Rental dues (Notes 8 and 12)	**289,893,688**	284,419,260	314,206,763
	₱1,337,451,049	₱1,394,790,366	₱1,421,787,347

Rental dues are recognized over time. Rental dues are earned and collected from commercial tenants. There are no contract balances related to the rental dues as of December 31, 2024, 2023 and 2022.

b. Performance Obligations

The Company recognizes rental dues charged to tenants using an input method to measure progress towards complete satisfaction of the services, since the customers simultaneously receive and consume the benefits as the Company performs its obligation. The Company has no outstanding performance obligations as at December 31, 2024, 2023 and 2022.

Interest and Other Income

	2024	2023	2022
Interest income (Note 15)	**₱92,130,176**	₱48,605,110	₱6,014,706
Mark-to-market gain on financial assets at FVTPL (Notes 7 and 12)	**112,843**	131,612	41,495
Day 1 gain on refundable security deposits	**–**	–	2,251,276
Reversal of provision for expected credit losses (Note 6)	**–**	–	69,072,183
Other income	**1,786,387**	552,907	–
	₱94,029,406	₱49,289,629	₱77,379,660

14. Cost and Expenses

a. Cost of Rental Income

	2024	2023	2022
Depreciation (Note 8)	**₱166,452,292**	₱159,146,054	₱158,894,968
Taxes and licenses	**140,767,051**	142,078,291	140,334,781
Utilities	**109,797,447**	69,764,239	96,808,254
Outside services (Note 12)	**105,123,063**	183,283,871	145,847,058
Repairs and maintenance	**21,468,436**	28,680,499	26,017,510
Personnel cost	**19,324,183**	9,352,201	–
Others	**12,120,266**	16,725,958	8,915,220
	₱575,052,738	₱609,031,113	₱576,817,791

Other cost of rental income consists of insurance, supplies, association dues, and rent of low value assets.

b. General and Administrative Expenses

	2024	2023	2022
Personnel cost	**₱78,668,734**	₱33,438,566	₱1,439,599
Outside services	**53,443,166**	22,409,998	18,521,042
Fines and penalties	**11,111,132**	1,124,507	24,500
Taxes and licenses	**9,720,267**	10,674,879	5,893,430
IT-related expenses	**7,966,955**	9,402,392	590,928
Depreciation expense (Note 9)	**7,514,487**	2,004,904	36,973
Trainings, seminars and representation	**4,058,067**	1,553,887	–
Transportation and travel	**2,338,403**	876,277	679,277
Membership and association dues	**1,020,337**	772,880	1,319,644
Supplies expense	**917,947**	1,939,574	1,669,766
Directors' fees	**800,000**	1,325,000	1,800,000
Miscellaneous expenses	**2,833,149**	9,505,119	558,426
	₱180,392,644	₱95,027,983	₱32,533,585

Miscellaneous expenses consist of stationery and supplies, reproduction costs, rent expenses, telecommunication, gas and oil, notarial fees, meal reimbursements, and other expenses.

c. Personnel Cost

	2024	2023	2022
Salaries and wages	**₱90,824,407**	₱42,413,903	₱1,436,174
Retirement benefits (Note 16)	**2,984,652**	–	–
Other employee benefits	**4,183,858**	376,864	3,425
	₱97,992,917	₱42,790,767	₱1,439,599

15. Interest Income and Finance Charges

	2024	2023	2022
Interest income:			
Cash and cash equivalents (Notes 4 and 12)	**₱91,860,176**	₱47,970,110	₱4,548,584
Financial assets at FVOCI (Note 5)	**270,000**	635,000	1,466,122
	₱92,130,176	₱48,605,110	₱6,014,706
Finance charges:			
Interest expense on accretion	**₱–**	₱–	₱1,327,397
Bank service charges and others	**12,947**	1,534	9,587
	₱12,947	₱1,534	₱1,336,984

16. Retirement Liability

Requirement of Republic Act (RA) 7641

RA 7641 provides for the minimum retirement pay to qualified private sector employees in the Philippines. Benefits due under RA 7641 are accounted for as defined benefit plan under PAS 19. However, there are instances when an employer establishes a defined contribution plan and does not have an equivalent defined benefit plan covering the benefits required under RA 7641.

An employee upon reaching the age of 60 years or more, but not beyond 65 years which is declared the compulsory retirement age, who has served at least five years in the said establishment, may retire and shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six months being considered as one whole year.

The Company is in compliance of the minimum requirement of RA 7641 as at December 31, 2024, 2023 and 2022. No retirement benefit was recognized in 2023 and 2022 since the amount is not significant.

Defined Benefit Plan

As of December 31, 2024, 2023 and 2022, the Company does not have an established retirement plan and only conforms to the minimum regulatory benefit under RA7641 which is of the final salary defined benefit type and provides a retirement benefit equal to 22.5 days' pay for every year of credited service. The benefit is paid in a lump sum upon retirement.

On February 26, 2025, the BOD approved the Company's defined benefit plan.

There are no unusual or significant risks to which the retirement liability exposes the Company. However, it should be noted that in the event a benefit claim arises under the retirement liability, the benefit shall immediately be due and payable from the Company.

The principal assumptions used for the purposes of the actuarial valuation in 2024 were as follows:

Discount rate	6.10%
Expected rate of salary increase	5.00%
Average remaining service years	23 years

Amounts recognized in the statements of comprehensive income in 2024 in respect of this defined benefit plan are as follows:

Current service cost	₱2,894,624
Interest cost	90,028
Retirement benefits expense	2,984,652
Actuarial loss recognized in OCI	2,661,942
Total	₱5,646,594

The retirement benefits is charged to cost of rental income and operating expenses under "Personnel cost" account as follows:

Cost of services (Note 14)	₱671,216
Operating expenses (Note 14)	2,313,436
	₱2,984,652

Retirement benefits expense and actuarial loss attributed to key management employees amounted to ₱0.6 million and ₱0.5 million, respectively, in 2024.

Movements in the present value of the retirement liability in 2024 are as follows:

Present value of retirement liability, beginning	₱–
Current service cost	2,894,624
Interest cost	90,028
Actuarial loss due to:	
Experience adjustments	2,510,114
Changes in financial assumptions	151,828
Present value of retirement liability, end	₱5,646,594

Significant actuarial assumptions for the determination of the retirement liability are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Change in Assumption	Increase (Decrease)
Discount rate	+100 basis points	(₱358,751)
	-100 basis points	404,852
Expected salary growth	+100 basis points	405,259
	-100 basis points	(365,579)

The sensitivity analyses presented above may not be representative of the actual change in the retirement liability as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analyses, the present value of the retirement liability has been calculated using the Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the retirement liability recognized in the statements of financial position.

The Company does not expect to make a contribution to the retirement liability during the next financial year.

Shown below is the maturity profile of the undiscounted benefit payments in 2024:

Plan Year	Expected Benefit Payments
Year 1	₱–
Year 2	–
Year 3	–
Year 4	10,834,943
Year 5	2,873,379
Year 6 - 10	16,676,562

The weighted average duration of the retirement liability at the end of 2024 is 6.8 years.

17. **Income Tax**

a. Details of the Company's provision for current income tax follow:

	2024	2023	2022
RCIT	**₱93,515,066**	₱109,044,597	₱186,144,111
Final tax	**18,312,498**	9,721,022	999,190
	₱111,827,564	₱118,765,619	₱187,143,301

b. The Company's recognized deferred income tax assets (liabilities) as of December 31 follow:

	2024	2023	2022
Deferred income taxes recognized in profit or loss:			
Deferred income tax assets on:			
Advance rentals	**₱66,828,472**	₱64,283,838	₱79,780,661
Allowance for ECL	**5,005,283**	5,005,283	9,195,892
Unrealized loss on foreign exchange	**171,277**	–	–
Retirement benefits	**167,804**	–	–
	72,172,836	69,289,121	88,976,553
Deferred income tax liabilities on:			
Deferred rent	**(75,773,004)**	(37,701,561)	(45,673,445)
Accretion of security deposit	**(8,606,373)**	(8,606,373)	(8,606,372)
Unrealized gain on financial assets at FVTPL	**(89,032)**	(72,105)	(52,362)
	(84,468,409)	(46,380,039)	(54,332,179)
Deferred income taxes recognized in other comprehensive income:			
Deferred income tax asset on actuarial loss on retirement liability	**665,486**	–	–
Deferred income tax liability on gains arising from net unrealized gains on financial assets at FVOCI	**(29,749,289)**	(21,334,642)	(19,519,375)
	(₱41,379,376)	₱1,574,440	₱15,124,999

c. The reconciliation of the provision for income tax computed using the statutory income tax rate to the provision for income tax as shown in the statements comprehensive of income is summarized as follows:

	2024	2023	2022
Provision for income tax at the statutory income tax rate	**₱169,005,532**	₱185,004,841	₱222,119,662
Adjustments for:			
Income subjected to final tax	**(23,043,828)**	(12,164,439)	(1,507,496)
Final income tax	**18,312,498**	9,721,022	999,190
Adjustment in the current period for income tax as a result of OSD application	**(17,241,981)**	(52,161,341)	–
Nondeductible expenses	**–**	100,827	–
Provision for income tax	**₱147,032,221**	₱130,500,910	₱221,611,356

18. Equity

Capital Stock

Information on the number of shares of the Company's capital stock as of December 31, 2024, 2023 and 2022 follow:

	Shares	**Amount**
Authorized capital stock - ₱100 par	**505,000,000**	**₱50,500,000,000**
Issued	**469,321,000**	**46,932,100,000**

Appropriated retained earnings amounting to ₱1.0 million as of December 31, 2021 represents self-insurance to cover any liability that may arise from any action or proceedings filed against the directors and officers of the Company in connection with the performance of their duties and responsibilities as directors and officers. On March 31, 2022, the Company's BOD approved to reverse the appropriated retained earnings amounting to ₱1.0 million.

There is no appropriation of retained earnings as of December 31, 2024, 2023 and 2022.

19. Leases

The Company as lessor

The Company entered into lease agreements with related parties and third parties covering its investment property portfolio. These leases generally provide fixed monthly rent. The Company records rental income on a straight-line basis over the lease term.

Future minimum rental receivable under non-cancellable operating leases as of December 31 follow:

	2024	2023	2022
Within one year	**₱756,874,299**	₱1,076,681,413	₱1,163,551,488
After one year but not more than five years	**2,413,554,691**	3,665,054,773	3,937,798,509
More than five years	**571,471,694**	1,650,288,918	1,444,682,174
	₱3,741,900,684	₱6,392,025,104	6,546,032,171

20. Earnings per Share

Basic and diluted earnings per share are computed as follows:

	2024	2023	2022
Net income (a)	**₱528,989,905**	₱609,518,455	₱666,867,291
Weighted average number of shares issued and outstanding (b)	**469,321,000**	469,321,000	469,321,000
Basic and diluted earnings per share (a/b)	**₱1.127**	₱1.299	₱1.421

There are no potential dilutive capital stocks as of December 31, 2024, 2023 and 2022.

21. Operating Segment Information

The Company is organized into operating segments based on its properties. All of the assets relating to the Company's operating segments are located in the Philippines.

Segment income, expenses, assets and liabilities are measured in accordance with PFRS. The presentation and classification of segment income and expenses are consistent with the statements of comprehensive income. The presentation and classification of segment assets and liabilities are consistent with the statements of financial position.

The following tables present income and expense information and certain assets and liabilities information regarding the different business segments as of and for the years ended December 31, 2024, 2023 and 2022:

	2024						
	Financial Center	Makati Center	CITEM*	Buendia	Others	Corporate	Total
Segment income	**₱929,960,749**	**₱342,157,075**	**₱35,431,361**	**₱7,754,984**	**₱22,146,878**	**₱94,029,408**	**₱1,431,480,455**
Segment expenses	**(458,741,452)**	**(75,973,767)**	**(9,445,603)**	**(2,645,119)**	**(31,215,869)**	**(177,423,572)**	**(755,445,382)**
Segment profit (loss)	**471,219,297**	**266,183,308**	**25,985,758**	**5,109,865**	**(9,068,991)**	**(83,394,164)**	**676,035,073**
Finance charges	–	–	–	–	–	**(12,947)**	**(12,947)**
Income (loss) before income tax	**471,219,297**	**266,183,308**	**25,985,758**	**5,109,865**	**(9,068,991)**	**(83,407,111)**	**676,022,126**
Provision for income tax	–	–	–	–	–	**(147,032,221)**	**(147,032,221)**
Net income (loss)	**471,219,297**	**266,183,308**	**25,985,758**	**5,109,865**	**(9,068,991)**	**(230,439,332)**	**528,989,905**
Other comprehensive income	–	–	–	–	–	**45,686,544**	**45,686,544**
Total comprehensive income (loss)	**₱471,219,297**	**₱266,183,308**	**₱25,985,758**	**₱5,109,865**	**(₱9,068,991)**	**(₱184,752,788)**	**₱574,676,449**
Segment assets	**₱35,504,142,139**	**₱6,128,077,621**	**₱64,286,518**	**₱5,659,123,881**	**₱23,181,744**	**₱2,775,462,523**	**₱50,154,274,426**
Segment liabilities	–	–	–	–	–	**987,938,362**	**987,938,362**
Capital expenditures:							
Investment properties	**8,257,605**	**106,989,284**	–	–	–	–	**115,246,889**
Property and equipment	**47,235,769**	**125,692,752**	**70,500,506**	–	–	**49,628,965**	**293,057,992**
Depreciation and amortization	**98,130,834**	**67,515,623**	**1,004,188**	–	**711,124**	**6,605,010**	**173,966,779**

**Center for International Trade Expositions and Missions*

	2023						
	Financial Center	Makati Center	CITEM*	Buendia	Others	Corporate	Total
Segment income	₱909,488,177	₱434,066,549	₱37,455,795	₱9,650,604	₱4,129,242	₱49,289,628	₱1,444,079,995
Segment expenses	(451,125,355)	(160,627,480)	(9,523,886)	(2,610,286)	(7,114,440)	(73,057,649)	(704,059,096)
Segment profit (loss)	458,362,822	273,439,069	27,931,909	7,040,318	(2,985,198)	(23,768,021)	740,020,899
Finance charges	–	–	–	–	–	(1,534)	(1,534)
Income (loss) before income tax	458,362,822	273,439,069	27,931,909	7,040,318	(2,985,198)	(23,769,555)	740,019,365
Provision for income tax	–	–	–	–	–	(130,500,910)	(130,500,910)
Net income (loss)	458,362,822	273,439,069	27,931,909	7,040,318	(2,985,198)	(154,270,465)	609,518,455
Other comprehensive income	–	–	–	–	–	10,286,507	10,286,507
Total comprehensive income (loss)	₱458,362,822	₱273,439,069	₱27,931,909	₱7,040,318	(₱2,985,198)	(₱143,983,958)	₱619,804,962
Segment assets	₱36,209,745,652	₱5,989,620,560	₱61,492,937	₱5,585,946,708	₱23,892,868	₱2,159,621,890	₱50,030,320,615
Segment liabilities	–	–	–	–	–	1,438,661,000	1,438,661,000
Capital expenditures:							
Investment properties	–	–	–	–	–	–	–
Property and equipment	287,467	11,455,304	–	–	–	15,700,813	27,443,584
Depreciation and amortization	97,532,124	60,091,268	1,004,876	–	625,181	1,897,509	161,150,958

**Center for International Trade Expositions and Missions*

	2022						
	Financial Center	Makati Center	CITEM*	Buendia	Others	Corporate	Total
Segment income	₱909,104,607	₱481,167,967	₱19,140,728	₱9,259,871	₱3,114,174	₱77,379,660	₱1,499,167,007
Segment expenses	(458,638,867)	(111,200,566)	(11,902,436)	(2,592,000)	(2,633,298)	(22,384,209)	(609,351,376)
Segment profit	450,465,740	369,967,401	7,238,292	6,667,871	480,876	54,995,451	889,815,631
Finance charges	–	–	–	–	–	(1,336,984)	(1,336,984)
Income (loss) before income tax	450,465,740	369,967,401	7,238,292	6,667,871	480,876	53,658,467	888,478,647
Provision for income tax	–	–	–	–	–	(221,611,356)	(221,611,356)
Net income (loss)	450,465,740	369,967,401	7,238,292	6,667,871	480,876	(167,952,889)	666,867,291
Other comprehensive income	–	–	–	–	–	39,794,667	39,794,667
Total comprehensive income (loss)	₱450,465,740	₱369,967,401	₱7,238,292	₱6,667,871	₱480,876	(₱128,158,222)	₱706,661,958
Segment assets	₱35,452,794,877	₱6,067,016,081	₱64,922,292	₱5,586,469,087	₱21,492,515	₱1,703,993,989	₱48,896,688,841
Segment liabilities	–	–	–	–	–	924,834,188	924,834,188
Capital expenditures:							
Investment properties	–	–	–	–	–	–	–
Property and equipment	–	208,219	–	–	–	–	208,219
Depreciation and amortization	97,298,630	59,919,447	1,002,740	–	711,124	–	158,931,941

**Center for International Trade Expositions and Missions*

22. Financial Risk Management Objectives and Policies and Fair Value Disclosures

The Company's principal financial instruments are cash in banks, financial assets at FVTPL and financial assets at FVOCI. The Company has various financial assets and financial liabilities such as trade and other receivables, refundable deposits, trade and other payables and security deposits which arise directly from its operations. Management closely monitors the cash fund and financial transactions of the Company. Cash funds are normally deposited with banks considered as related parties, and financial transactions are normally dealt with related parties. These strategies, to an extent, mitigate the Company's interest rate and credit risks.

Exposure to credit, liquidity and foreign currency risks arises in the normal course of the Company's business activities. The main objectives of the Company's financial risk management policies are: (a) to identify and monitor such risks on an ongoing basis, (b) to minimize and mitigate such risks, and (c) to provide a degree of certainty about costs.

The BOD reviews and approves the policies for managing these risks which are described below.

Equity price risk

Equity price risk is the risk that the fair values of investment in equity securities decrease as a result of changes in the levels of equity indices and the value of individual stocks.

The effect on equity and pre-tax income as a result of change in the fair value of equity instruments held as financial assets at FVOCI and financial assets at FVTPL, due to reasonably possible change in equity indices, with all other variables held constant are as follows:

	2024		
	Change in Equity Price	**Effect on Pre-tax Income**	**Effect on Equity***
Financial assets at FVTPL	**3.56%**	**₱116,865**	**₱–**
	-3.56%	**(116,865)**	**–**
Financial assets at FVOCI	**34.64%**	**–**	**75,531,524**
	-34.64%	**–**	**(75,531,524)**

	2023		
	Change in Equity Price	Effect on Pre-tax income	Effect on Equity*
Financial assets at FVTPL	+4.34%	₱137,321	₱–
	-4.34%	(137,321)	–
Financial assets at FVOCI	+4.59%	–	7,427,520
	-4.59%	–	(7,427,520)

	2022		
	Change in Equity Price	Effect on Pre-tax income	Effect on Equity*
Financial assets at FVTPL	+1.39%	₱42,070	₱–
	-1.39%	(42,070)	–
Financial assets at FVOCI	+43.34%	–	67,109,973
	-43.34%	–	(67,109,973)

**The impact on the Company's equity for financial assets at FVOCI excludes the impact of transactions affecting income.*

Credit risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfil their obligations, as and when they fall due.

Credit risk is the risk that the Company will incur a loss because its counterparties failed to discharge their contractual obligations. The Company's credit risks are primarily attributable to cash in banks, trade and other receivables and other financial assets.

The carrying amount of cash in banks, trade and other receivables and refundable deposits represent the Company's maximum exposure to credit risk.

As of December 31, the Company's maximum exposure to credit risk for the components of the statements of financial position follows:

	2024	2023	2022
Financial assets at amortized cost:			
Cash and cash equivalents*	**₱1,919,350,776**	₱1,761,433,579	₱1,144,069,799
Trade and other receivables			
Lease receivables	**948,466,205**	1,627,479,561	822,928,436
Accrued interest receivable	**10,318,473**	2,473,647	499,961
Others	**20,624,734**	23,938,603	20,021,133
Refundable deposits	**1,778,227**	25,618,246	25,593,446
	₱2,900,538,415	₱3,440,943,636	₱2,013,112,775

**Excludes cash on hand amounting to ₱104,440, ₱90,000 and ₱60,000 as of December 31, 2024, 2023 and 2022, respectively.*

Credit quality per class of financial assets
Description of the credit quality grades used by the Company follows:

a. Financial assets at FVTPL and FVOCI
High grade - Counterparties that are consistently profitable, have strong fundamentals and pays out dividends.

Standard grade - Counterparties that recently turned profitable and have the potential of becoming a high grade Company. These counterparties have sound fundamentals.

Substandard grade - Counterparties that are not yet profitable, speculative in nature but have the potential to turn around fundamentally.

b. Lease receivables
High grade - High probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard grade - Collections are probable due to the reputation and the financial ability of the counterparty to pay.

The tables below show credit quality by class of financial assets based on the Company's credit quality grades (gross of allowance for credit losses):

	2024			
	Stage 1		**Stage 3**	
	High Grade	**Standard Grade**	**Impaired**	**Total**
Cash in banks	**₱429,822,607**	**₱–**	**₱–**	**₱429,822,607**
Cash equivalents	**1,489,528,169**	**–**	**–**	**1,489,528,169**
Financial assets at FVTPL:				
Investment in UITF	**3,245,385**	**–**	**–**	**3,245,385**
Equity securities	**33,430**	**–**	**–**	**33,430**
Financial assets at FVOCI:				
Equity securities	**212,400,000**	**–**	**–**	**212,400,000**
Government securities	**5,628,591**	**–**	**–**	**5,628,591**
Loans and receivables:				
Lease receivables	**–**	**948,466,205**	**–**	**948,466,205**
Accrued interest receivable	**10,318,473**	**–**	**–**	**10,318,473**
Others	**–**	**603,601**	**20,021,133**	**20,624,734**
Refundable deposit	**–**	**1,778,227**	**–**	**1,778,227**
	₱2,150,976,655	**₱950,848,033**	**₱20,021,133**	**₱3,121,845,821**

	2023			
	Stage 1		Stage 3	
	High Grade	Standard Grade	Impaired	Total
Cash in banks	₱527,376,943	₱–	₱–	₱527,376,943
Cash equivalents	1,234,056,636	–	–	1,234,056,636
Financial assets at FVTPL:				
Investment in UITF	3,111,498	–	–	3,111,498
Equity securities	54,474	–	–	54,474
Financial assets at FVOCI:				
Equity securities	156,121,901	–	–	156,121,901
Government securities	5,809,043	–	–	5,809,043
Loans and receivables:				
Lease receivables	–	1,627,479,561	–	1,627,479,561
Accrued interest receivable	2,473,647	–	–	2,473,647
Others	–	3,917,470	20,021,133	23,938,603
Refundable deposit	–	25,618,246	–	25,618,246
	₱1,929,004,142	₱1,657,015,277	₱20,021,133	₱3,606,040,552

	2022			
	Stage 1		Stage 3	
	High Grade	Standard Grade	Impaired	Total
Cash in banks	₱545,238,895	₱–	₱–	₱545,238,895
Cash equivalents	598,830,904	–	–	598,830,904
Financial assets at FVTPL:				
Investment in UITF	2,925,883	–	–	2,925,883
Equity securities	108,477	–	–	108,477
Financial assets at FVOCI:				
Equity securities	144,000,000	–	–	144,000,000
Government securities	10,829,171	–	–	10,829,171
Loans and receivables:				
Lease receivables	–	806,166,000	16,762,436	822,928,436
Accrued interest receivable	499,961	–	–	499,961
Others	–	–	20,021,133	20,021,133
Refundable deposit	–	25,593,446	–	25,593,446
	₱1,302,433,291	₱831,759,446	₱36,783,569	₱2,170,976,306

In 2024, 2023 and 2022, there is no set up of additional provisions on these receivables since management assessed that there is no credit risk arising from these receivables due to continuous collections from the related counterparties.

The credit risk exposure on the financial assets computed in 2023 and 2022 is still consistent for the current year, as set out in the provision matrix below:

December 31, 2024:

		Trade and other receivables					
			Days past due				
(in millions)	**Refundable deposits**	**Current**	**<31 days**	**31-60 days**	**61-90 days**	**> 90 days**	**Total**
Expected credit loss rate	**-%**	**0.01% - 4.23%**	**0.05% - 4.96%**	**0.05% - 5.46%**	**0.90% - 8.97%**	**2.00% - 10.28%**	
Total gross carrying amount	**₱1.8**	**₱292.1**	**₱27.7**	**₱5.7**	**₱24.8**	**₱629.2**	**₱981.2**
Subjected to lifetime ECL	**–**	**–**	**–**	**–**	**–**	**20.0**	**20.0**
Estimated total gross carrying amount at default	**1.8**	**292.1**	**27.7**	**5.7**	**24.8**	**609.2**	**961.2**
Expected credit loss - 12-month ECL	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Expected credit loss - lifetime ECL	**–**	**–**	**–**	**–**	**–**	**20.0**	**20.0**
Expected credit loss (Note 6)	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱20.0**	**₱20.0**

December 31, 2023:

		Trade and other receivables					
			Days past due				
(in millions)	Refundable deposits	Current	<31 days	31-60 days	61-90 days	> 90 days	Total
Expected credit loss rate	-%	0.01% - 4.23%	0.05% - 4.96%	0.05% - 5.46%	0.90% - 8.97%	2.00% - 10.28%	
Total gross carrying amount	₱25.6	₱115.0	₱119.6	₱110.0	₱101.2	₱1,208.1	₱1,679.5
Subjected to lifetime ECL	–	–	–	–	–	20.0	20.0
Estimated total gross carrying amount at default	25.6	115.0	119.6	110.0	101.2	1,188.1	1,659.0
Expected credit loss - 12-month ECL	–	–	–	–	–	–	–
Expected credit loss - lifetime ECL	–	–	–	–	–	20.0	20.0
Expected credit loss (Note 6)	₱–	₱–	₱–	₱–	₱–	₱20.0	₱20.0

December 31, 2022:

		Trade and other receivables					
			Days past due				
(in millions)	Refundable deposits	Current	<31 days	31-60 days	61-90 days	> 90 days	Total
Expected credit loss rate	-%	0.01% - 4.23%	0.05% - 4.96%	0.05% - 5.46%	0.90% - 8.97%	2.00% - 10.28%	
Total gross carrying amount	₱25.6	₱60.5	₱83.1	₱98.7	₱82.2	₱518.9	₱869.0
Subjected to lifetime ECL	–	–	–	–	–	31.6	31.6
Estimated total gross carrying amount at default	25.6	60.5	83.1	98.7	82.2	487.3	837.4
Expected credit loss - 12-month ECL	–	1.1	1.9	1.8	0.4	–	5.2
Expected credit loss - lifetime ECL	–	–	–	–	–	31.6	31.6
Expected credit loss (Note 6)	₱–	₱1.1	₱1.9	₱1.8	₱0.4	₱31.6	₱36.8

Concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities having similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Company's financial strength and undermine public confidence. Concentration risk per business.

Concentration risk of the Company could arise from revenue from a certain customer, particularly with related parties which comprises 69% of the total revenue.

Liquidity risk

Liquidity risk is defined as risk that the Company would not be able to settle or meet its obligations on time or at a reasonable price. The Company maintains sufficient cash in order to fund its operations.

The following tables show the maturity profile of the Company's other financial liabilities (undiscounted amounts of principal and related interest) as well as the undiscounted cash flows from financial assets used for liquidity management.

As of December 31, 2024:

	On demand	**Less than 1 year**	**More than 1 year**	**Total**
Financial liabilities:				
Trade and other payables:				
Accrued expenses	**₱–**	**₱147,312,602**	**₱–**	**147,312,602**
Accounts payables	**–**	**94,415,088**	**–**	**₱94,415,088**
Others	**–**	**6,490,647**	**–**	**6,490,647**
Security deposits*	**–**	**29,349,886**	**247,161,829**	**276,511,715**
	₱–	**₱277,568,223**	**₱247,161,829**	**₱524,730,052**
Financial assets:				
Cash and cash equivalents	**₱1,919,455,216**	**₱–**	**₱–**	**₱1,919,455,216**
Financial assets at FVTPL	**–**	**3,278,815**	**–**	**3,278,815**
Trade and other receivables	**–**	**959,388,279**	**–**	**959,388,279**
	₱1,919,455,216	**₱962,667,094**	**₱–**	**₱2,882,122,310**

**Including interest to maturity amounting to ₱34.4 million*

As of December 31, 2023:

	On demand	Less than 1 year	More than 1 year	Total
Financial liabilities:				
Trade and other payables:				
Accounts payables	₱–	₱85,360,898	₱–	₱85,360,898
Accrued expenses	–	93,355,447	–	93,355,448
Security deposits*	–	288,047,183	501,457,353	789,504,536
	₱–	₱466,763,528	₱501,457,353	₱968,220,882
Financial assets:				
Cash and cash equivalents	₱1,761,523,579	₱–	₱–	₱1,761,523,579
Financial assets at FVTPL	–	3,165,972	–	3,165,972
Trade and other receivables	–	1,633,870,678	–	1,633,870,678
	₱1,761,523,579	₱1,637,036,650	₱–	₱3,398,560,229

**Including interest to maturity amounting to ₱34.4 million*

As of December 31, 2022:

	On demand	**Less than 1 year**	**More than 1 year**	**Total**
Financial liabilities:				
Trade and other payables:				
Accounts payables	₱–	₱120,784,411	₱–	₱120,784,411
Accrued expenses	–	23,058,571	–	23,058,571
Others	–	4,146	–	4,146
Security deposits*	–	77,450,005	222,975,771	300,425,776
	₱–	₱221,297,133	₱222,975,771	₱444,272,904

	On demand	Less than 1 year	More than 1 year	Total
Financial assets:				
Cash and cash equivalents	₱1,144,129,799	₱–	₱–	₱1,144,129,799
Financial assets at FVTPL	–	3,034,360	–	3,034,360
Trade and other receivables	–	806,665,961	–	806,665,961
	₱1,144,129,799	₱809,700,321	₱–	₱1,953,830,120

**Including interest to maturity amounting to ₱34.4 million*

Fair Value Information

Presented below is the comparison of the carrying values and fair values of the Company's financial assets and liabilities that are presented in the statements of financial position.

	December 31, 2024		December 31, 2023		December 31, 2022	
	Carrying Values	Fair Values	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets						
Cash on hand	**₱104,440**	**₱104,440**	₱90,000	₱90,000	₱60,000	₱60,000
Cash in banks	**429,822,607**	**429,822,607**	527,376,943	527,376,943	545,238,895	545,238,895
Cash equivalent	**1,489,528,169**	**1,489,528,169**	1,234,056,636	1,234,056,636	598,830,904	598,830,904
Financial assets at FVTPL*	**3,278,815**	**3,278,815**	3,165,972	3,165,972	3,034,360	3,034,360
Financial assets at FVOCI	**218,028,591**	**218,028,591**	161,930,944	161,930,944	154,829,171	154,829,171
Trade and other receivables:						
Lease receivables	**948,466,205**	**948,466,205**	1,627,479,561	1,627,479,561	806,166,000	806,166,000
Interest	**10,318,473**	**10,318,473**	2,473,647	2,473,647	499,961	499,961
Others	**603,601**	**603,601**	3,917,470	3,917,470	–	–
Refundable deposits*	**1,778,227**	**1,778,227**	25,618,246	25,618,246	25,593,446	25,593,446
	₱3,101,929,128	**₱3,101,929,128**	₱3,586,109,419	₱3,586,109,419	₱2,134,252,737	₱2,134,252,737
Financial Liabilities						
Trade and other payables:						
Accrued expenses	**₱147,312,602**	**₱147,312,602**	₱93,355,447	₱93,355,447	₱23,058,571	₱23,058,571
Accounts payable	**94,415,088**	**94,415,088**	85,360,898	85,360,898	120,784,411	120,784,411
Others	**6,490,647**	**6,490,647**	–	–	4,146	4,146
Security deposits**	**242,086,226**	**242,086,226**	755,079,046	755,079,046	266,000,286	266,000,286
	₱490,304,563	**₱490,304,563**	₱933,795,391	₱933,795,391	₱409,847,414	₱409,847,414

**Presented as part of "Other current assets" account.*
***Presented as part of "Deposits and other liabilities" account.*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash, trade and other receivables, loans payable and trade and other payables
The carrying values of the cash, trade and other receivables, trade and other payables and loans payable approximate their fair values due to the short-term nature of these financial instruments.

Equity securities at FVTPL and FVOCI
Fair values are generally based on quoted market prices.

Government securities at FVOCI
Fair values are generally based upon quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Refundable deposits
The carrying value of deposits is the best estimate of its fair value since the related contracts and agreements pertaining to these deposits have indeterminable terms.

Security deposits
The fair values of security deposits are estimated using the discounted cash flow method based on the discounted value of future cash flows using the applicable risk-free rates for similar types of instruments. The discount rates used range from 4.00% to 7.00%, 4.00% to 7.00%, and 2.50% to 6.00% as of December 31, 2024, 2023 and 2022, respectively. Management has determined the inputs to be Level 3.

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- quoted prices in active markets for identical assets (Level 1);
- those involving inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices) (Level 2); and,
- those inputs for the asset that are not based on observable market data (unobservable inputs) (Level 3).

In 2024, 2023 and 2022, there were no transfers between Levels 1 and 2 fair value measurements, and no transfers into and out of Level 3 measurements.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other revaluation models.

23. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating, complies with externally imposed capital requirements and maintains healthy capital ratios in order to support its business and maximize stockholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes for the years ended December 31, 2024, 2023 and 2022. Accordingly, the Company is not subject to externally imposed capital requirements.

The table below summarizes the total capital considered by the Company:

	2024	2023	2022
Capital stock	**₱46,932,100,000**	₱46,932,100,000	₱46,932,100,000
Retained earnings	**2,067,653,217**	1,538,663,312	929,144,857
	₱48,999,753,217	₱48,470,763,312	₱47,861,244,857

24. Supplementary Information Required Under Revenue Regulations No. 15-2010

The Company reported and/or paid the following types of taxes in 2024:

Value Added Tax (VAT)

a. The Company is a VAT-registered company with output VAT declaration as follows:

	Net Sales/ Receipts	Output VAT
VATable:		
Rental income	₱1,768,482,500	₱212,217,900
Government sales	44,072,432	5,288,692
Zero-rated sales	32,883,084	–
	₱1,845,438,016	₱217,506,592

Prior to the implementation of the Ease of Paying Taxes (EOPT) Law, the Company's revenues per VAT returns were based on actual collections received. After the implementation of the EOPT Law, revenues per VAT returns are based on amounts invoiced. Hence, revenues per VAT returns may not be the same as the amounts recognized in the statement of comprehensive income.

b. Details of the Company's input VAT for 2024 follow:

Balance at January 1	₱–
Current year's transactions:	
Domestic purchases of goods other than capital goods	19,733,072
Domestic purchases of services	65,436,501
Purchases of capital goods exceeding ₱1.0 million	2,035,681
Purchases of capital goods not exceeding ₱1.0 million	805,534
VAT withheld on sales to government	2,203,616
Services rendered by nonresidents	6,813,282
	97,027,686
Less: Input VAT claimed as deduction from output VAT	(97,027,686)
Balance at December 31	₱–

Taxes and Licenses

Other taxes and licenses (local and national) for 2024 included under "General and administrative expenses" and "Cost of rental income" are as follow:

Real property tax	₱139,969,919
Business taxes	7,443,996
Other percentage taxes	1,274,175
Documentary stamp taxes	981,096
Other licenses and permits fees	818,132
Total	₱150,487,318

Withholding Taxes

Withholding taxes on compensation	₱23,987,486
Expanded withholding taxes	20,824,846
Final withholding VAT	6,813,282
Total	₱51,625,614

Tax Assessments/Cases

In 2024, the Company has ongoing tax assessments for the following period and tax types:

Period	Tax Type	Stage
Taxable Year 2021	All Internal Revenue Taxes	Preliminary Stage
Taxable Year 2022	All Internal Revenue Taxes except VAT - 1st Semester	Preliminary Stage

Apart from the above, the Company does not have any pending tax cases, litigations and/or prosecution in courts or bodies outside the BIR in 2024.

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
PNB Holdings Corporation
2nd Floor, PNB Financial Center
President Diosdado Macapagal Boulevard, Pasay City

We have audited the financial statements of PNB Holdings Corporation as at and for the year ended December 31, 2024, on which we have rendered the attached report dated February 26, 2025.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that above company has one stockholder owning 100 or more shares.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-109-2023, October 26, 2023, valid until October 25, 2026
PTR No. 10465281, January 2, 2025, Makati City

February 26, 2025

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	0	0	0	0	1	0	5	6	

COMPANY NAME

P	N	B		H	O	L	D	I	N	G	S		C	O	R	P	O	R	A	T	I	O	N						

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

2	N	D		F	L	O	O	R	,		P	N	B		F	I	N	A	N	C	I	A	L						
C	E	N	T	E	R	,		P	R	E	S	I	D	E	N	T		D	I	O	S	D	A	D	O				
M	A	C	A	P	A	G	A	L		B	O	U	L	E	V	A	R	D	,		P	A	S	A	Y				
C	I	T	Y																										

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
phc.sec.mailbox@pnbholdings.com	(02) 8814-1678	0917-864-6802

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
9	4/18	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
Kurt Kenneth Dayrit	kurt.dayrit@pnbholdings.com.ph	(02) 8814-1678	0917-7983-337

CONTACT PERSON'S ADDRESS

12th Floor, PNB Makati Center, 6754 Ayala Avenue, Brgy. San Lorenzo, Makati 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
PNB Holdings Corporation
8th Floor, Philippine National Bank Center
Ayala Avenue, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PNB Holdings Corporation (the Company) which comprise the statements of financial position as at December 31, 2023 and 2022 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

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 Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 21 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of PNB Holdings Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-109-2023, October 26, 2023, valid until October 25, 2026
PTR No. 10079916, January 5, 2024, Makati City

March 18, 2024

PNB HOLDINGS CORPORATION
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 12)	**₱1,761,523,579**	₱1,144,129,799
Financial assets at fair value through profit or loss (FVTPL) (Note 5)	**3,165,972**	3,034,360
Trade and other receivables (Note 6)	**1,633,870,678**	806,665,961
Other current assets (Note 7)	**215,433,525**	386,375,700
Total Current Assets	**3,613,993,754**	2,340,205,820
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Note 5)	**161,930,944**	154,829,171
Investment properties (Notes 8 and 12)	**46,227,211,551**	46,386,357,605
Deferred income tax assets - net (Note 16)	**1,574,440**	15,124,999
Property and equipment (Note 9)	**25,609,926**	171,246
Total Noncurrent Assets	**46,416,326,861**	46,556,483,021
TOTAL ASSETS	**₱50,030,320,615**	₱48,896,688,841
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 10)	**₱416,700,924**	₱294,870,904
Current portion of deposits and other current liabilities (Note 11)	**300,721,899**	90,124,721
Income tax payable	**9,745,679**	44,840,354
Total Current Liabilities	**727,168,502**	429,835,979
Noncurrent Liabilities		
Deposits and other noncurrent liabilities - net of current portion (Note 11)	**711,492,498**	494,998,209
Total Liabilities	**1,438,661,000**	924,834,188
Equity (Note 17)		
Capital stock	**46,932,100,000**	46,932,100,000
Unappropriated retained earnings	**1,538,663,312**	929,144,857
Net unrealized gains on financial assets at FVOCI (Note 5)	**120,896,303**	110,609,796
Total Equity	**48,591,659,615**	47,971,854,653
TOTAL LIABILITIES AND EQUITY	**₱50,030,320,615**	₱48,896,688,841

See accompanying Notes to Financial Statements.

PNB HOLDINGS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2023	2022
INCOME		
Rental income and dues (Notes 8 and 13)	**₱1,394,790,366**	₱1,421,787,347
Interest and other income (Note 13)	**49,289,629**	8,307,477
	1,444,079,995	1,430,094,824
COSTS AND EXPENSES		
Cost of rental income (Notes 8 and 14)	**(609,031,113)**	(576,817,791)
General and administrative expenses (Note 14)	**(95,027,983)**	(32,533,585)
Finance charges (Note 15)	**(1,534)**	(1,336,984)
Reversal of provision for expected credit losses (Notes 6 and 12)	**–**	69,072,183
	(704,060,630)	(541,616,177)
INCOME BEFORE INCOME TAX	**740,019,365**	888,478,647
PROVISION FOR INCOME TAX (Note 16)		
Current	**118,765,619**	187,143,301
Deferred	**11,735,291**	34,468,055
	130,500,910	221,611,356
NET INCOME	**609,518,455**	666,867,291
OTHER COMPREHENSIVE INCOME (LOSS) (Note 5)		
Item that recycles to profit or loss in subsequent periods		
Net changes in unrealized (losses) on financial assets at FVOCI	**(20,128)**	(582,745)
Item that does not recycle to profit or loss in subsequent periods		
Net changes in unrealized gains (losses) on financial assets at FVOCI, net of deferred income tax effect	**10,306,635**	40,377,412
	10,286,507	39,794,667
TOTAL COMPREHENSIVE INCOME	**₱619,804,962**	₱706,661,958

See accompanying Notes to Financial Statements.

PNB HOLDINGS CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Capital Stock (Note 16)	Retained Earnings (Note 17)		Net Unrealized Gains on Financial Assets at FVOCI (Note 5)	Total
		Unappropriated	Appropriated		
BALANCES AS AT DECEMBER 31, 2021	**₱46,932,100,000**	**₱261,277,566**	**₱1,000,000**	**₱70,815,129**	**₱47,265,192,695**
Net income	–	666,867,291	–	–	666,867,291
Other comprehensive income	–	–	–	39,794,667	39,794,667
Total comprehensive income	–	666,867,291	–	39,794,667	706,661,958
Reversal of appropriated retained earnings (Note 17)	–	1,000,000	(1,000,000)	–	–
BALANCES AS AT DECEMBER 31, 2022	**46,932,100,000**	**929,144,857**	**–**	**110,609,796**	**47,971,854,653**
Net income	–	609,518,455	–	–	609,518,455
Other comprehensive income	–	–	–	10,286,507	10,286,507
Total comprehensive income	–	609,518,455	–	10,286,507	619,804,962
BALANCES AS AT DECEMBER 31, 2023	**₱46,932,100,000**	**₱1,538,663,312**	**₱–**	**₱120,896,303**	**₱48,591,659,615**

See accompanying Notes to Financial Statements.

PNB HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱740,019,365**	₱888,478,647
Adjustments for:		
Depreciation (Notes 8 and 9)	**161,150,957**	158,894,968
Interest income (Notes 4, 5 and 15)	**(48,605,110)**	(6,014,706)
Mark-to-market gain on financial assets at FVTPL (Notes 5 and 13)	**(131,612)**	(41,495)
Interest expense and other finance charges (Note 15)	**1,534**	1,336,984
Day 1 gain on security deposits (Note 13)	**–**	(2,251,276)
Operating income before working capital changes	**852,435,134**	1,040,403,122
Increase in: Trade and other receivables	**(825,231,031)**	(549,377,140)
Other current assets	**175,942,175**	6,983,827
Increase in:		
Trade and other payables	**121,828,489**	134,699,091
Deposits and other liabilities	**427,091,467**	(12,131,173)
Cash generated from operations	**752,066,234**	620,406,481
Income taxes paid, including final tax	**(153,860,294)**	(226,660,376)
Interest received	**46,631,424**	5,711,373
Net cash from operating activities	**644,837,364**	399,457,478
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Furniture and fixtures	**(7,560,245)**	(171,246)
Transportation equipment	**(8,566,649)**	–
Construction in progress	**(11,316,690)**	–
Net cash used in investing activities	**(27,443,584)**	(171,246)
CASH FLOWS FROM FINANCING ACTIVITY		
Payment of interest	**–**	(9,587)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**617,393,780**	399,447,891
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,144,129,799**	744,681,908
CASH AND CASH EQUIVALENTS AT END OF YEAR (Notes 4 and 12)	**₱1,761,523,579**	₱1,144,129,799

See accompanying Notes to Financial Statements.

1. Corporate Information and Authorization for Issuance of the Financial Statements

Corporate Information

PNB Holdings Corporation (the "Company") was incorporated in the Philippines on May 20, 1920 to invest, subscribe for, sell, transfer, exchange or otherwise dispose of all kinds of stocks, bonds, certificates of deposit, contract of instruments whatsoever representing evidence of title or interest in the capital of any property or assets and leases of all kinds.

The Revised Corporation Code, Republic Act No. 11232, which took effect in 2019 provides that corporations with certificates of incorporation issued prior to the effectivity of this Code, and which continue to exist, shall have perpetual existence, unless the corporation, upon a vote of its stockholders representing a majority of its outstanding capital stock, notifies the Commission that it elects to retain its specific corporate term pursuant to its articles of incorporation.

On October 9, 2020, the Company's Board of Directors (BOD) and stockholders approved the amendments to the secondary purposes of the Company to invest and acquire by purchase, transfer, exchange or otherwise, to own, use, improve, develop, operate, sell, assign, transfer, exchange, lease, mortgage, pledge, and the like, any or all properties of every kind and description and wherever situated and as to the extent permitted by law (including but not limited to real estate, and any right or interest therein), to exercise all rights, powers and privileges of ownership or any other interest therein, including the right to develop, conduct, operate and maintain the real estate business, such as but not limited to the operation, maintenance of commercial spaces for rent, to construct, erect, manage, and administer buildings for commercial, residential, or mixed use purposes to engage in any and all kinds of real estate business. This was subsequently approved by the Philippine Securities and Exchange Commission (SEC) on January 13, 2021.

On October 20, 2020, the Company's BOD and stockholders approved the increase of its authorized capital stock from ₱500.0 million divided into 5.0 million shares with a par value of ₱100.0 per share to ₱50,500.0 million divided into 505.0 million shares with a par value of ₱100.0 per share. On December 11, 2020, the Company filed an application with the Philippine SEC to increase its authorized capital stock which was subsequently approved by the SEC on January 13, 2021. Out of the increase in the authorized capital stock of 500.0 million shares, 466.8 million with a par value of ₱100.0 per share have been subscribed by Philippine National Bank (PNB) through the exchange of real estate properties (see Notes 8 and 17). This resulted to the Company becoming a wholly owned subsidiary of the bank.

On April 23, 2021, PNB's BOD approved the property dividend declaration of up to 239,353,710 shares of the Company with a par value of ₱100.0 per share, to all stockholders of record as of May 18, 2021. On December 24, 2021, the Philippine SEC issued a certificate of filing the notice of property dividend declaration. As of March 18, 2024, the bank has yet to obtain the complete electronic Certificate Authorizing Registration (eCAR) for all share dividends declared. Thus, the process of transferring the shares is still on-going.

Moreover, certain changes on the Articles of Incorporation and By-Laws of the Company were approved by the BOD on October 5, 2023. Among others, the changes include the update of the Company's corporate name from PNB Holdings Corporation to LT Land, Inc. It also included two new provisions in the secondary purpose to allow the corporation to invest money and property, and to sell, transfer, and dispose business, properties, and goodwill; and to allow the establishment and absorption of other corporations, business, or associations engaged in similar purposes, or subsidiary to the objects of the Company.

The Company's principal address is at the 2nd Floor, PNB Financial Center, President Diosdado Macapagal Boulevard, Pasay City, Philippines; which the BOD also approved the change to 4th and 12th Floors, Philippine National Bank Center (formerly Alliedbank Center), Ayala Avenue, Makati City.

The submission of necessary documents and requirements to SEC in order to effect the changes above along with other amendments is underway as of March 18, 2024.

The Company's intermediate parent company is LT Group Inc., a publicly-listed company incorporated and domiciled in the Philippines. The Company's ultimate parent company, Tangent Holdings Corporation, is incorporated in the Philippines.

Authorization for Issuance of the Financial Statements
The financial statements of the Company as at December 31, 2023 and 2022 and for the years then ended were approved and authorized for issuance by the BOD on March 18, 2024.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation and Statement of Compliance
The financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) and are presented in Philippine peso (Peso), which is the Company's functional and presentation currency. All amounts are rounded to the nearest Peso except when otherwise indicated.

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) as issued by the Financial Reporting Standards Council (FRSC). PFRSs include statements named PFRSs, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) issued by FRSC.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2023. The 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 parent company financial statements of the Company.

- Amendments to PAS 1, Presentation of Financial Statements, 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 had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the consolidated financial statements.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates, and Errors, 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.

- 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).

- 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 January 1, 2023.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Company 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*
- Amendments to PFRS 16*, Leases, Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, Disclosures: Supplier Finance Arrangements

- Adoption of the Deferred of Certain Provisions of PIC Q&A 2018-12, *PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-04*

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*

Financial Instruments - Classification and Measurement

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15.

As of December 31, 2023 and 2022, the Group's financial assets pertain to financial assets at amortized cost (debt instrument), fair value through profit or loss (FVTPL) and fair value through OCI (FVOCI).

Financial assets at FVTPL
Financial assets are measured at FVTPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Company may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Company determines the appropriate classification of financial assets at the time of purchase and re-evaluates its portfolio on a regular basis to ensure that all financial assets are appropriately classified. Classification of financial assets is determined by both the contractual cash flow characteristics of the financial assets (cash flow characteristics test) and the Company's business model for managing the financial assets (business model test). The Company first assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test (Solely Payment of Principal and Interest (SPPI) test). For the purpose of the SPPI test, principal is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium or discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. In contrast, contractual terms that introduce a more than insignificant exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI. In such cases, the financial asset is required to be measured at FVTPL. Only financial assets that pass the SPPI test are eligible to be measured at FVOCI or at amortized cost.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an

instrument-by-instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets at FVOCI
The Company's financial assets at FVOCI include quoted debt and equity securities. After initial measurement, financial assets at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of financial assets at FVOCI are excluded, as applicable, from the reported earnings and are included in the statement of comprehensive income as "Net changes in unrealized gains on financial assets at FVOCI".

Debt securities at FVOCI are those that meet both the following conditions: (i) the asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. The effective yield component of debt securities at FVOCI, as well as the impact of the restatement of foreign currency-denominated debt securities at FVOCI, is reported in profit or loss. Interest earned on holding debt securities at FVOCI are reported as 'Interest' in profit or loss using the effective interest rate (EIR) method.

When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the other comprehensive income (OCI) is recognized in the profit or loss. Where the Company holds more than one investment in the same security, these are deemed to be disposed based on specific identification. The expected credit losses (ECL) arising from impairment of such investments are recognized in OCI with a corresponding charge to "Provision for expected credit losses" in profit or loss.

Equity securities designated at FVOCI are those that the Company made an irrevocable election at initial recognition to present in OCI the subsequent changes in fair value. Dividends earned on holding equity securities at FVOCI are recognized in the statement of comprehensive income under "Other income" when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are adjusted to the carrying amount of the investment. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the statement of comprehensive income is reclassified to "Retained earnings" or any other appropriate equity account upon disposal. Equity securities at FVOCI are not subject to impairment assessment.

Impairment of financial assets
The 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 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.

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

For trade receivables and refundable deposits, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For cash and cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis.

Investment Properties

Investment properties are measured initially at its deemed cost, including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be directly measured in which case the investment property acquired is measured at the carrying amount of the asset given up.

Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and impairment loss, if any.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged against income in the year in which the costs are incurred.

Depreciation of investment properties commences once these are available for use and is computed on a straight-line basis over the estimated useful lives of the investment properties as follows:

Category	Years
Buildings	17 to 25
Condominium units	50
Building improvements	25

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment properties when, and only 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 properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

The disclosure of the fair value of investment properties is determined by a Philippine SEC-accredited and independent valuer based on Market Approach using sales and listings of comparable properties having same potential use with the investment properties owned by the Company.

Leases

The Company as lessor

In operating leases where the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset, the Company recognizes rental income on a straight-line basis over the lease terms. The Company adds back the initial direct costs incurred in negotiating and arranging an operating lease to the carrying amount of the leased asset and recognizes them as rental income over the lease term on the same basis.

Revenue, Income and Cost Recognition
Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Rental income
Rental income arising on leased properties under operating lease is accounted for on a straight-line basis over the lease terms on ongoing leases.

Charges and expenses recoverable from tenants
Income arising from expenses recharged to tenants recorded as "Rental dues" is recognized in the period in which the compensation becomes receivable. The Company is acting as a principal.

Cost of rental income
Cost of rental income is recognized in relation to the leasing activities of the Company. This includes depreciation of the investment properties being leased out, real property taxes and other directly attributable costs.

Interest income
Interest on held-for-trading investments is recognized based on contractual rate. Interest on financial instruments measured at amortized cost and FVOCI are recognized based on effective interest method of accounting to calculates the amortized cost of a financial asset or a financial liability and allocate the interest income or interest expense.

The Company records interest income using the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. In calculating EIR, the Company considers all contractual terms of the financial instrument (for example, prepayment options), and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The Company adjusts the carrying amount of the financial instrument through "Finance charges" in the statement of comprehensive income based on the original EIR.

Mark-to-market gain on financial asset at FVTPL
The Company recognizes in "Other income (charges)" the results arising from trading activities, all gains and losses from changes in fair value of financial assets at FVTPL, and gains and losses from disposal of debt securities at FVOCI.

Income Taxes
Income tax on profit and loss for the year comprises current and deferred tax. Income tax is determined in accordance with Philippine tax laws. Income tax is recognized in profit or loss in the statements of comprehensive income, except to the extent that it relates to items directly recognized in OCI.

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

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

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

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

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

Current income tax and deferred income tax relating to items recognized directly in OCI are recognized in the statement of comprehensive income.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements requires the Company to exercise judgments, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the financial statements as they become reasonably determinable.

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that we believed to be reasonable under the circumstances.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the financial statements. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the financial statements as they become reasonably determinable.

Provision for expected credit losses of trade and other receivables and refundable deposits

The Company uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, property collaterals and coverage

by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Company's historical observed default rates.

The Company uses low credit risks simplification for cash in banks, refundable deposits and government securities at FVOCI.

The assessment of the correlation between historical observed default rates, forecast economic conditions (i.e., gross domestic product) and ECLs are significant estimates. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Company's trade and other receivables is disclosed in Note 6.

Operating lease commitments - the Company as lessor
The Company has entered into commercial property leases of its investment property. The Company has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases (see Note 13).

Determination of fair value of financial and nonfinancial instruments
Where the fair values of financial and nonfinancial instruments recorded or disclosed in the financial statements are derived from available market data, they are determined using external valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values (see Notes 8 and 19).

Assessment of impairment of noncurrent nonfinancial assets and estimation of recoverable amount
The Company evaluates its nonfinancial assets, which include investment properties for any impairment in value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

As described in the accounting policy, the Company estimates the recoverable amount as the higher of the asset's fair value less costs to sell and value-in-use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that can materially affect the financial statements.

Accounting Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the financial 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 as follows:

Estimation of allowance for expected credit losses of debt instruments at amortized cost
The level of allowance for loans and receivables is evaluated by management based on past collection history and other factors which include, but are not limited to the length of the Company's relationship with the customer, the customer's payment behavior and known market factors that affect the collectability of the accounts. As of December 31, 2023, and 2022, other receivable pertaining to advances made to the National Government in relation to the Company's sugar trading operations in the past aggregating to ₱20.0 million were fully provided with allowance for credit losses.

Additional ₱16.0 million provision for credit loss were also made for three specific tenants with uncertainty in the collectability of the outstanding dues in 2022 and subsequently written-off in 2023 (see Note 6).

Estimation of useful lives of investment properties
The Company estimates the useful lives of its investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of the investment properties are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives of investment properties would increase depreciation and amortization expense and decrease noncurrent assets.

There were no changes in the estimated useful lives of depreciable investment properties in 2023 and 2022. The carrying values of the Company's investment properties (excluding land) amounted to ₱2,955.2 million and ₱3,114.4 million as of December 31, 2023 and 2022, respectively (see Note 8).

Recognition of deferred income tax assets
The Company reviews the carrying amounts at each financial reporting date and adjusts 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. The determination of future taxable profits requires the estimation and use of assumptions about the Company's future taxable income and timing of reversal of temporary differences. The Company recognized deferred income tax assets of ₱69.3 million and ₱89.0 million and as of December 31, 2023 and 2022, respectively (see Note 16).

4. Cash and cash equivalents

	2023	2022
Cash on hand	**₱90,000**	₱60,000
Cash in banks (Note 12)	**527,376,943**	545,238,895
Cash equivalents (Note 12)	**1,234,056,636**	598,830,904
	₱1,761,523,579	₱1,144,129,799

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from cash in banks amounted to ₱47.9 million and ₱4.5 million in 2023 and 2022, respectively (see Notes 12 and 15).

5. Financial Assets

Financial Assets at FVTPL
This account consists of the following:

	2023	2022
Investment in UITF (Note 12)	**₱3,111,498**	₱2,925,883
Equity securities	**54,474**	108,477
	₱3,165,972	₱3,034,360

The Company recognized net trading gains on financial assets at FVTPL as follows:

	2023	2022
Unrealized fair value gains (losses):		
Investment in UITF (Note 12)	**₱185,615**	(₱19,457)
Equity securities	**(54,003)**	60,952
	₱131,612	₱41,495

The movements of financial assets at FVTPL follow:

	2023	2022
Balance at beginning of year	**₱3,034,360**	₱2,992,865
Mark-to-market gain on financial assets at FVTPL	**131,612**	41,495
Balance at end of year	**₱3,165,972**	₱3,034,360

Financial Assets at FVOCI
This account consists of:

	2023	2022
Equity securities	**₱156,121,901**	₱144,000,000
Government securities	**5,809,043**	10,829,171
	₱161,930,944	₱154,829,171

In 2023 and 2022, effective annual interest rate of government securities ranges from 5.38% to 6.06%. Interest income earned on financial assets at FVOCI amounted to ₱0.6 million in 2023 and ₱1.5 million in 2022 (see Note 15).

The movements in the net unrealized gains (losses) on financial assets at FVOCI follow:

	2023	2022
Balance at beginning of year	**₱110,609,796**	₱70,815,129
Recycles to profit or loss in subsequent periods		
Changes in fair values of government securities	**(20,128)**	(582,745)
Does not recycle to profit or loss in subsequent periods		
Changes in fair values of equity securities	**12,121,901**	47,400,000
	12,101,773	46,817,255
Deferred income tax effect	**(1,815,266)**	(7,022,588)
Net changes in unrealized gains	**10,286,507**	39,794,667
Balance at end of year	**₱120,896,303**	₱110,609,796

The movements of financial assets at FVOCI follow:

	2023	2022
Balance at beginning of year	**₱154,829,171**	₱108,011,916
Retirement of government securities	**(5,000,000)**	–
Net unrealized fair value gains	**12,101,773**	46,817,255
Balance at end of year	**₱161,930,944**	₱154,829,171

6. Trade and Other Receivables

	2023	2022
Lease receivables (Note 12)	**₱1,627,479,561**	₱822,928,436
Interest	**2,473,647**	499,961
Others	**23,938,603**	20,021,133
	1,653,891,811	843,449,530
Allowance for expected credit loss (ECL)	**(20,021,133)**	(36,783,569)
	₱1,633,870,678	₱806,665,961

Rollforward of allowance for ECL follows:

	2023	2022
Beginning of year	**₱36,783,569**	₱105,855,752
Write-off	**(16,762,436)**	–
Reversal	**–**	(69,072,183)
End of year	**₱20,021,133**	₱36,783,569

Other receivable pertains to advances made to the National Government in relation to the Company's sugar trading operations in the past amounting to ₱20.0 million. A favorable judgment from the office of the Solicitor General on the arbitration case against the Bureau of Treasury involving said advances was affirmed by the Department of Justice in 1998. However, it is not yet certain when the loans and receivables will finally be collected by the Company. As of December 31, 2023, and 2022, these receivables aggregating to ₱20.0 million were fully provided with allowance for credit losses.

Other than these, there has been no movement in the allowance for expected credit losses. This is following the management's assessment that all outstanding receivables are collectible during the ordinary course of business.

7. Other Current Assets

	2023	2022
Prepayments:		
Real property taxes	**₱137,317,725**	₱137,063,662
Others	**839,536**	839,797
Refundable deposits	**25,618,246**	25,593,446
Deferred rent assets	**22,430,501**	182,693,772
Advances to contractors and suppliers	**18,669,750**	31,792,812
Deferred input VAT	**9,164,433**	7,252,229
Others	**1,393,334**	1,139,982
	₱215,433,525	₱386,375,700

a. Other prepayments consist of annual fees & licenses for the building, association dues and other prepaid expenses.

b. Refundable deposits consist principally of amounts paid to utility providers for service applications.

c. Deferred rent assets pertain to difference of rental income based on lease terms over rental income using straight line basis (Note 18).

d. Advances to contractors and suppliers are recouped every settlement of progress billings based on percentage of accomplishment of each contract package. The activities related to these advances will be completed within the Company's normal operating cycle.

e. Other current assets consist of advances to officers & employees, input tax, creditable withholding taxes and miscellaneous assets.

8. Investment Properties

	2023			
	Land	**Buildings and Building Improvements**	**Condominium Units**	**Total**
Cost				
Beginning and end of year	**₱43,271,988,143**	**₱3,405,011,857**	**₱35,213,415**	**₱46,712,213,415**
Accumulated Depreciation				
Beginning of year	–	**311,264,984**	**14,590,826**	**325,855,810**
Depreciation (Note 14)	–	**158,520,873**	**625,181**	**159,146,054**
End of year	–	**469,785,857**	**15,216,007**	**485,001,864**
Net Book Values	**₱43,271,988,143**	**₱2,935,226,000**	**₱19,997,408**	**₱46,227,211,551**

	2022			
	Land	Buildings and Building Improvements	Condominium Units	Total
Cost				
Beginning and end of year	₱43,271,988,143	₱3,405,011,857	₱35,213,415	₱46,712,213,415
Accumulated Depreciation				
Beginning of year	–	153,081,140	13,879,702	166,960,842
Depreciation (Note 14)	–	158,183,844	711,124	158,894,968
End of year	–	311,264,984	14,590,826	325,855,810
Net Book Values	₱43,271,988,143	₱3,093,746,873	₱20,622,589	₱46,386,357,605

a. Rental income and direct costs arising from the investment properties amounted to ₱1,110.4 million and ₱609.0 million in 2023, respectively, and ₱1,107.6 million and ₱515.0 million in 2022, respectively (see Notes 12, 13, and 14).

Depreciation of investment properties amounting to ₱159.1 million and ₱158.9 million was recognized as part of "Cost of rental income" account in 2023 and 2022, respectively (see Note 14).

b. The estimated fair value of land, condominium units, and buildings for lease are as follows:

		Fair Value as of Valuation Date	
Property	Approach	**December 31, 2023**	December 31, 2022
Land	Market approach	**₱67,960,920,200**	₱58,556,930,800
Buildings for lease	Market approach	**4,100,976,800**	4,053,761,000
Condominium units	Market approach	**162,947,000**	151,935,000
		₱72,224,844,000	₱62,762,626,800

The estimated fair value of the investment properties was arrived at using the Market Approach. In this approach, the value of the investment properties was based on sales and listings of comparable property having the same potential use with the subject properties (e.g., for future development, for rent) registered within the vicinity. The approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator.

The valuations were performed by a Philippine SEC-accredited and independent valuer. The valuation model used in accordance with that recommended by the International Valuation Standards Council has been applied. These valuation models are consistent with the principles in PFRS 13, *Fair Value Measurement*.

The fair values of investment properties for lease were updated to reflect the value of comparable property registered within the vicinity as of December 31, 2023. The valuation of the buildings for lease has been updated to reflect utilization from the dates of the latest valuation.

The fair values of the Company's investment properties have been determined by the appraisal method by accredited independent external appraiser based on highest and best use of property being appraised. Valuations were derived on the basis of recent sales of similar properties in the same areas and taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued.

Description of the valuation techniques used in the valuation of Company's investment properties is as follows:

Valuation Techniques	
Market Data Approach	A process of comparing the subject property being appraised based on the property's highest and best use (i.e., current use of the properties) to similar comparable properties recently sold or being offered for sale.

Significant Unobservable Inputs	
Price per square meter	Ranges from ₱78,600 to ₱900,000 in 2023 and ₱72,000 to ₱900,000 in 2022
Reproduction cost new	The cost to create a virtual replica of the existing structure, employing the same design and similar building materials.
Size	Size of unit in terms of area. Evaluate if the unit size of property or comparable conforms to the average cut of the units in the area and estimate the impact of unit size differences on condominium unit values.
Shape	Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property.
Location	Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.

Time element	"An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investors' perceptions of the market over time". In which case, the current data is superior to historic data.
Discount	Generally, asking prices in ads posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

c. As disclosed in Note 1, the Company increased its authorized capital stock from ₱500.0 million divided into 5.0 million shares with a par value of ₱100.0 per share to ₱50,500.0 million divided into 505.0 million shares with a par value of ₱100.0 per share. Out of the increase in the authorized capital stock of 500.0 million shares, 466.8 million shares with a par value of ₱100.0 per share have been subscribed by PNB through the exchange of real estate properties (see Note 17) which was recorded initially at fair value amounting to ₱46,677.0 million in 2021. The fair value at the date of receipt of the investment properties is considered its deemed cost.

9. Property and Equipment

	2023			
	Furniture, Fixtures & Office Equipment	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost				
Beginning of year	**₱208,218**	**₱–**	**₱–**	**₱208,218**
Additions	**7,560,246**	**8,566,649**	**11,316,690**	**27,443,585**
End of year	**7,768,464**	**8,566,649**	**11,316,690**	**27,651,803**
Accumulated Depreciation				
Beginning of year	**36,973**	**–**	**–**	**36,973**
Depreciation (Note 14)	**1,719,349**	**285,555**	**–**	**2,004,904**
End of year	**1,756,322**	**285,555**	**–**	**2,041,877**
Net Book Values	**₱6,012,142**	**₱8,281,094**	**₱11,316,690**	**₱25,609,926**

	2022			
	Furniture, Fixtures & Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost				
Beginning of year	₱–	₱–	₱–	₱–
Additions	208,219	–	–	208,219
End of year	208,219	–	–	208,219
Accumulated Depreciation				
Beginning of year	–	–	–	–
Depreciation (Note 14)	36,973	–	–	36,973
End of year	36,973	–	–	36,973
Net Book Values	₱171,246	₱–	₱–	₱171,246

Furniture, fixtures, office equipment, and transportation equipment acquired in 2023 corresponds to the increase in the number of Company's personnel during the same year.

10. **Trade and Other Payables**

	2023	2022
Taxes payable:		
Deferred output VAT payable	**₱227,380,190**	₱136,761,064
Output tax payable	**6,173,393**	11,290,960
Other tax payable	**4,430,996**	2,971,752
Accrued expenses	**93,355,447**	23,058,571
Accounts payable (Note 12)	**85,360,898**	120,784,411
Others	**–**	4,146
	₱416,700,924	₱294,870,904

a. Taxes payable includes output VAT, deferred output VAT, documentary stamp taxes and expanded withholding taxes payable to the Philippine tax authority.

b. Accounts payable includes amount payable to suppliers which are normally settled within the Company's normal operating cycle.

c. Accrued expenses represent various accruals such as utilities and association dues of the Company for its expenses.

d. Movements in liability arising from financing activities follow:

	2023	2022
Interest payable, beginning	**₱–**	₱–
Interest expense	**1,534**	9,587
Payment	**–**	(9,587)
Interest payable, ending	**₱1,534**	₱–

e. On January 5, 2024, Republic Act No. 11976 or the Ease of Paying Taxes (EOPT) Act was signed into law. The EOPT Act was published in the Official Gazette on January 7, 2024 and took effect 15 days (i.e., January 22, 2024). Such law requires, among others, the imposition of value-added tax on services, including rentals, based on gross sales instead of based on collection.

Within 90 calendar days from the effectivity of the Act, the Secretary of Finance, after due consultation with the BIR, and the private sector, shall promulgate the necessary rules and regulations for its effective implementation. Taxpayers are hereby given 6 months from the effectivity of the implementing revenue regulations to comply with the VAT amendments. As a result of this, the Company's VAT imposition on its lease transactions is expected to change in compliance with the EOPT Act.

As of March 18, 2024, the Department of Finance has not issued yet the implementing rules and regulations.

11. Deposits and Other Liabilities

	2023	2022
Security deposits (Note 12)	**₱755,079,046**	₱266,000,286
Advance rentals (Note 12)	**257,135,351**	319,122,644
	1,012,214,397	585,122,930
Less current portion of:		
Security deposits	**288,047,183**	77,450,005
Advance rentals	**12,674,716**	12,674,716
	300,721,899	90,124,721
	₱711,492,498	₱494,998,209

Security deposits pertain to the amounts paid by tenants at the inception of the lease which are refundable at the end of the lease term. Security deposits are initially recorded at fair value, which was obtained by discounting future cash flows using the applicable rates of similar types of instruments.

Accretion of interest expense on security deposits amounted to nil and ₱1.3 million in 2023 and 2022, respectively (see Note 15).

Advance rentals pertain to deposits from tenants which will be applied against receivables either at the beginning or at the end of lease term, depending on the lease contract.

12. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company has transacted with LT Group, Inc. and other related parties as follows:

Parent Company and Entities under Common Control
Parent Company
LT Group, Inc. (LTG)

Entities under common control
Allianz PNB Life Insurance, Inc.
Alliedbankers Insurance Corporation
Asia Brewery, Inc.
Basic Holdings Corporation
Eton Properties Management Corporation
Eton Properties Philippines, Inc.
Lucky Travel Corporation
Mabuhay Digital Technologies, Inc.
Macroasia Corporation

Macroasia Mining Corporation
PAL Holdings, Inc.
Philippine Airlines
Philippine National Bank
PNB Capital and Investment Corporation
PNB Employees Savings and Loans Association Inc.
PNB General Insurers Co., Inc
PNB Retirees and Employees Multi Purpose Cooperative
PNB Securities, Inc.
PNB-Mizuho Leasing And Finance Corporation
Tanduay Brands International, Inc.
Watergy Business Solutions, Inc.

The Company has transacted with its parent and other related parties as follows:

			Amount/Volume		Outstanding Balance		
	Financial Statement Account		**2023**	2022	**2023**	2022	**Terms and Conditions**
With LTG	Lease receivables	c	**₱360,515**	~~₱~~–	**₱1,334,134**	₱973,619	Unsecured; noninterest-bearing, not impaired
With subsidiaries of LTG	Cash and cash equivalents	a	**617,453,780**	399,447,891	**1,761,433,579**	1,144,069,799	Deposits and placements; interest-bearing
	Financial assets at FVTPL	b	**185,615**	–	**3,111,498**	2,925,883	Unsecured; noninterest-bearing, not impaired
	Lease receivables	c	**604,093,345**	831,804,941	**1,058,992,198**	454,898,853	Unsecured; noninterest-bearing, not impaired
	Advance rental	c	**111,988,706**	–	**369,559,702**	257,570,996	Unsecured; noninterest-bearing
	Security deposit	c	**43,967,591**	–	**206,432,107**	162,464,516	Unsecured; noninterest-bearing
	Management fees	d	**(7,939,021)**	66,594,735	**39,821,428**	47,760,450	Unsecured; noninterest-bearing

As of December 31, 2023, and 2022, the outstanding related party balances are unsecured and settlement occurs in cash, unless otherwise indicated. The Company has not recorded any impairment of receivables relating to amounts owed by related parties, unless otherwise indicated. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which these related parties operate.

Other terms and conditions related to the above related party balances and transactions are as follows:

a. The Company's cash in banks are deposited with PNB. Interest income on its cash in banks amounted to ₱47,970,110 and ₱4,548,584 in 2023 and 2022, respectively (see Notes 4 and 15).

b. The Company's investment in UITF Peso Money Market Fund recorded under "Financial assets at FVTPL" account is with PNB. Trading gain (loss) on its investment in UITF amounted to ₱185,615 and (₱19,457) in 2023 and 2022, respectively (see Note 5).

c. The Company has various lease contract with its related parties for the use of its office spaces. Outstanding lease receivables as of December 31, 2023 and 2022 amounted to ₱1.1 billion and ₱553.2 million, net of allowance for credit losses, respectively (see Note 6).

The related security deposits and advance rental received amounted to ₱206.4 million and ₱369.6 million as of December 31, 2023, respectively, and ₱162.5 million and ₱257.6 million as of December 31, 2022, respectively. Total rental income and rental dues recognized amounted to ₱604.1 million and ₱831.8 million in 2023 and 2022, respectively (see Notes 11 and 13).

d. The Company has existing service contract agreements with Eton Properties Philippines, Inc. and Eton Properties Management Corporation. Total management fee recognized under "Outside services" amounted to ₱39.8 million and ₱66.59 million in 2023 and 2022, respectively (see Note 14). Outstanding balance reflected in "Trade and other payables - accounts payable" amounted to ₱39.8 million and ₱47.76 million as of December 31, 2023 and 2022, respectively (see Note 10).

13. Income

Rental Income and Dues

a. Breakdown as follows:

	2023	2022
Rental income	**₱1,110,371,106**	₱1,107,580,584
Rental dues (Note 12)	**284,419,260**	314,206,763
	₱1,394,790,366	₱1,421,787,347

Rental dues are recognized over time. Rental dues are earned and collected from commercial tenants. There are no contract balances related to the rental dues as of December 31, 2023 and 2022.

b. Performance Obligations

The Company recognizes rental dues charged to tenants using an input method to measure progress towards complete satisfaction of the services, since the customers simultaneously receive and consume the benefits as the Company performs its obligation. The Company has no outstanding performance obligations as at December 31, 2023 and 2022.

Interest and Other Income

	2023	2022
Interest income (Note 15)	**₱48,605,110**	₱6,014,706
Mark-to-market gain on financial assets at FVTPL (Notes 5 and 12)	**131,612**	41,495
Day 1 gain on refundable security deposits (Note 11)	**–**	2,251,276
Other income	**552,907**	–
	₱49,289,629	₱8,307,477

14. **Cost and Expenses**

a. Cost of Rental Income

	2023	2022
Outside services (Note 12)	**₱183,283,871**	₱145,847,058
Depreciation (Note 8)	**159,146,054**	158,894,968
Taxes and licenses	**142,078,291**	140,334,781
Utilities	**69,764,239**	96,808,254
Repairs and maintenance	**28,680,499**	26,017,510
Personnel cost	**9,352,201**	–
Insurance	**6,832,691**	7,615,903
Rent of low value assets	**2,481,567**	–
Association dues	**919,536**	1,299,317
Other supplies	**6,492,164**	–
	₱609,031,113	₱576,817,791

b. General and Administrative Expenses

	2023	2022
Personnel cost	**₱33,438,566**	₱1,439,599
Outside services	**22,409,998**	18,521,042
Taxes and licenses	**10,674,879**	5,893,430
IT-related expenses	**9,402,392**	590,928
Depreciation expense	**2,004,904**	36,974
Supplies expense	**1,939,574**	1,669,766
Trainings, seminars and representation	**1,553,887**	–
Director's fees	**1,325,000**	1,800,000
Fines and penalties	**1,124,507**	24,500
Transportation and travel	**876,277**	679,277
Membership and association dues	**772,880**	1,319,644
Miscellaneous expenses	**9,505,119**	558,425
	₱95,027,983	₱32,533,585

Miscellaneous expenses consist of transportation and travel, stationary and supplies, reproduction costs, rent expenses, telecommunication, gas and oil, notarial fees, meal reimbursements and other expenses.

c. Personnel Cost

	2023	2022
Salaries and wages	**₱42,413,903**	₱1,436,174
Employee benefits	**376,864**	3,425
	₱42,790,767	₱1,439,599

15. Interest Income and Finance Charges

	2023	2022
Interest income:		
Cash (Notes 4 and 12)	**₱47,970,110**	₱4,548,584
Financial assets at FVOCI (Note 5)	**635,000**	1,466,122
	₱48,605,110	₱6,014,706
Finance charges:		
Interest expense on accretion (Note 11)	**₱–**	₱1,327,397
Bank service charges and others	**1,534**	9,587
	₱1,534	₱1,336,984

16. Income Tax

a. Details of the Company's provision for current income tax follow:

	2023	2022
RCIT	**₱109,044,597**	₱186,144,111
Final tax	**9,721,022**	999,190
	₱118,765,619	₱187,143,301

b. The Company's recognized deferred income tax assets (liabilities) as of December 31 follow:

	2023	2022
Deferred income taxes recognized in profit or loss:		
Deferred income tax assets on:		
Advance rentals	**₱64,283,838**	₱79,780,661
Allowance for expected credit losses	**5,005,283**	9,195,892
	69,289,121	88,976,553
Deferred income tax liabilities on:		
Deferred rent	**(37,701,561)**	(45,673,445)
Accretion of security deposit	**(8,606,373)**	(8,606,372)
Unrealized gain on financial assets at FVTPL	**(72,105)**	(52,362)
	(46,380,039)	(54,332,179)
Deferred income tax liability on gains arising from net unrealized gains on financial assets at FVOCI	**(21,334,642)**	(19,519,375)
	₱1,574,440	₱15,124,999

c. The reconciliation of the provision for income tax computed using the statutory income tax rate to the provision for income tax as shown in the statements comprehensive of income is summarized as follows:

	2023	2022
Provision for income tax at the statutory income tax rate	**₱185,004,841**	₱222,119,662
Adjustments for:		
Adjustment in the current period for income tax as a result of OSD application	**(52,161,341)**	–
Income subjected to final tax	**(12,151,278)**	(1,503,677)
Final income tax	**9,721,022**	999,190
Nondeductible expenses	**100,827**	–
Movements in temporary differences for which no deferred income tax were recognized	**(13,161)**	(3,819)
Provision for income tax	**₱130,500,910**	₱221,611,356

17. Equity

Capital Stock

Information on the number of shares of the Company's capital stock as of December 31, 2023 and 2022 follow:

	2023		2022	
	Shares	**Amount**	Shares	Amount
Authorized capital stock - ₱100 par	**505,000,000**	**₱50,500,000,000**	505,000,000	50,500,000,000
Issued				
Beginning of year	**469,321,000**	**₱46,932,100,000**	469,321,000	₱46,932,100,000
Issuance of stock (Note 12)	**–**	**–**	–	–
End of year	**469,321,000**	**₱46,932,100,000**	469,321,000	₱46,932,100,000

Appropriated retained earnings amounting to ₱1.0 million as of December 31, 2021 represents self-insurance to cover any liability that may arise from any action or proceedings filed against the directors and officers of the Company in connection with the performance of their duties and responsibilities as directors and officers. On March 31, 2022, the Company's BOD approved to reverse the appropriated retained earnings amounting to ₱1.0 million.

There is no appropriation of retained earnings happened for the year.

18. Leases

The Company as lessor

The Company entered into lease agreements with related parties and third parties covering its investment property portfolio. These leases generally provide fixed monthly rent. The Company records rental income on a straight-line basis over the lease term.

Future minimum rental receivable under non-cancellable operating leases as of December 31 follow:

	2023	2022
Within one year	**₱1,076,681,413**	₱1,163,551,488
After one year but not more than five years	**3,665,054,773**	3,937,798,509
More than five years	**1,650,288,918**	1,444,682,174
	₱6,392,025,103	₱6,546,032,171

19. Financial Risk Management Objectives and Policies and Fair Value Disclosures

The Company's principal financial instruments are cash in banks, financial assets at FVTPL and financial assets at FVOCI. The Company has various financial assets and financial liabilities such as trade and other receivables, refundable deposits, trade and other payables and security deposits which arise directly from its operations.Management closely monitors the cash fund and financial transactions of the Company. Cash funds are normally deposited with banks considered as related parties, and financial transactions are normally dealt with related parties. These strategies, to an extent, mitigate the Company's interest rate and credit risks.

Exposure to credit, liquidity and foreign currency risks arises in the normal course of the Company's business activities. The main objectives of the Company's financial risk management policies are: (a) to identify and monitor such risks on an ongoing basis, (b) to minimize and mitigate such risks, and (c) to provide a degree of certainty about costs.

The BOD reviews and approves the policies for managing these risks which are described below.

Equity price risk
Equity price risk is the risk that the fair values of investment in equity securities decrease as a result of changes in the levels of equity indices and the value of individual stocks.

The effect on equity and pre-tax income as a result of change in the fair value of equity instruments held as financial assets at FVOCI and financial assets at FVTPL, due to reasonably possible change in equity indices, with all other variables held constant are as follows:

	2023		
	Change in Equity Price	**Effect on Pre-tax Income**	**Effect on Equity***
Financial assets at FVTPL	**+4.34%**	**₱137,321**	**₱–**
	-4.34%	**(137,321)**	**–**
Financial assets at FVOCI	**+4.59%**	**–**	**7,427,520**
	-4.59%	**–**	**(7,427,520)**

	2022		
	Change in Equity Price	Effect on Pre-tax income	Effect on Equity*
Financial assets at FVTPL	+1.39%	₱42,070	₱–
	-1.39%	(42,070)	–
Financial assets at FVOCI	+43.34%	–	67,109,973
	-43.34%	–	(67,109,973)

***** *The impact on the Company's equity for financial assets at FVOCI excludes the impact of transactions affecting income.*

Credit risk
Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due.

Credit risk is the risk that the Company will incur a loss because its counterparties failed to discharge their contractual obligations. The Company's credit risks are primarily attributable to cash in banks, trade and other receivables and other financial assets.
The carrying amount of cash in banks, trade and other receivables and refundable deposits represent the Company's maximum exposure to credit risk.

As of December 31, the Company's maximum exposure to credit risk for the components of the statements of financial position follows:

	2023	2022
Financial assets at amortized cost:		
Cash and cash equivalents*	**₱1,761,433,579**	₱1,144,069,799
Trade and other receivables		
Lease receivables	**1,627,479,561**	822,928,436
Accrued interest receivable	**2,473,647**	499,961
Others	**23,938,603**	20,021,133
Refundable deposits	**25,618,246**	25,593,446
	₱3,440,943,636	₱2,013,112,775

**Excludes cash on hand amounting to ₱90,000 and ₱60,000 as of December 31, 2023 and 2022*

Credit quality per class of financial assets
Description of the credit quality grades used by the Company follows:

a. Financial assets at FVTPL and FVOCI
High grade - Counterparties that are consistently profitable, have strong fundamentals and pays out dividends.

Standard grade - Counterparties that recently turned profitable and have the potential of becoming a high grade Company. These counterparties have sound fundamentals.

Substandard grade - Counterparties that are not yet profitable, speculative in nature but have the potential to turn around fundamentally.

b. Lease receivables
High grade - High probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard grade - Collections are probable due to the reputation and the financial ability of the counterparty to pay.

The tables below show credit quality by class of financial assets based on the Company's credit quality grades (gross of allowance for credit losses):

	2023			
	Stage 1		Stage 3	
	High Grade	**Standard Grade**	**Impaired**	**Total**
Cash in banks	**₱527,376,943**	**₱–**	**₱–**	**₱527,376,943**
Cash equivalents	**1,234,056,636**	**–**	**–**	**1,234,056,636**
Financial assets at FVTPL:				
Investment in UITF	**3,111,498**	**–**	**–**	**3,111,498**
Equity securities	**54,474**	**–**	**–**	**54,474**
Financial assets at FVOCI:				
Equity securities	**156,121,901**	**–**	**–**	**156,121,901**
Government securities	**5,809,043**	**–**	**–**	**5,809,043**
Loans and receivables:				
Lease receivables	**–**	**1,631,397,031**	**–**	**1,631,397,031**
Accrued interest receivable	**2,473,647**	**–**	**–**	**2,473,647**
Others	**–**	**3,917,470**	**20,021,133**	**23,938,603**
Refundable deposit	**–**	**25,618,246**	**–**	**25,618,246**
	₱1,929,004,142	**₱1,660,932,747**	**₱20,021,133**	**₱3,609,958,022**

	2022			
	Stage 1		Stage 3	
	High Grade	Standard Grade	Impaired	Total
Cash in banks	₱545,238,895	₱–	₱–	₱545,238,895
Cash equivalents	598,830,904	–	–	598,830,904
Financial assets at FVTPL:				
Investment in UITF	2,925,883	–	–	2,925,883
Equity securities	108,477	–	–	108,477
Financial assets at FVOCI:				
Equity securities	144,000,000	–	–	144,000,000
Government securities	10,829,171	–	–	10,829,171
Loans and receivables:				
Lease receivables	–	806,166,000	16,762,436	822,928,436
Accrued interest receivable	499,961	–	–	499,961
Others	–	–	20,021,133	20,021,133
Refundable deposit	–	25,593,446	–	25,593,446
	₱1,302,433,291	₱831,759,446	₱36,783,569	₱2,170,976,306

In 2023, there is no set up of additional provisions on these receivables since management assessed that there is no credit risk arising from these receivables due to continuous collections from the related counterparties.

The credit risk exposure on the financial assets computed in 2022 is still consistent for the current year, as set out in the provision matrix below:

December 31, 2023:

		Trade and other receivables					
			Days past due				
(in millions)	**Refundable deposits**	**Current**	**<31 days**	**31-60 days**	**61-90 days**	**> 90 days**	**Total**
Expected credit loss rate	-%	0.01% - 4.23%	0.05% - 4.96%	0.05% - 5.46%	0.90% - 8.97%	2.00% - 10.28%	
Total gross carrying amount	**₱25.6**	**₱145.0**	**₱119.6**	**₱110.0**	**₱101.2**	**₱1,207.6**	**₱1,709.0**
Subjected to lifetime ECL	**–**	**–**	**–**	**–**	**–**	**20.0**	**20.0**
Estimated total gross carrying amount at default	**25.6**	**145.0**	**119.6**	**110.0**	**101.2**	**1,187.6**	**1,689.0**
Expected credit loss - 12-month ECL	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Expected credit loss - lifetime ECL	**–**	**–**	**–**	**–**	**–**	**20.0**	**20.0**
Expected credit loss (Note 6)	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱20.0**	**₱20.0**

December 31, 2022:

		Trade and other receivables					
			Days past due				
(in millions)	Refundable deposits	Current	<31 days	31-60 days	61-90 days	> 90 days	Total
Expected credit loss rate	-%	0.01% - 4.23%	0.05% - 4.96%	0.05% - 5.46%	0.90% - 8.97%	2.00% - 10.28%	
Total gross carrying amount	₱25.6	₱60.5	₱83.1	₱98.7	₱82.2	₱518.9	₱869.0
Subjected to lifetime ECL	–	–	–	–	–	31.6	31.6
Estimated total gross carrying amount at default	25.6	60.5	83.1	98.7	82.2	487.3	837.4
Expected credit loss - 12-month ECL	–	–	–	–	–	31.6	31.6
Expected credit loss - lifetime ECL	–	1.1	1.9	1.8	0.4	–	5.2
Expected credit loss (Note 6)	₱–	₱1.1	₱1.9	₱1.8	₱0.4	₱31.6	₱36.8

Concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities having similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Company's financial strength and undermine public confidence. Concentration risk per business.

Concentration risk of the Company could arise from revenue from a certain customer, particularly with related parties which comprises 67% of the total revenue.

Liquidity risk

Liquidity risk is defined as risk that the Company would not be able to settle or meet its obligations on time or at a reasonable price. The Company maintains sufficient cash in order to fund its operations.

The following tables show the maturity profile of the Company's other financial liabilities (undiscounted amounts of principal and related interest) as well as the undiscounted cash flows from financial assets used for liquidity management.

As of December 31, 2023:

	On demand	Less than 1 year	More than 1 year	Total
Financial liabilities:				
Trade and other payables:				
Accounts payables	**₱–**	**₱85,360,898**	**₱–**	**₱85,360,898**
Accrued expenses	**–**	**93,355,448**	**–**	**93,355,448**
Security deposits*	**–**	**288,047,183**	**501,457,353**	**789,504,536**
	₱–	**₱466,763,529**	**₱501,457,353**	**₱968,220,882**
Financial assets:				
Cash and cash equivalents	**₱1,761,523,579**	**₱–**	**₱–**	**₱1,761,523,579**
Financial assets at FVTPL	**–**	**3,165,972**	**–**	**3,165,972**
Trade and other receivables	**–**	**1,633,870,678**	**–**	**1,633,870,678**
	₱1,761,523,579	**₱1,637,036,650**	**₱–**	**₱3,398,560,229**

**Including interest to maturity amounting to ₱34.4 million*

As of December 31, 2022:

	On demand	Less than 1 year	More than 1 year	Total
Financial liabilities:				
Trade and other payables:				
Accounts payables	₱–	₱120,784,411	₱–	₱120,784,411
Accrued expenses	–	23,058,571	–	23,058,571
Others	–	4,146	–	4,146
Security deposits*	–	77,450,005	222,975,771	300,425,776
	₱–	₱221,297,133	₱222,975,771	₱444,272,904
Financial assets:				
Cash and cash equivalents	₱1,144,129,799	₱–	₱–	₱1,144,129,799
Financial assets at FVTPL	–	3,034,360	–	3,034,360
Trade and other receivables	–	806,665,961	–	806,665,961
	₱1,144,129,799	₱809,700,321	₱–	₱1,953,830,120

**Including interest to maturity amounting to ₱34.4 million*

Fair Value Information

Presented below is the comparison of the carrying values and fair values of the Company's financial assets and liabilities that are presented in the statements of financial position.

	December 31, 2023		December 31, 2022	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets				
Cash on hand	**₱90,000**	**₱90,000**	₱60,000	₱60,000
Cash in banks	**527,376,943**	**527,376,943**	545,238,895	545,238,895
Cash equivalent	**1,234,056,636**	**1,234,056,636**	598,830,904	598,830,904
Financial assets at FVTPL	**3,165,972**	**3,165,972**	3,034,360	3,034,360
Financial assets at FVOCI	**161,930,944**	**161,930,944**	154,829,171	154,829,171
Trade and other receivables:				
Lease receivables	**1,631,397,031**	**1,631,397,031**	806,166,000	806,166,000
Others	**2,473,647**	**2,473,647**	499,961	499,961
Refundable deposits*	**25,618,246**	**25,618,246**	25,593,446	25,593,446
	₱3,586,109,419	**₱3,586,109,419**	₱2,134,252,737	₱2,134,252,737
Financial Liabilities				
Trade and other payables:				
Accounts payable	**₱85,360,898**	**₱85,360,898**	₱120,784,411	₱120,784,411
Accrued expenses	**93,355,448**	**93,355,448**	23,058,571	23,058,571
Others	**–**	**–**	4,146	4,146
Security deposits**	**755,079,046**	**773,956,022**	266,000,286	269,325,290
	₱933,795,392	**₱952,672,368**	₱409,847,414	₱413,172,418

**Presented as part of "Other current assets" account.*
***Presented as part of "Deposits and other liabilities" account.*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash, trade and other receivables, loans payable and trade and other payables
The carrying values of the cash, trade and other receivables, trade and other payables and loans payable approximate their fair values due to the short-term nature of these financial instruments.

Equity securities at FVTPL and FVOCI
Fair values are generally based on quoted market prices.

Government securities at FVOCI
Fair values are generally based upon quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Refundable deposits
The carrying value of deposits is the best estimate of its fair value since the related contracts and agreements pertaining to these deposits have indeterminable terms.

Security deposits
The fair values of security deposits are estimated using the discounted cash flow method based on the discounted value of future cash flows using the applicable risk-free rates for similar types of instruments. The discount rates used range from 4.00% to 7.00% and 2.50% to 6.00% as of December 31, 2023 and 2022, respectively. Management has determined the inputs to be Level 3.

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- quoted prices in active markets for identical assets (Level 1);
- those involving inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices) (Level 2); and,
- those inputs for the asset that are not based on observable market data (unobservable inputs) (Level 3).

In 2023 and 2022, there were no transfers between Levels 1 and 2 fair value measurements, and no transfers into and out of Level 3 measurements.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other revaluation models.

20. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating, complies with externally imposed capital requirements and maintains healthy capital ratios in order to support its business and maximize stockholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes for the years ended December 31, 2023 and 2022. Accordingly, the Company is not subject to externally imposed capital requirements.

The table below summarizes the total capital considered by the Company:

	2023	2022
Capital stock	**₱46,932,100,000**	₱46,932,100,000
Retained earnings	**1,538,663,312**	929,144,857
	₱48,470,763,312	₱47,861,244,857

21. Supplementary Information Required Under Revenue Regulations No. 15-2010

The Company reported and/or paid the following types of taxes in 2023:

Value Added Tax (VAT)

a. The Company is a VAT-registered company with output VAT declaration as follows:

	Net Sales/ Receipts	Output VAT
VATable:		
Rental income	₱839,600,066	₱100,752,008
Government sales	33,749,251	4,049,910
Exempt sales	10,802,668	–
	₱884,151,985	₱104,801,918

The Company's revenues per VAT returns are based on actual collections received, hence, may not be the same as the amounts recognized in the statement of comprehensive income.

b. Details of the Company's input VAT for 2023 follow:

Balance at January 1	₱–
Current year's transactions:	
Domestic purchases of goods other than capital goods	1,367,747
Domestic purchases of services	38,939,218
Purchases of capital goods exceeding ₱1.0 million	2,458,897
Purchases of capital goods not exceeding ₱1.0 million	365,244
VAT withheld on sales to government	1,687,463
Creditable withholding VAT	404,258
	45,222,827
Less: Input VAT claimed as deduction from output VAT	(45,222,827)
Balance at December 31	₱–

c. Details of the VAT Payable:

Total sales/receipts and output tax due	₱104,801,918
Total allowable input tax	(45,222,827)
Net VAT Payable	59,579,091
VAT paid from previous quarters	53,405,698
Outstanding VAT payable for 2023	₱6,173,393

Taxes and Licenses

Other taxes and licenses (local and national) for 2023 included under "General and administrative expenses" and "Cost of rental income" are as follow:

Real property tax	₱140,877,025
Business taxes	9,228,811
Documentary stamp taxes	827,512
Annual registration fee	500
Other percentage taxes	616,156
Other licenses and permits fees	1,203,166
Total	₱152,753,170

Withholding Taxes

Withholding taxes on compensation	₱7,239,199
Expanded withholding taxes	24,348,072
Total	₱31,587,271

Tax Assessments/Cases

In 2023, the Company has ongoing tax assessments for the following period and tax types:

Period	Tax Type	Stage
Taxable Year 2021	All Internal Revenue Taxes	Preliminary Stage
Taxable Year 2022	All Internal Revenue Taxes except VAT - 1st Semester	Preliminary Stage
1st Semester – Taxable Year 2022	Value Added Taxes	PAN Stage

Apart from the above, the Company does not have any pending tax cases, litigations and/or prosecution in courts or bodies outside the BIR in 2023.

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
PNB Holdings Corporation
8th Floor, Philippine National Bank Center
Ayala Avenue, Makati City

We have audited the financial statements of PNB Holdings Corporation as at and for the year ended December 31, 2023, on which we have rendered the attached report dated March 18, 2024.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that above company has one stockholder owning 100 or more shares.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
Tax Identification No. 233-299-245
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-109-2023, October 26, 2023, valid until October 25, 2026
PTR No. 10079916, January 5, 2024, Makati City

March 18, 2024

P&A Grant Thornton

Project Oberon

Valuation results

December 2025

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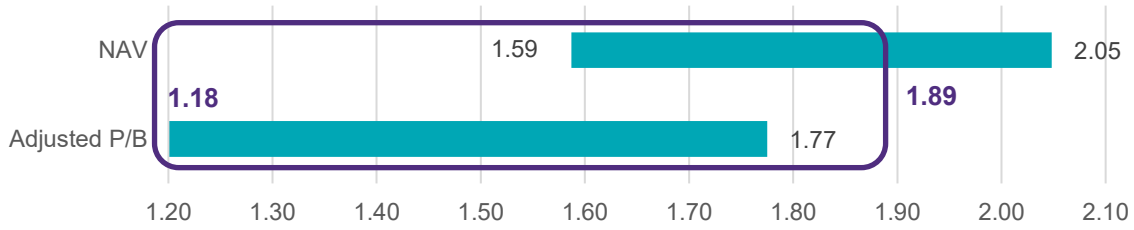
01 Summary of valuation results

Summary of valuation results

Description	Estimated equity value (in millions of PHP)	Fair value per share (in PHP) [1]
Asset-based approach (net asset value)		
Base	88,845	1.89
Upside	96,132	2.05
Downside	74,473	1.59
Market-based approach (relative method)		
Adjusted price-to-book		
Upside	83,300	1.77
Downside	55,533	1.18
Range of fair values		**1.18 – 1.89**

[1] *Derived by dividing the estimated equity value by 46,932 million shares.*

Indicative value per share



Conclusion

1. In forming our conclusion, we place primary weight on the Adjusted NAV approach, which we consider the best representation of PHC's intrinsic asset-backed value given its portfolio of prime CBD properties and the use of independent HBU-based appraisals. The Adjusted NAV analysis, after applying sensitivities to the appraised values, implies an equity value range of approximately PHP1.59 to PHP2.05 per share.
2. We assign **secondary but meaningful weight to the Market-based P/B valuation**, which reflects how comparable listed real estate platforms are currently priced in the Philippine capital market. After factor-based adjustments, this approach yields a value range of approximately PHP1.18 to PHP1.77 per share. This corresponds to P/B multiples that remain within the band of trading levels observed by the selected REIT peers.
3. Recognizing that PHC's shareholders will ultimately realize value through trading in the Philippine stock market, we believe the overall fair value range should reflect both the intrinsic NAV and prevailing market discounts. Accordingly, we adopt a **fair value range of approximately PHP1.18 to PHP1.89 per share**, with the lower bound anchored on the Downside case of the Market-based approach and the upper bound anchored on the Base and Downside outcomes of the Adjusted NAV analysis.

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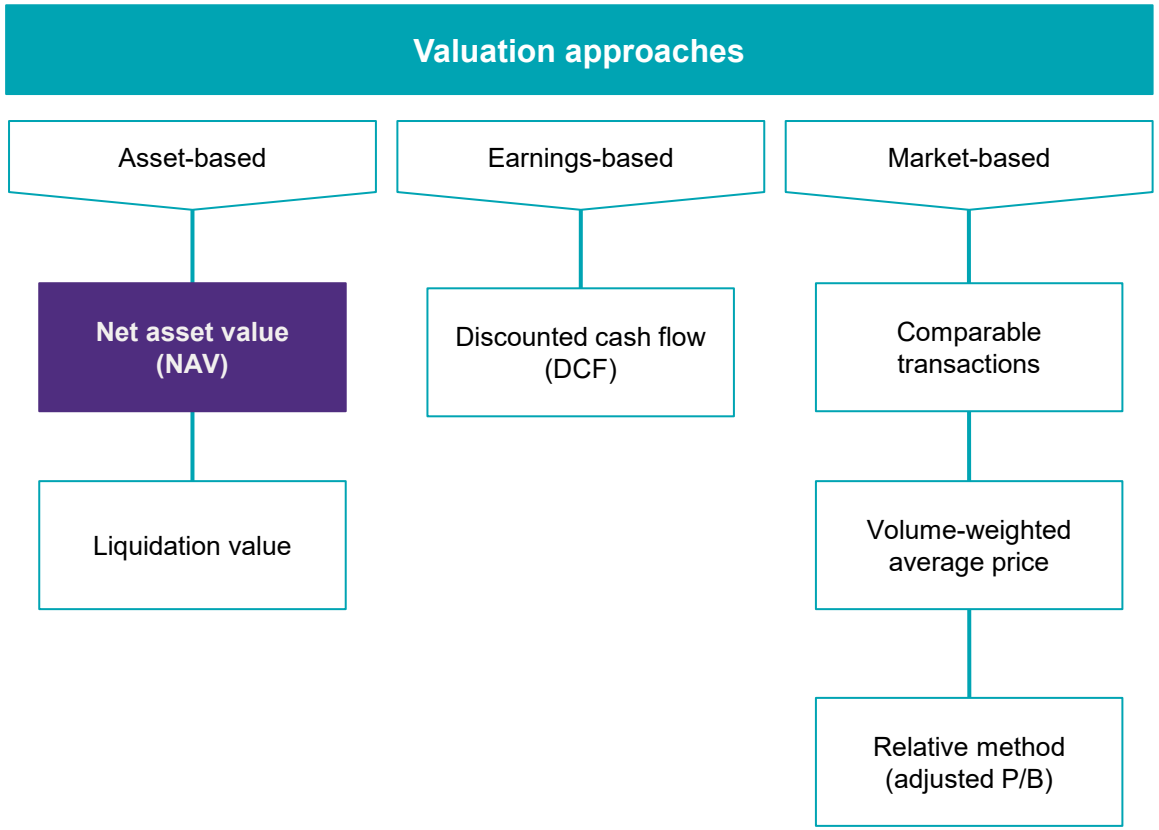
02 Valuation approaches

NAV approach



NAV approach, as our primary valuation approach

- This approach focuses on the fair market value of PHC's underlying real estate assets under their HBU, rather than on long-term projections of operating cash flows which are subject to significant estimation uncertainty.
- **Adjustments to the book value.** We begin with PHC's 3Q2025 statement of financial position. The book values of real estate assets are then replaced with independent appraised fair values prepared by SEC-accredited valuers in accordance with PFRS 13 and IVS (January 2025), using appropriate Market, Income, and/or Cost approaches. Book value of assets other than the real estate assets and liabilities approximates their fair values.
- **Sensitivity**. Recognizing that real estate valuation involves judgement and market variability, and that current conditions in the Metro Manila office and retail markets are characterised by soft pricing, elevated vacancies and yield pressure, we did not treat the appraised values as single, precise points. These overlays are analytical sensitivities rather than new appraisals. They are intended to capture a prudent envelope of uncertainty around HBU-based fair values.
- In forming our fairness assessment, we place particular emphasis on the Base and Downside NAV outcomes, with the Upside viewed as potential upside rather than as the central anchor.

NAV approach

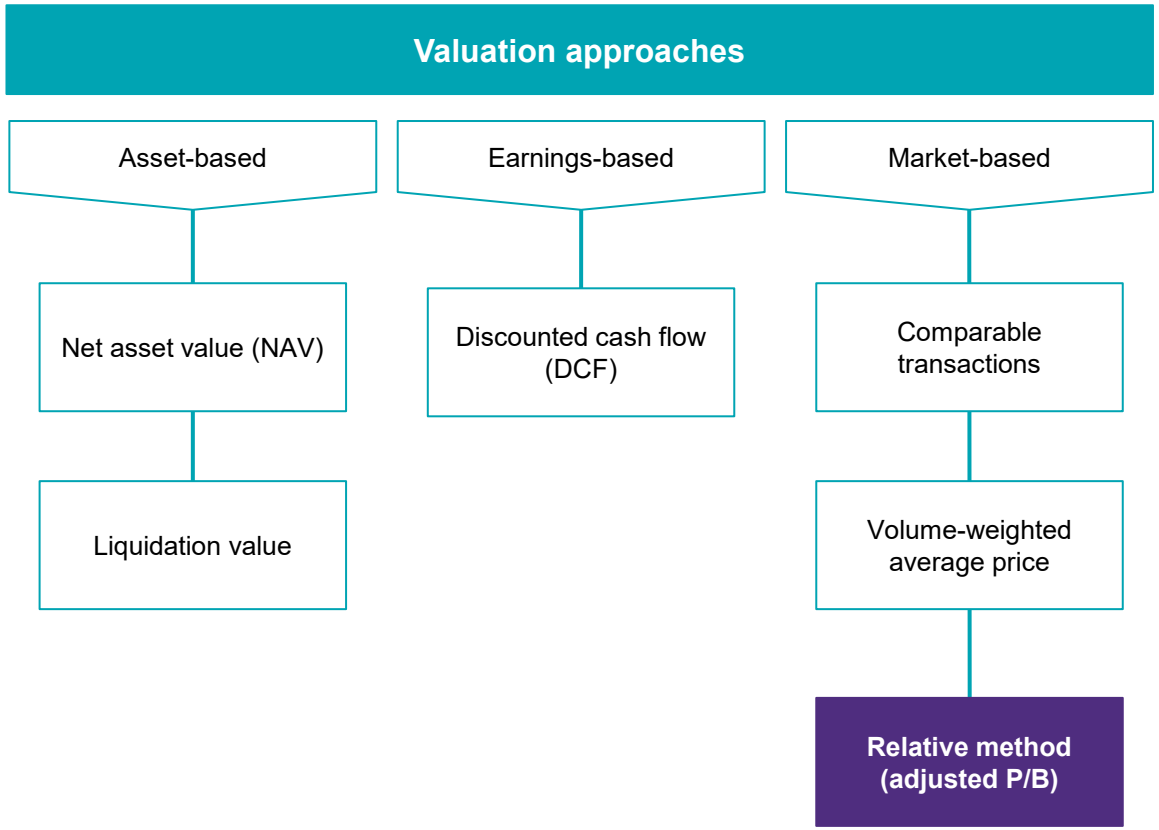
NAV computation[1]	Base	Upside	Downside
Current assets	3,568	3,568	3,568
Non-current assets	46,804	46,804	46,804
Total assets	50,372	50,372	50,372
Current liabilities	449	449	449
Non-current liabilities	533	533	533
Total liabilities	982	982	982
Net book value	**49,390**	**49,390**	**49,390**
Adjustment –			
Revaluation of assets	39,455	46,742	25,083
Estimated equity value	**88,845**	**96,132**	**74,473**
Total outstanding shares[2]	46,932	46,932	46,932
Equity value per share	**1.89**	**2.05**	**1.59**

[1] *Presented in millions of PHP, except for the equity value per share*
[2] *Presented in millions of shares*

Analysis

- In determining the NAV, we used the balances from the unaudited statement of financial position of PHC as of 30 September 2025. Adjustments were made to account for the revaluation of assets, which was based on appraisal report results as of 30 September 2025. Sensitivity analysis was performed on appraised values, applying upside and downside scenarios to assess the impact on the NAV.
- Comparable land and strata sales used in the appraisal reports show a spread of adjusted prices around the adopted rate per square meter, and modest changes in pricing (for example, 0 to 20% in unit prices) are commonly observed in the Metro Manila real estate market. To reflect this uncertainty in a way that is consistent with the risk profile of the portfolio, we derive a NAV range by applying *asymmetric* sensitivities of -20% and +10% to the appraised values of the major properties:
  - The +10% case represents a reasonable upside scenario in which assets transact closer to the upper end of the comparable-price range and/or at modestly lower yields, reflecting firmer investor sentiment and successful positioning of the properties.
  - The -20% case represents a plausible stress scenario in which buyers demand higher risk premia for CBD office and retail exposure, yields back up, or transaction prices clear closer to the lower end of the comparable range due to prolonged softness in leasing markets or slower progress on redevelopment.
- The book values of net assets other than the real estate assets approximate their fair values.
- Based on the preceding table, the estimated equity value of PHC using the net asset value approach is PHP88,845 million, or PHP1.89 per share in the base case. Under the upside scenario (+10%), the NAV increases to approximately PHP96,132 million (PHP2.05 per share), while the downside scenario (-20%) reduces the NAV to about PHP74,473 million (PHP1.59 per share).

Market-based approach



Relative method, as secondary approach

- The objective of this approach is not to replace the NAV approach, but to provide secondary, market-based valuation lens and to assess whether the NAV-based value indications are broadly consistent with observable market pricing for similar asset-backed entities.
- **Peer group.** Consist primarily of Philippine REITs (i.e., AREIT, MREIT and RCR) with portfolios that are comparable to PHC in terms of asset type, location, and business model.
- **Use of P/B multiple.** PHC's value is primarily driven by the fair value of its underlying land and buildings; therefore, an asset-based multiple such as P/B is more relevant than earnings-based metrics (e.g., P/E) or sales-based metrics (e.g., P/S).
- **Qualitative adjustments to P/B multiple.** Recognizing that PHC differs from listed REITs in several structural respects, we adjusted the peer median P/B multiple using small, factor-based increments. We assessed whether PHC is at modest advantage, broadly comparable, or at a disadvantage relative to the peer group in terms of the following dimensions: asset quality and location, redevelopment, payout policy and tax regime, portfolio diversification and concentration, free float and trading liquidity, maturity (or stage of operations) and sponsor strength.
- The adjusted P/B multiple applied to PHC's Adjusted NAV produce value indications that are broadly aligned with, but generally at a discount to, the NAV-based range. This provides a secondary, market-based valuation reference that both corroborates the Adjusted NAV results and informs the lower end of the overall fair value range, while the Adjusted NAV approach remains as the primary anchor for our fairness opinion.

Market-based approach

Market-based computation[1]	Upside	Downside
Book value	88,845	88,845
Multiplied by adjusted median P/B multiple[2]	0.94x	0.63x
Equity value	**83,300**	**55,533**
Divided by outstanding shares[3]	46,932	46,932
Estimated fair value per share	**1.77**	**1.18**

[1] Presented in millions of PHP, except for the estimated fair value per share
[2] Median of the P/B multiples of companies identified as comparable to PHC capped at ±40%
[3] Presented in millions of shares
[4] Source: S&P Global Market Intelligence (NAV Monitor) and Green Street
***Note:** Minimal difference is due to rounding off*

Analysis

- **Adjustments.** We translate the differences or qualitative assessments into modest percentage adjustments around the peer median multiple, typically in increments of 5% and 10% per factor, where ±5% reflects a moderate relative advantage or disadvantage and ±10% is reserved for clear, material differences. To avoid overstating any single judgement and to remain firmly anchored to observable market data, we cap the overall discount at approximately 40% relative to the peer median multiple. This means that even after aggregating factor adjustments, PHC's implied P/B multiple cannot fall by more than about 40%[4] below the peer median; while this is deeper than the current discount (i.e., 28%) of any single REIT in the peer set, it remains within the range of discounts to NAV commonly observed for listed real estate vehicles in weaker parts of the cycle.

Adjusted P/BV	Upside	Downside
Unadjusted median P/B multiple	**1.04x**	**1.04x**
Adjustments:		
Asset quality/location	5.0%	0.0%
Redevelopment/ HBU optionality	5.0%	0.0%
Payout policy (90% rule)	-5.0%	-10.0%
Tax regime (no REIT tax perks)	-5.0%	-10.0%
Portfolio diversification	-5.0%	-10.0%
Free float	-5.0%	-10.0%
Maturity (stage of operations)	-5.0%	-10.0%
Sponsor or governance	5.0%	0.0%
Capped at ±40%	-10.0%	-40.0%
Adjusted median P/B multiple	**0.94x**	**0.63x**

Comparable companies

Country	Company	Description	P/B
Philippines	**AREIT, Inc. (PSE:AREIT)**	AREIT, Inc. (AREIT) was incorporated on 4 September 2006 as a real estate company. Initially known as One Dela Rosa Property Development, Inc., it adopted its current name on 12 April 2019. As the first Real Estate Investment Trust (REIT) in the Philippines, AREIT is dedicated to owning and investing in a portfolio of income-generating commercial properties, including office, retail, and hotel spaces that align with its investment criteria. AREIT is committed to expanding its portfolio of office, shopping center, and hotel properties and exploring other types of real estate properties as the opportunity arises. As of the end of 2024, AREIT's gross leasable area (GLA) stands at 3.9 million square meters (sqm). With Assets Under Management (AUM) valued at PHP117 billion, AREIT is the largest and most diversified REIT in the Philippines. This highlights AREIT's extensive portfolio, demonstrating its significant footprint in the real estate industry. AREIT was publicly listed on the Philippine Stock Exchange on 13 August 2020. As of 31 December 2024, 38% of the company is publicly held, while the remainder is owned by its sponsor, Ayala Land, Inc. (Ayala Land or ALI), its wholly owned subsidiaries, and a wholly owned subsidiary of our sister company, ACEN Corporation (ACEN). AREIT offers an investment opportunity with a stable yield, distributing at least 90% of its distributable income from high-quality properties with strong tenant demand. Supported by Ayala Land and managed by experienced fund and property management companies, AREIT Fund Managers, Inc. (AFMI) and AREIT Property Managers, Inc. (APMI), respectively, the company is well-positioned for revenue and net operating income growth.	1.21x
Philippines	**MREIT, Inc. (PSE:MREIT)**	MREIT, Inc. operates as a real estate investment trust. It leases a portfolio of 10 office and commercial assets in the Philippines. The company has elected to be taxed as a real estate investment trust. As a result, it would not be subject to corporate income tax on that portion of its net income that is distributed to shareholders. The company is based in Taguig, the Philippines.	0.75x
Philippines	**RL Commercial REIT, Inc. (PSE:RCR)**	RL Commercial REIT, Inc., a real estate company, invests in various real estate properties. The company was formerly known as Robinsons Realty and Management Corporation and changed its name to RL Commercial REIT, Inc. RL Commercial REIT, Inc. was incorporated in 1988 and is based in Pasig, the Philippines.	1.04x
Median			**1.04x**

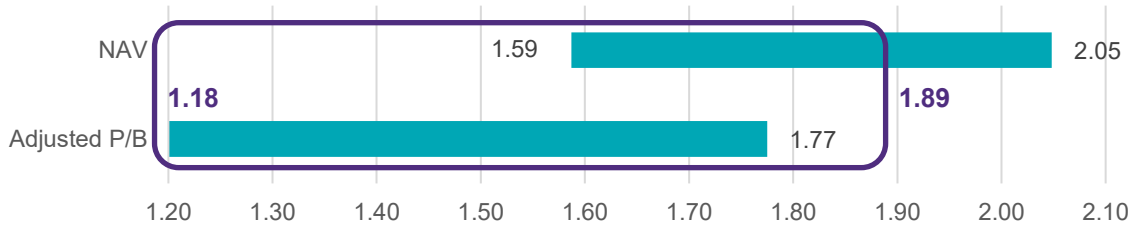
Extracted from S&P Capital IQ on 25 November 2025. With 30 September 2025 as cut-off.

Valuation results

Description	Estimated equity value (in millions of PHP)	Fair value per share (in PHP) [1]
Asset-based approach (net asset value)		
Base	88,845	1.89
Upside	96,132	2.05
Downside	74,473	1.59
Market-based approach (relative method)		
Adjusted price-to-book		
Upside	83,300	1.77
Downside	55,533	1.18
Range of fair values		**1.18 – 1.89**

[1] *Derived by dividing the estimated equity value by 46,932 million shares.*

Indicative value per share



Conclusion

1. In forming our conclusion, we place primary weight on the Adjusted NAV approach, which we consider the best representation of PHC's intrinsic asset-backed value given its portfolio of prime CBD properties and the use of independent HBU-based appraisals. The Adjusted NAV analysis, after applying sensitivities to the appraised values, implies an equity value range of approximately PHP1.59 to PHP2.05 per share.
2. We assign **secondary but meaningful weight to the Market-based P/B valuation**, which reflects how comparable listed real estate platforms are currently priced in the Philippine capital market. After factor-based adjustments, this approach yields a value range of approximately PHP1.18 to PHP1.77 per share. This corresponds to P/B multiples that remain within the band of trading levels observed by the selected REIT peers.
3. Recognizing that PHC's shareholders will ultimately realize value through trading in the Philippine stock market, we believe the overall fair value range should reflect both the intrinsic NAV and prevailing market discounts. Accordingly, we adopt a **fair value range of approximately PHP1.18 to PHP1.89 per share**, with the lower bound anchored on the Downside case of the Market-based approach and the upper bound anchored on the Base and Downside outcomes of the Adjusted NAV analysis.

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Market Research Report

for

PNB HOLDINGS CORPORATION (PHC)

FINAL REPORT

December 19, 2025

Executive Summary

The Market Research Report provides an analysis of the macroeconomic conditions, real estate market performance, and strategic opportunities in Metro Manila, with a focus on the Makati CBD and the Bay Area. This report aims to support PNB Holdings Corporation's growth strategy as it positions for public listing, highlighting key trends, demand drivers, and investment opportunities across the office, residential, hospitality, and retail sectors. The report is intended to provide an evaluation of the competitive environment, relevant infrastructure developments, and market outlook to support decisions that enhance asset value, strengthen brand positioning, and deliver sustainable long-term returns.

Our findings in the conduct of the market research report include the following:

Macroeconomic Context

The Philippine economy expanded from USD83.7 billion in 2000 to USD461.6 billion in 2024, driven by robust domestic consumption, infrastructure spending of USD26.9 billion, and in the Information Technology and Business Process Management (IT-BPM) sector, which grew to USD38 billion. OFW remittances reached USD38.3 billion, fueling liquidity and real estate demand. Foreign Direct Investments surged 394% from 2020 to 2024, signaling strong investor confidence. Tourism receipts climbed PHP760.5 billion, with higher-spending segments such as busine ss travelers and expatriates fueling demand for premium hospitality and retail.

Additionally, the country's growing base of high net worth individuals (HNWI) supports sustained demand for prime real estate assets in Makati and Bay Area, reinforcing the resilience of the luxury segment.

Makati CBD

Makati remains the country's premier financial district, hosting 3.9 million square meters of office supply with a vacancy rate of 15%–the lowest among major submarkets. Redevelopment plans cover 186,950 square meters of aging assets, unlocking value through mixed-use development projects. Upcoming office pipeline totals 445,000 square meters through 2030, largely pre-leased to major financial institutions. Luxury residential units in Makati City

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command PHP472,000 to PHP893,000 per square meter, with strong absorption and limited inventory. Hospitality performance is robust, with luxury hotels posting 66.7% occupancy and ADR at PHP9,560, surpassing pre-pandemic levels.

Bay Area

The Bay Area is positioned as Metro Manila's next growth corridor, anchored by Entertainment City and large-scale reclamation projects. Land values range from PHP450,000 to PHP560,000 per square meter. Office vacancy stands low at 27%, but Grade A assets show resilience, and vacancy is projected to drop to 8% by 2029. Luxury residential prices range from PHP638,000 to PHP1,000,000 per square meter, supported by proximity to resort-casino complexes and NAIA. Hospitality pipeline includes branded luxury hotels such as Banyan Tree, reinforcing the district's positioning as a tourism and MICE hub.

Market Analysis

Office: Metro Manila has 15 million square meters of supply with 18% vacancy. The prime districts of Makati and BGC outperform other districts with low vacancies and rising rents. Flight-to-quality and ESG compliance drive overall demand.

Residential: Oversupply persists, particularly for the middle to upscale segments. However, the luxury segment remains resilient and insulated from interest rate volatility. The Metro Manila residential condominium market is expected to enter supply deficit by 2028.

Hotel: occupancy rebounded to 64.6% in 2025, with ADR and RevPAR exceeding pre-pandemic levels. Luxury segment leads recovery.

Retail: High-end support commercial spaces show 84% average occupancy, dominated by F&B luxury brands. Makati and Bay Area lead in premium retail integration.

Strategic Recommendations

Office: Develop prime office towers in Makati and Bay Area time for 2027 to 2029, when vacancy drops to single digits and rents peak.

Residential: Launch luxury condominium projects within two years to capture underserved demand as inventory tightens by 2027.

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Hotel: Target upscale/luxury hotel development in Makati and Bay Area to leverage MICE recovery and premium tourism demand.

Retail: Integrate high-end, experience-driven retail in mixed-use developments to enhance asset value and attract affluent consumers.

Overall Considerations for Luxury Developments

Luxury assets across office, residential, hotel, and retail segments remain a key driver of long-term value in Metro Manila's evolving real estate landscape. While these developments offer strong growth potential, success depends on strategic differentiation and resilience. Key considerations include navigating market saturation, regulatory changes, and operational challenges while leveraging opportunities for exclusivity and brand prestige. Future-ready strategies-such as brand partnerships, curated lifestyle amenities, sustainability certifications, and technology integration—will position luxury assets as experience driven, ESG-compliant investments. Integrating these elements ensures competitive advantage, mitigates cyclical risks, and secures premium positioning in a dynamic market.

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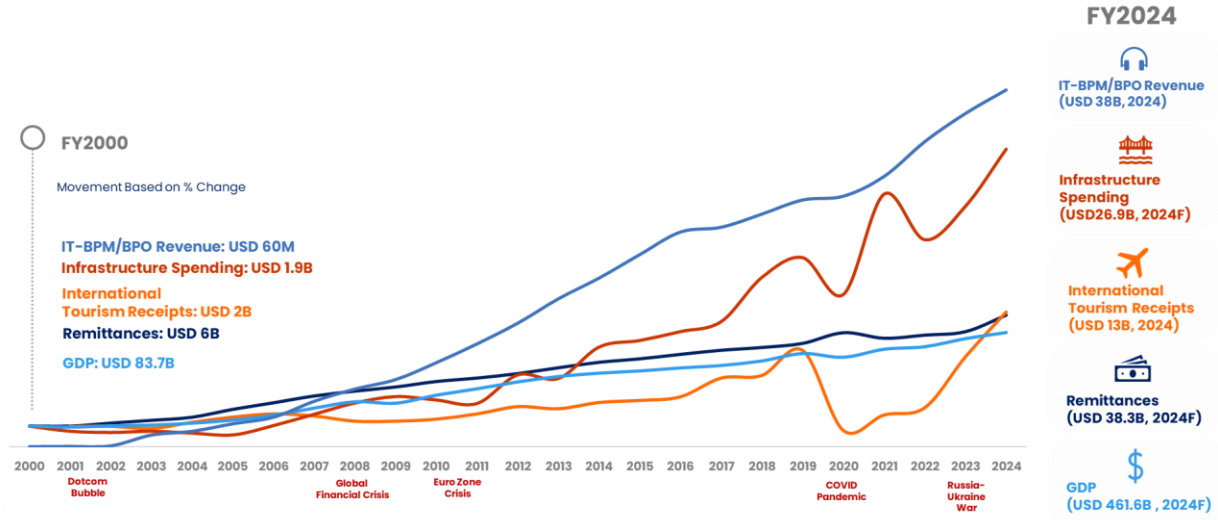
1. The Philippine Economy

1.1. Key Economic Drivers



Source: IMF, World Bank, BSP, PSE, DOT, IBPAP, Philippine Star, Business Mirror, DBM, PPP, Statista

The Philippines has demonstrated great resilience and growth over the past two decades. From the Asian Financial Crisis of 1997, prudent monetary management has pulled the country's economy through the 2001 Dotcom bubble, the 2008 global financial crises, the 2020 COVID-19 pandemic, and the current geopolitical uncertainties. The country has shown a consistent rise and is evident in today being one of Southeast Asia's most dynamic markets.

One of the economic highlights has been the emergence of the Information Technology and Business Process Management (IT-BPM) sector. From a modest contribution of USD60 million in the early 2000s, the industry ballooned to USD38 billion in 2024 and continues to grow steadily. This growth shows the country's competitive talent pool, cost efficiency, and supportive business environment. This sector is now considered one of the strong legs of the Philippine economy. It has attracted foreign investment and continues to generate high-value employment.

In Makati and the Bay Area, this translates to a growing base of high-value tenants—multinational companies and leading outsourcing firms—seeking modern, tech-enabled, and strategically located offices. These districts are well-positioned to capture this demand, offering premium-grade spaces that accommodate hybrid work, workforce expansion, and operational resilience, making them highly attractive for investors targeting long-term, stable returns in the office market.

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Infrastructure has also seen significant expansion. In 2000, infrastructure spending was just at USD1.9 billion. By 2024, the spending has reached USD26.9 billion, driven by the national government to modernize transport, logistics, and urban development. These investments are opening regional connectivity and enhancing productivity, as well as allowing further economic development through the strong government program of providing incentives when developing new economic zones. The current national administration has supported the infrastructure-heavy strategy and will continue to generate growth in Metro Manila CBDs—increasing productivity and work efficiency.

While the tourism industry had rebounded strongly following the global disruption caused by the COVID-19 pandemic, the 2024 tourist arrivals were disappointingly lower than the targeted 7.7 million at 5.9 million or only hitting 77%. Over the past years, however, the international tourist receipts from 2001 of USD2 billion have grown to USD13 billion by 2024. Tourism is seen as a low hanging fruit for investors and developers especially with the Philippines' rich natural assets such as its beaches which have garnered international recognition and continue to attract international travelers.

The tourism industry is also experiencing a qualitative shift toward higher-spending segments—driven by a combination of business travelers, expatriate executives, and repeat leisure visitors. In 2024, inbound tourism receipts reached PHP 760.5 billion, representing a 26.8% increase over pre-pandemic levels, while per-visitor spending averaged USD 2,073 and the average stay length increased to over 11 nights. These metrics indicate that visitors are not only spending more per trip but are also staying longer, creating constant demand for premium hospitality, lifestyle retail, and mixed-use leisure developments. Business tourists and expatriates generate higher-than-average consumption, supporting upscale dining, luxury hotels, serviced residences, and curated retail offerings. Coupled with the growth of the IT-BPM sector and other industries, which produce a skilled and high-income workforce, these trends highlight the Philippines' capacity to support well-located, future-ready, high-quality real estate that caters to tenants and visitors with strong purchasing power.

Meanwhile, OFW remittances remain a consistent and substantial contributor to the economy. From USD6 billion in 2000, annual remittances climbed to USD38.3 billion in 2024. These remittances converted from higher value currencies fuel general domestic consumption and allow OFWs to purchase higher-worth properties in the Philippines, thus driving real estate demand further.

In addition, the Philippines is witnessing a structural rise in wealth concentration that supports sustained demand for luxury real estate. According to Henly & Partners' 2025 Wealth Migration Report, the country now hosts 12 billionaires, 72 centi-millionaires, and 12,800 millionaires marking a 32% increase in high net worth individuals (HNWI) over the past ten years. The growth is attributed to the country's expanding entrepreneurial class, maturing financial markets, and the strong performance of real estate and services sectors.

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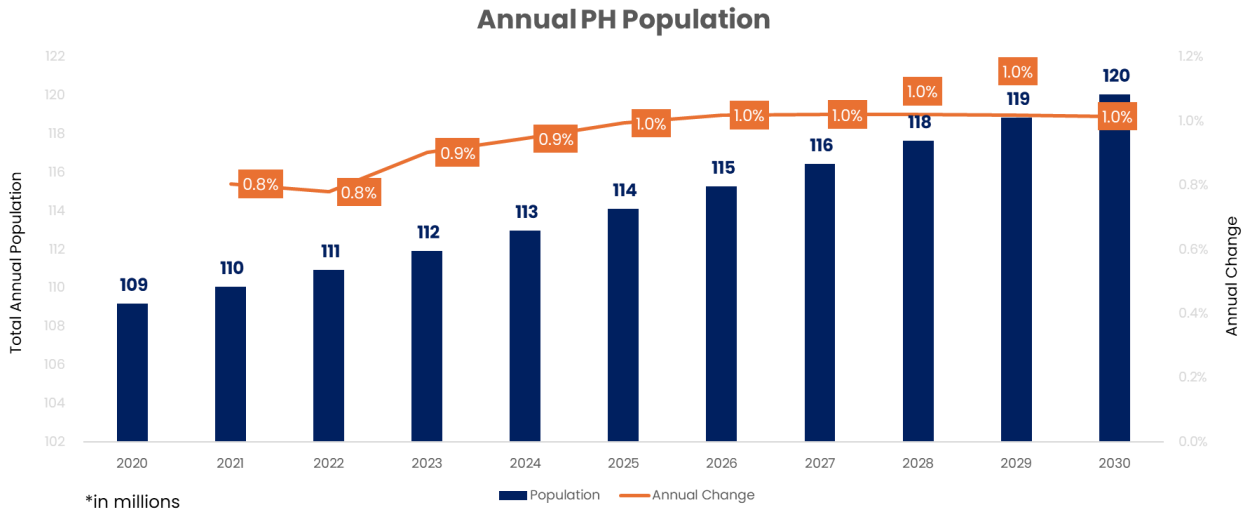
These affluent buyers gravitate toward prime CBDs such as Makati and leisure-oriented districts like the Bay Area, driven by the preference for exclusivity, integrated amenities, and proximity to business centers. Unlike mid-market segments, luxury demand is largely insulated from interest rate volatility and short-term economic cycles. Property acquisitions for end-use or portfolio diversification, supported by structural driers such as infrastructure drivers such as infrastructure upgrades and GDP growth. These factors position the luxury segment as a resilient and high-growth segment within the local real estate landscape.

Overall, the country has been outperforming its Asia Pacific peers. The Philippine economy has expanded from USD83.7 billion in 2000 to a projected USD461.6 billion in 2024. This fivefold increase has taken place despite global challenges such as the 2008 Global Financial Crisis and the COVID-19 pandemic. It reflects a maturing economy but still growing stronger than its regional peers.

The Philippines offers an attractive opportunity for investments. This is backed by a young and growing population, an increasing consumer demand, a supportive business environment, and sustained investments in infrastructure. The country provides significant potential for long-term growth.

1.2. Population Growth and Demographic Profile



Source: PSA

The Philippine population is projected to 120 million by 2030, with the annual growth rate stabilizing at 1.0% starting 2025. While the population continues to expand, the slowing growth rate reflects a demographic change aligning with more developed western countries, driven by smaller family sizes due to economic factors, cultural influences and change, despite limited

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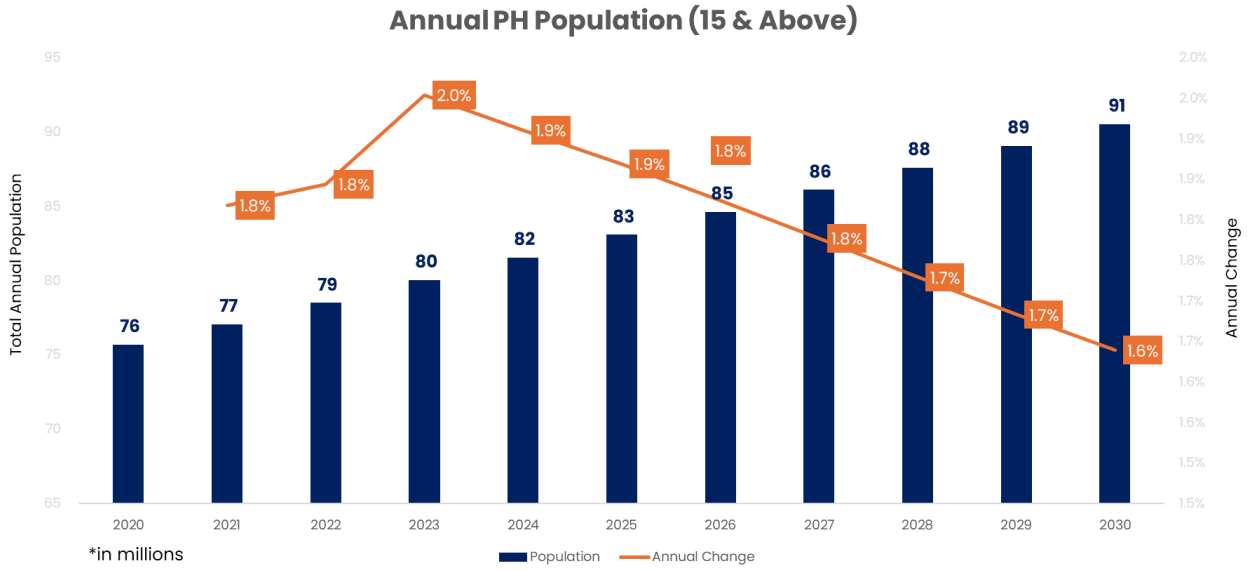
access to family planning. This trend points to a steady but more moderate increase in consumer base and labor force in the coming years.



Source: PSA

The chart shows the projected growth of the Philippine population aged 15 and above from 2020 to 2030, rising from 76 million to 91 million by 2030. Although the population in this age group continues to grow, the annual growth rate gradually slows from 2.0% in 2023 to 1.6% by 2030. This presents the biggest opportunity to the Philippine economy, of having a young productive working age population ready to contribute increased productivity.

While the trend indicates a maturing population, the expanding young working-age population still shows strong labor force growth and the resulting improved consumer demand. Overall, this supports long-term economic growth although tapering.

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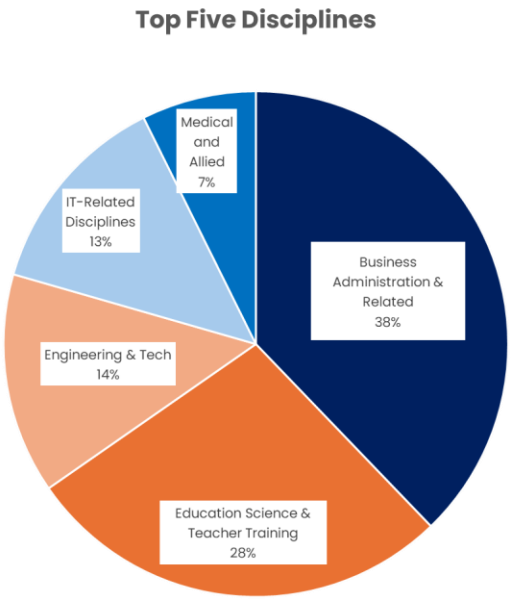
Education

Academic Year	Graduates	Growth Rate
2010-2011	496,949	3%
2011-2012	522,570	5%
2012-2013	564,769	8%
2013-2014	585,288	4%
2014-2015	632,076	8%
2015-2016	645,973	2%
2016-2017	703,327	9%
2017-2018	751,310	7%
2018-2019	796,712	6%
2019-2020	696,686	-13%
2020-2021	578,741	-17%
2021-2022	623,525	8%
2022-2023	661,620	6%
2023-2024	701,317	6%
2024-2025	743,396.02	6%
2025-2026	787,999.78	6%
2026-2027	835,279.77	6%
2027-2028	885,396.55	6%
2028-2029	938,520.35	6%
2029-2030	994,831.57	6%

Forecast



Source: Commission on Higher Education (CHED)

The Philippine's Higher education graduates grew 6 percent from 2018 to 2019. However, it decreased from academic year 2020 to 2021 due to the implementation of K-12, which was implemented around 2016-2017. This affected enrollees at the high school levels. Thus, corresponding decrease in the number of graduates matches the decrease in enrollment during those two years.

In terms of disciplines of study, Business Administration, and related courses (such as Accounting, Marketing, and Management) still produced the most graduates. This is followed by Education Science and Teacher training programs. Highly technical programs, Engineering and Technology and IT-Related disciplines are the third and fourth to produce the greatest number of graduates.

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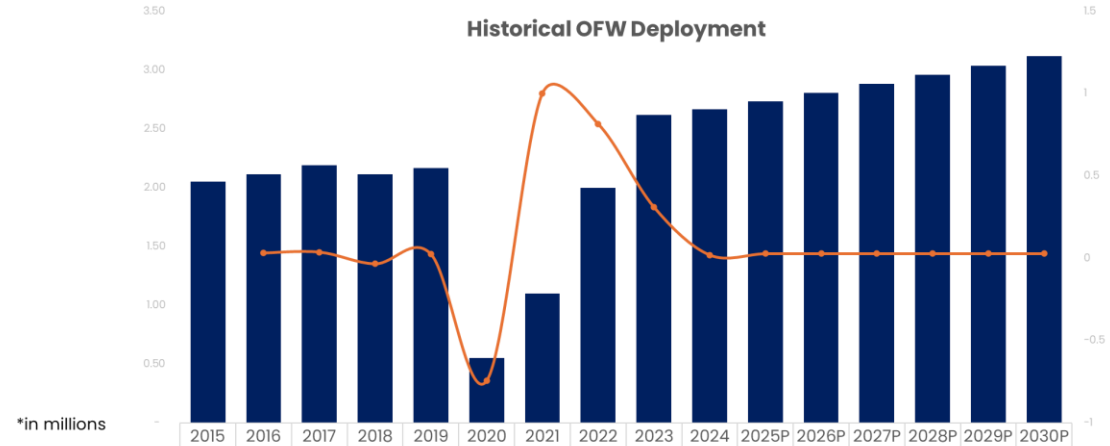
1.3. Overseas Filipino Workers

OFW Deployment



*in millions	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025P	2026P	2027P	2028P	2029P	2030P
OFW Deployment	2.05	2.11	2.19	2.11	2.16	0.55	1.10	1.99	2.61	2.66	2.73	2.81	2.88	2.96	3.03	3.12
Growth Rate		3%	4%	-4%	2%	-75%	100%	81%	31%	2%	3%	3%	3%	3%	3%	3%

Source: POEA, Department of Migrant Workers

Overseas Filipino Workers (OFWs) deployment has shown steady growth, with numbers from 2015 to 2019 averaging at 2.1 million annually. However, this dropped significantly at a negative 75% due to the pandemic to just 550,000. As the pandemic progressed and protocols were implemented, deployment doubled to 1.1 million in 2021 and continued to grow strongly in the following recovery years of 2022 to 2023. From 2024 onward, deployment is projected to steadily rise, reaching 3.12 million by 2030, with growth stabilizing at 3% annually. The expectation is for a full recovery and sustained demand for Filipino labor worldwide. The consistently growing employable OFW population remains a pillar to the economy contributing substantial foreign currencies to the country.

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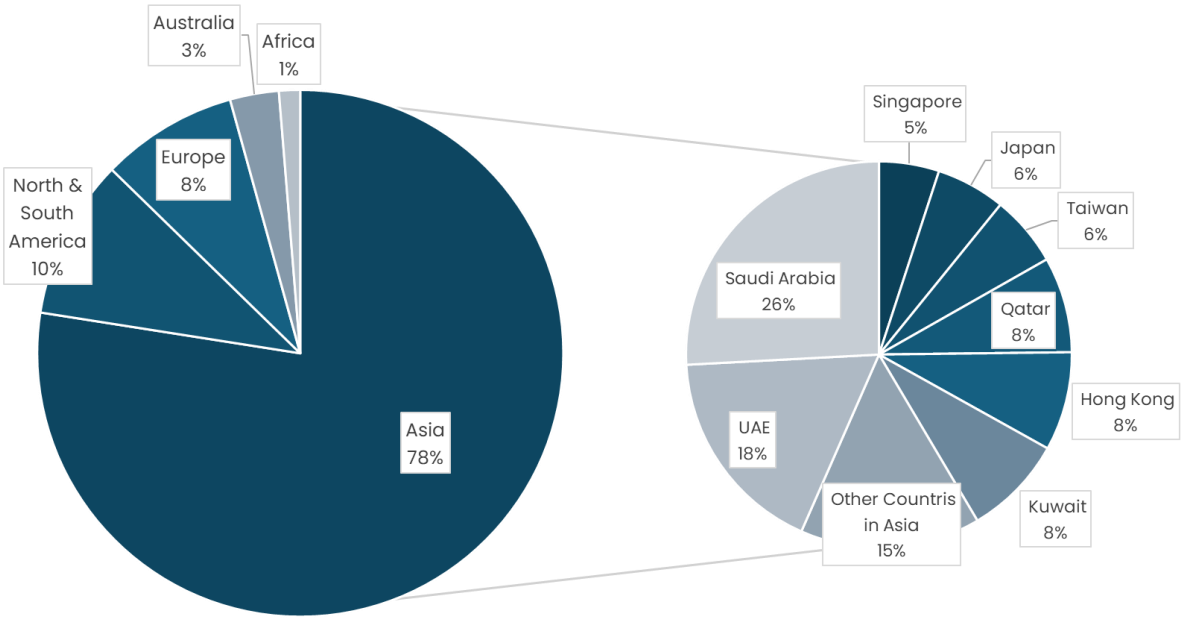
Distribution of OFWs by Place of Work



Source: POEA, Department of Migrant Workers

As of the latest data from the POEA, Asia has remained the primary destination for overseas Filipino workers, accounting for 77% of all OFWs, followed by the Americas (9.8%), Europe (8.4%), Australia (3.0%), and Africa (1.3%). Within Asia, Saudi Arabia hosted the largest share at 20%, followed by the UAE (13.6%), and Singapore (3.9%). Primarily in the oil and service industries in the Middle East and in East Asia, this sustained demand is seen to continue growing at a stable rate.

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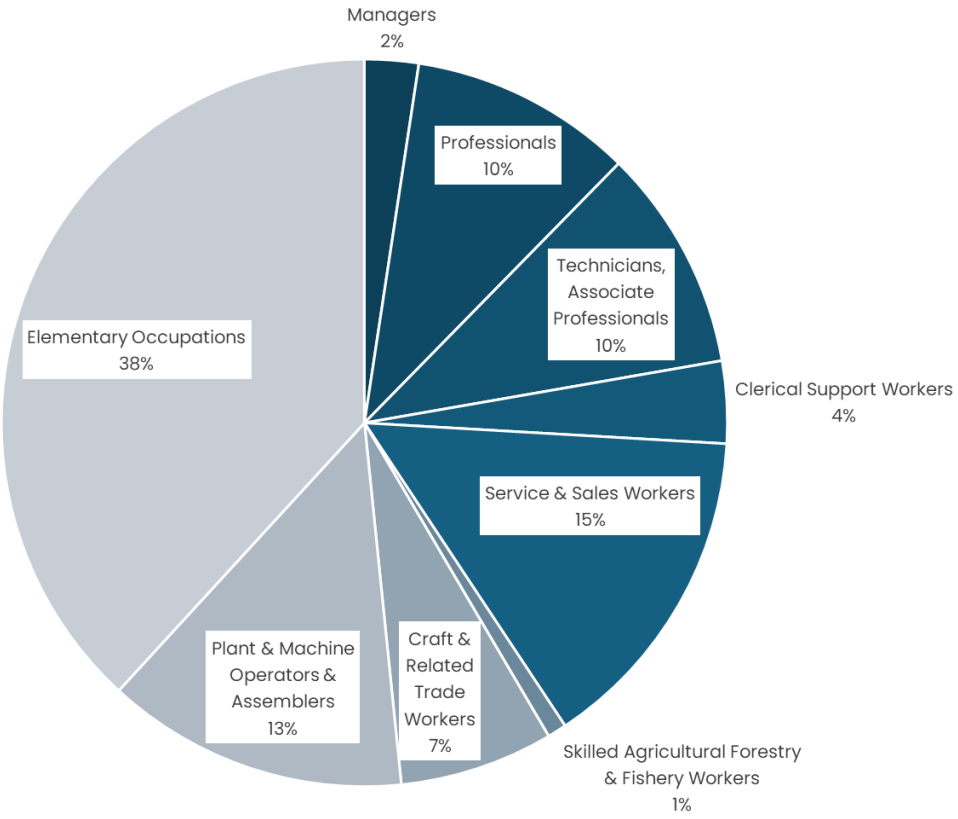
Percent Distribution of OFWs by Major Occupation Group



Source: POEA

The majority of Overseas Filipino Workers are employed in elementary occupations, which account for 38% of the total deployment. This category includes domestic helpers, cleaners, and laborers—reflecting continued demand for low-skilled but essential labor abroad.

Service and sales workers follow at 15%, while plant and machine operators and assemblers comprise 13%, showing the presence of OFWs in manufacturing and logistics-related roles. Meanwhile, professionals and technicians/associate professionals each represent 10%, showing the growing share of skilled labor.

Other categories include craft and related trade workers (7%), clerical support workers (4%), managers (2%), and skilled agricultural, forestry & fishery workers (1%) which shows the wide and diverse skillsets of OFWs.

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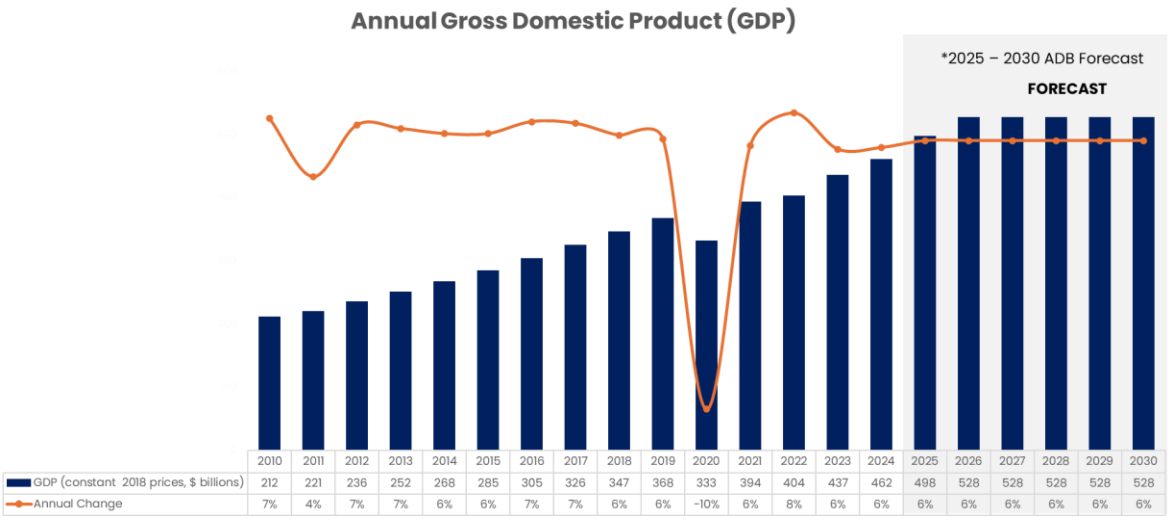
1.4. Gross Domestic Product



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
GDP (constant 2018 prices, $ billions)	212	221	236	252	268	285	305	326	347	368	333	394	404	437	462	498	528	528	528	528	528
Annual Change	7%	4%	7%	7%	6%	6%	7%	7%	6%	6%	-10%	6%	8%	6%	6%	6%	6%	6%	6%	6%	6%

Source: BSP, ADB

The Philippines has demonstrated strong and steady growth indicative of its economic resilience. From 2010 to 2019, GDP expanded steadily from USD212 billion to USD368 billion (in constant 2018 prices), primarily supported by robust domestic consumption and infrastructure investments, with an annual growth averaging 4% to 7%.

In 2020, the economy contracted sharply by -10% due to the COVID-19 pandemic. However, recovery was swift, with an 6% rebound in 2021, followed by sustained 6% annual growth through 2024, bringing GDP to USD462 billion.

Looking ahead, the Asian Development Bank (ADB) projects a consistent 6% growth annually from 2025 to 2030, with GDP reaching USD528 billion. This reflects continued confidence in the country's long-term fundamentals, anchored in a young labor force, well-managed macroeconomic policies, and continued investment in infrastructure.

Today, the real estate market in the Philippines is showing a "K-Shaped" growth, with prime and/or luxury developments maintaining upward momentum, such as Grade A and Prime offices and high end to luxury residential developments, while the lower segments lag—primarily due to the market being more price-sensitive and the presence of more competition.

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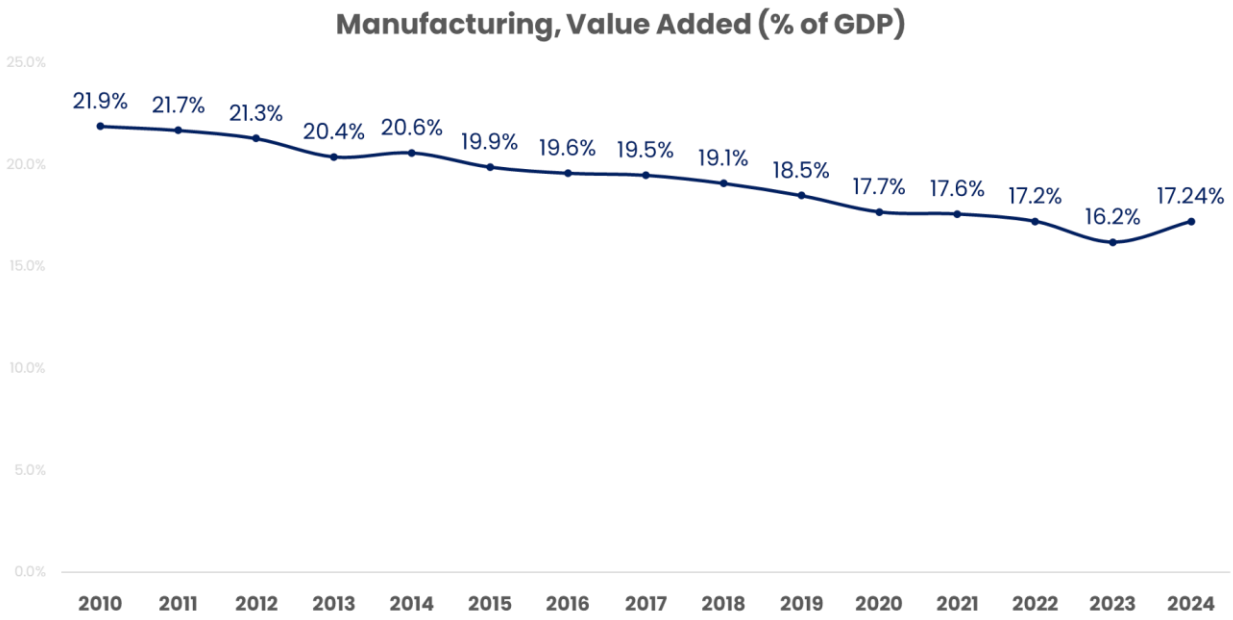
1.5. Manufacturing

Share in Gross Domestic Product



Source: World Bank, Various News Articles

The share of manufacturing in Philippine GDP has shown a gradual decline over the past decade, falling from 21.9% in 2010 to 17.24% in 2024. The sector's contribution contracted most during the pandemic years, reaching its lowest at 16.2% in 2023. However, there has been a slight increase in 2024 which may signal a potential turning point. This would mean a modest recovery due to improved demand and government efforts to revitalize industrial output. Despite the long-term downtrend, manufacturing remains one of the main legs of the economy, with opportunities for recovery as western manufacturing moves out of China looking for friendlier locations.

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Philippines Manufacturing Purchasing Manager's Index (PMI)

Source: S&P Global PMI (data collected 12-22 August 2024)

The Purchasing Managers' Index (PMI) is a key leading indicator of manufacturing performance. A PMI reading above 50 indicates expansion in the sector, while a reading below 50 suggests contraction.

From 2016 to early 2020, the Philippines' manufacturing PMI consistently hovered above the 50-mark, indicating sustained growth. However, in early 2020, the index sharply dropped to around 31, marking the steepest decline due to COVID-19 lockdowns which disrupted supply chains. This crash reflects severe declines in output, new orders, and eventually employment.

A rapid recovery followed by mid-2020, with PMI quickly rebounding above 50 as restrictions eased. Since then, the index has remained mostly stable above the 50 threshold, indicating continued, albeit moderate, expansion in manufacturing activity from 2021 through 2024. Overall, the PMI trend underscores the sector's resilience, adapting to global pressures and domestic challenges while maintaining a steady pace of recovery.

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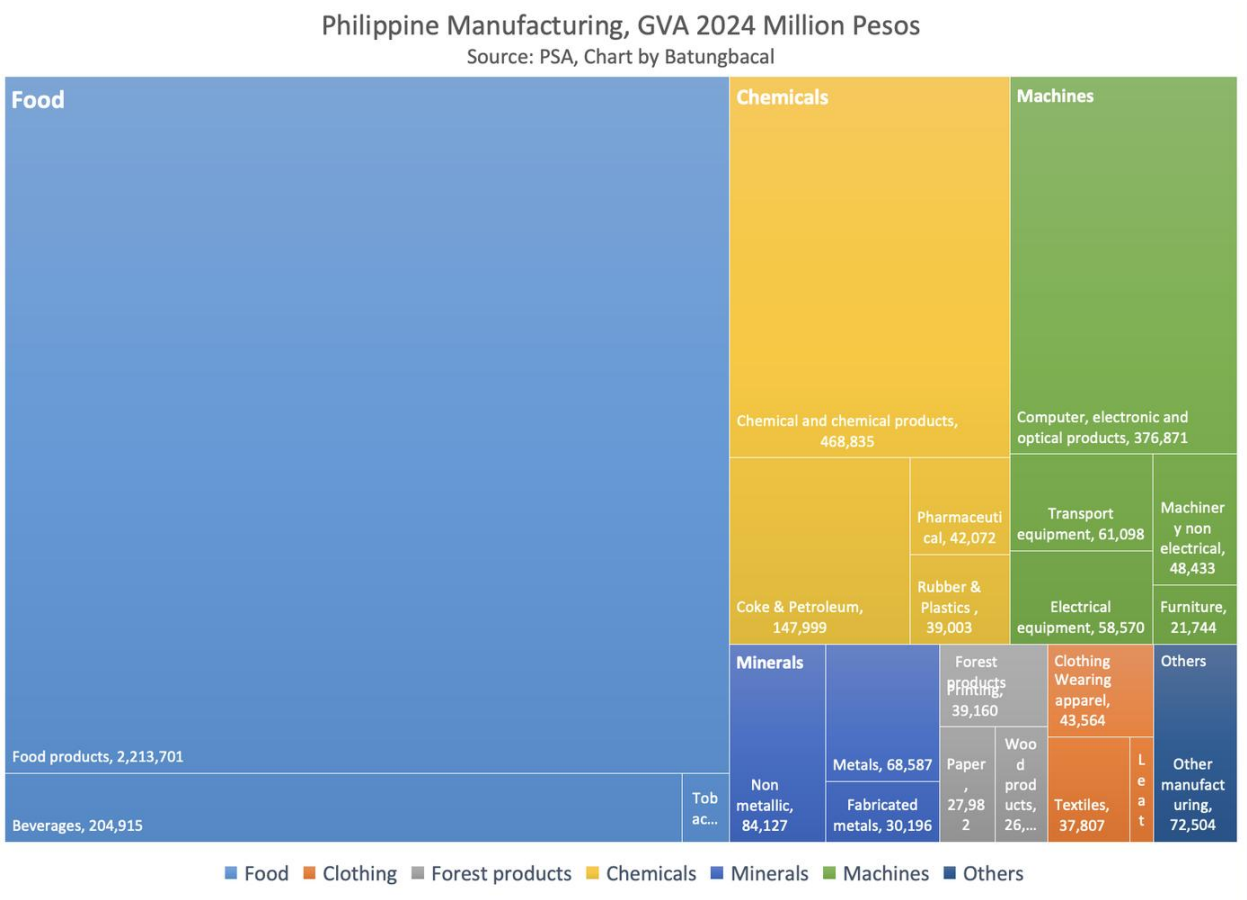
Top Manufacturing Sub-Sectors



The Philippine manufacturing sector continues to show signs of recovery, led by its top three sub-sectors: food manufacturing (53% share, 5.6% growth), chemicals and chemical products (11% share, 5.1% growth), and computers and electronics (9% share, 4.7% growth). These core industries are approaching their pre-pandemic average growth rates. Additionally, beverages (5% share, 9.7% growth) and coke and refined petroleum products (4% share, 8.6% growth) emerged as strong performers, contributing to the sector's overall momentum. The chart however shows the glaring weakness of local manufacturing, in comparison to its peers in the ASEAN region who have advanced technologically and elevated significantly their manufacturing sector.

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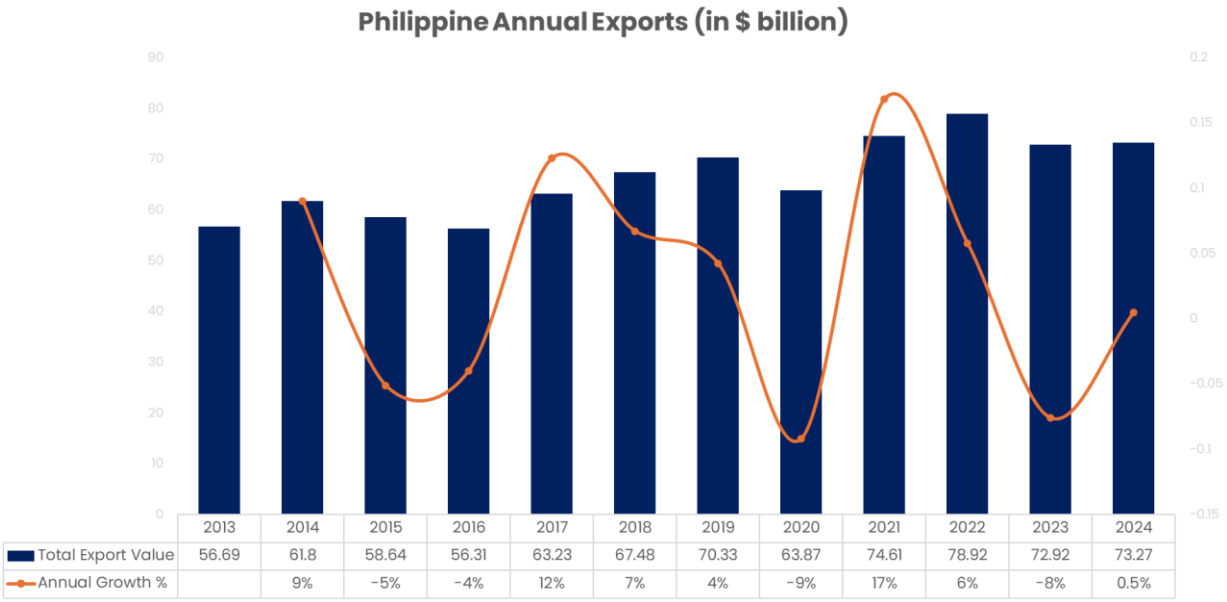
1.6. Exports

Philippine Exports in the Last 10 Years



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Export Value	56.69	61.8	58.64	56.31	63.23	67.48	70.33	63.87	74.61	78.92	72.92	73.27
Annual Growth %		9%	-5%	-4%	12%	7%	4%	-9%	17%	6%	-8%	0.5%

Source: PSA

The Philippines' annual export performance over the past decade has reflected a cyclical trend, with total export value reaching USD73.27 billion in 2024, a modest 0.5% increase from the previous year.

After peaking at USD78.84 billion in 2022, exports experienced a contraction in 2023 (–8%) due to weaker global demand, high inflation, and trade slowdowns across key markets. Prior to that, 2021 marked the strongest post-pandemic recovery with 17% growth, driven by surging electronics shipments and recovering global trade.

The alternating periods of expansion and contraction shows the sector's sensitivity to external shocks. Nonetheless, the country's export base remains stable, and recent recovery signs in 2024.

With signs and indications of interest from East Asian and western countries particularly Japan in setting up alternate factory locations outside of China, the country is in a good position to absorb this developing demand. This bodes well for the long-term growth of the manufacturing sector and exports in general.

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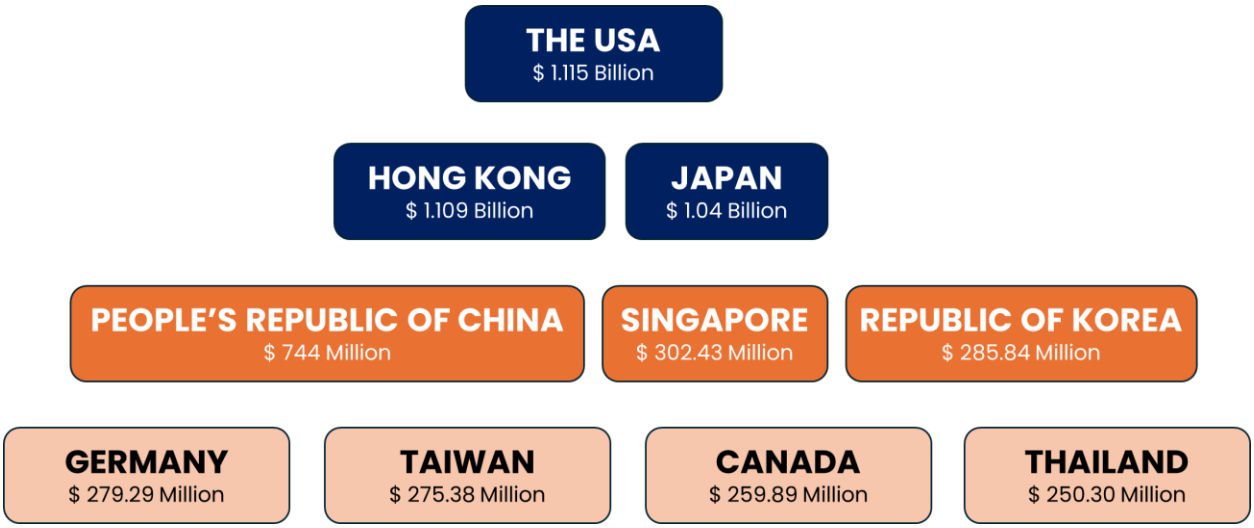
Top 10 Export Partners of the Philippines as of May 2025



Source: PSA

Note: Based on Latest Available Preliminary Data as of May 2025

As of the latest preliminary data from the Philippine Statistics Authority (PSA) in May 2025, the Philippines' export sector remains deeply integrated with both advanced and emerging markets. The United States maintains its position as the country's top export destination, with total exports of USD1.115 billion), Hong Kong (USD1.109 Billion), Japan (USD1.04 billion), and China (USD744 million) form the top four who collectively account for a significant portion of the total exports primarily from semiconductors, electronic parts, and manufactured goods.

The presence of Singapore, South Korea, Germany, Taiwan, Canada, and Thailand shows the Philippines' participation in global value chains, especially in electronics, machinery, and industrial components.

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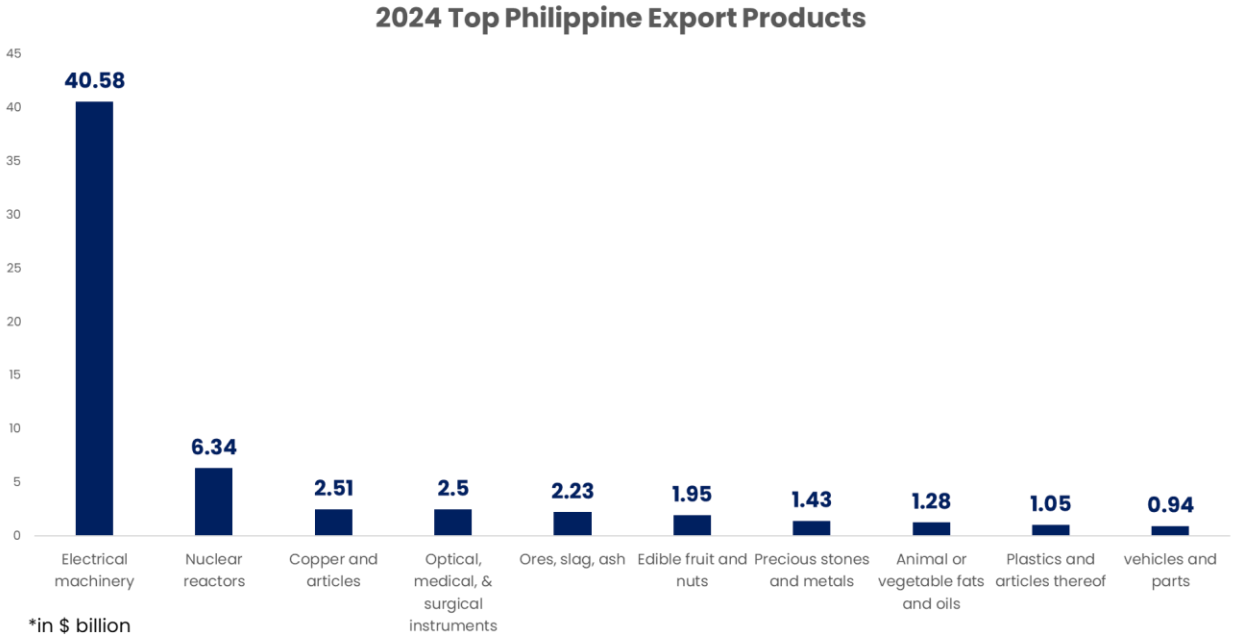
Top 10 Philippine Export Products



Source: Latest Available Data from PSA

Export data for the first quarter of 2024 reiterates the focus of the Philippines exports in Electrical Machinery which is more than 6 times the value of the second highest export product. This however indicates a concentration risk on electronics having an export value higher than all the next 9 product types in the top 10 export categories.

The diverse mix of high-value electronics, raw materials, and agri-based goods also lends to multiple opportunities for the Philippines' potential in expanding its industrial capabilities and competitiveness varied export sectors. Its participation in the global market shows there are avenues for growing its contribution to the global market and supporting a favorable economic outlook.

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1.7. Tourism

Tourist Arrivals

Source: Latest Data Available from PSA, DOT (projections from DOT, PSA, and various news articles)

International tourist arrivals to the Philippines saw a dramatic trajectory over the past decade. Arrivals steadily increased from 5.36 million in 2015 to a peak of 8.26 million in 2019, before collapsing by 82% in 2020 and a further 89% in 2021, reaching just 164,000 visitors due to the pandemic.

Recovery began in 2022, with arrivals surging to 2.65 million—a 1,519% increase year-on-year. Growth continued into 2023, reaching 5.46 million, and further rose to 5.95 million in 2024, although the pace of recovery slowed. While the target of the Department of Tourism for that year was at 7.7 million tourist arrivals, the country was only able to achieve 77% of its annual target.

As of November 2025, total arrivals stood at 4.77 million, representing a 20% decline compared to the same period in 2024. This recent dip may reflect seasonal fluctuations or external headwinds affecting travel demand. By 2026, arrivals are expected to amount to 6.7 million, while between 2027 to 2029, tourist arrivals are projected to be at 7 to 10 million. By 2030, numbers are expected to double that of 2026 according to the Department of Tourism.

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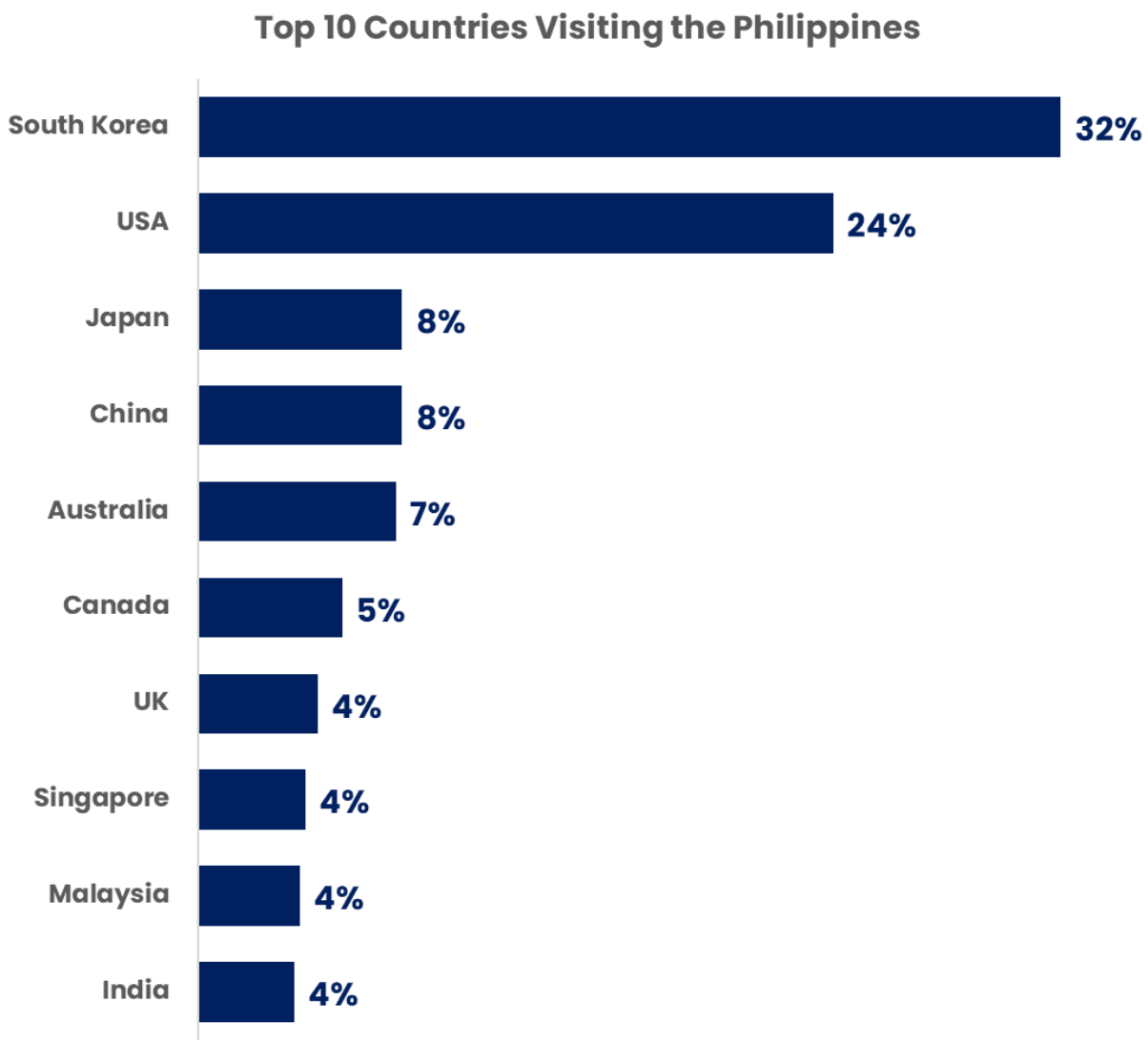
Top Visitors by Country of Origin in the First Half of 2025



Source: Latest Available Data from DOT

As of the latest data for the first half of 2025, South Korea emerged as the dominant source of international visitors to the Philippines, accounting for 32% of total tourist arrivals. This was followed by the United States at 24%, reflecting strong travel ties and a sizable Filipino American community.

Japan and China both contributed 8%, while Australia accounted for 7%. Other key markets included Canada with 5%, and the United Kingdom, Singapore, Malaysia, and India all at 4%.

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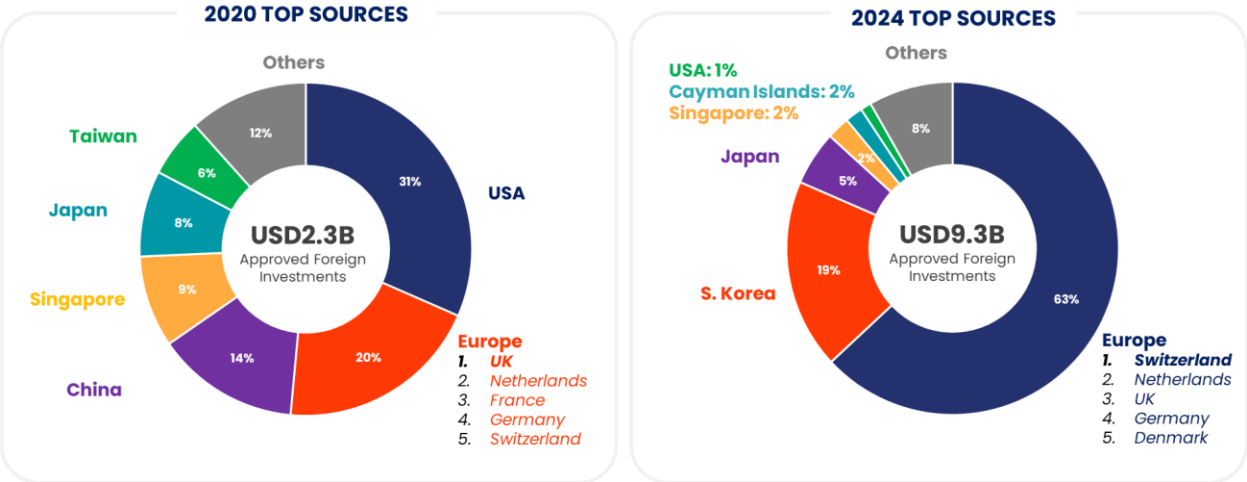
Arrivals data show the importance of regional and Western markets in sustaining the country's inbound tourism, with a clear concentration in East Asia and North America.

Notable is the decline of tourist arrivals from China, a source market to previously was at par with South Korea and slightly lower than the United States.

1.8. Foreign Direct Investments



Note: Europe excludes countries categorized as "Others" under BOI, where specific countries are not listed

Source: DTI

Foreign direct investments into the Philippines grew by 304% from 2020 to 2024, driven by a dramatic shift in investor composition. Switzerland emerged as the top investor in 2024 with USD4.9 billion in approvals—up from just USD675,000 the previous year—highlighting growing European institutional interest in Philippine assets. Meanwhile, the United States, once the top investor in 2020, saw its share decline significantly.

This shift reflects growing confidence in the Philippines as a place to invest. International investors are increasingly committing long-term capital, drawn by stable growth prospects, clearer regulations, and expanding opportunities across key industries. The trend also points to a more mature market, better visibility for global investors, and greater potential for portfolio growth and diversification.

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Top Sources of Foreign Direct Investments

The Philippines' top sources of foreign direct investment (FDI) have shifted significantly from 2020 to 2024, reflecting broader changes in global capital flows and investor priorities. In 2020, the leading investors were:

- United States, with 736 million
- China, with USD325 million
- United Kingdom, with USD229 million

These inflows were driven largely by established multinationals across technology, telecommunications, energy, and finance, including names such as Microsoft, Google, China Telecom, Shell, and HSBC.

By 2024, a new group of top investors emerged:

- Switzerland, with USD4.9 billion
- South Korea, with USD1.7 billion
- Netherlands, with USD854 million

This change reflects a sharp rise in capital from continental Europe and Northeast Asia, particularly in sectors such as advanced manufacturing, pharmaceuticals, logistics, and consumer goods. Notable investors include Roche, Nestlé, SK Group, LG, and Heineken.

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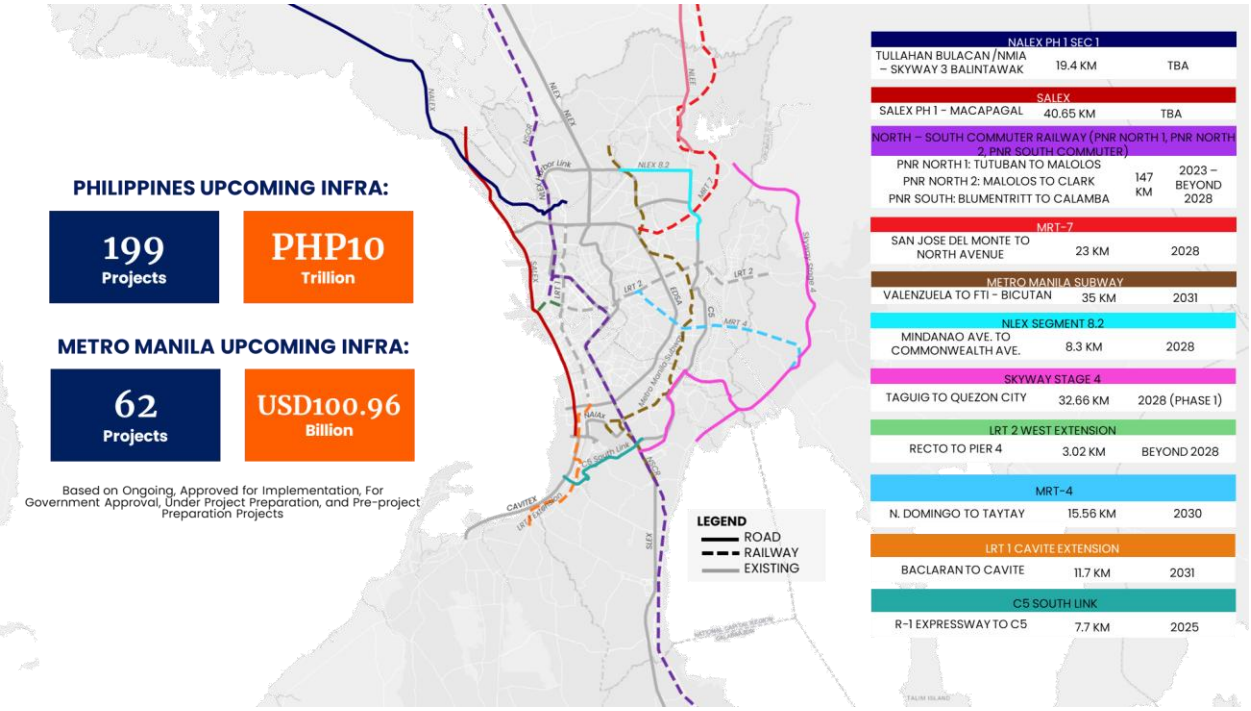
1.9. Infrastructure Developments



Note: Map based on DEPDev Flagship Infrastructure Projects, including ongoing and approved for implementation road and railway projects in NCR.
Source: DEPDev, DPWH

Metro Manila is undergoing an unprecedented wave of infrastructure development that is reshaping the urban landscape and laying the groundwork for long-term, inclusive economic growth. This infrastructure heavy approach was initiated in the previous Duterte administration and was continued and improved upon by the current Marcos administration. The robust pipeline of national priority projects, however mostly in the Metro Manila and adjacent provinces is changing the region into an emerging modern, and integrated metropolis. The current monicker for this included area of growth which is gaining acceptance is the "Mega Manila" area. The infrastructure projects offer enhanced accessibility, improved quality of life, and a compelling environment for local and foreign investment.

At the heart of this transformation is the expansion of the region's mass transit systems. The North-South Commuter Railway, comprising PNR North 1, North 2, and the South Commuter Line will create a high-capacity rail spine connecting Bulacan, Metro Manila, and Laguna. While the network spans far beyond the core business districts, its impact will be most strongly felt in key areas such as Makati and Pasay, where improved commuter access will bolster workforce mobility and reduce travel time to and from major corporate and lifestyle centers.

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Further strengthening this integration is the Metro Manila Subway, the country's first underground rail system. Scheduled for completion by 2031, this transformative project will link major points across the metro, from Valenzuela to FTI-Bicutan, with vital stops interconnecting central business hubs. For districts like Makati which is long recognized as the financial center of the Philippines, the subway will offer seamless access from both northern and southern corridors. This will ease congestion and enhance appeal to top-tier talent and global businesses. Likewise, Pasay City stands to benefit from proximity to key terminals, including connections to Ninoy Aquino International Airport (NAIA) and emerging mixed-use developments, making it a vital southern gateway for both tourism and commerce. The Makati Subway project, although challenged by fund availability from its proponents has been revived under the new Nancy Binay Makati administration. Resolving legal issues due to non-compliance and changing market conditions will further enhance the connectivity of the top two major districts of the Philippines, namely the Makati Central Business District (CBD) and Bonifacio Global City (BGC) CBD.

Road infrastructure is also seeing significant upgrades. Projects such as Skyway Stage 4 (Taguig to Quezon City) and NLEX Segment 8.2 (Mindanao Avenue to Commonwealth Avenue) are designed to reduce congestion on arterial roads and optimize vehicular traffic across the metro. These improvements will facilitate more efficient logistics and supply chain flows, particularly in high-density commercial zones like Pasay's Bay Area and Makati's Ayala corridor.

These developments are part of a broader national infrastructure strategy encompassing 199 flagship projects valued at approximately PHP10 trillion**,** with 62 key initiatives concentrated in Metro Manila alone, representing over USD100 billion in investment. This strategic concentration indicates the government's intent to future proof and unlocks more balanced urban development.

The real estate and hospitality sectors are expected to be major beneficiaries. Enhanced connectivity will elevate the desirability of prime districts, driving demand for office, residential, and hotel assets. High-end developments in Makati, as well as integrated tourism and entertainment complexes in Pasay, are positioned to capture significant upside as accessibility, visitor volumes, and urban livability improve.

Metro Manila remains the dominant economic center of the country. These infrastructure programs support a compelling proposition for investors which is of a rapidly transforming metropolis driven by government-led modernization efforts, availability of youthful and mobile workforce, and increasingly sophisticated business ecosystems within its major urban centers. The continued expansion of infrastructure is not just addressing inefficiencies but reshaping the metropolis positively.

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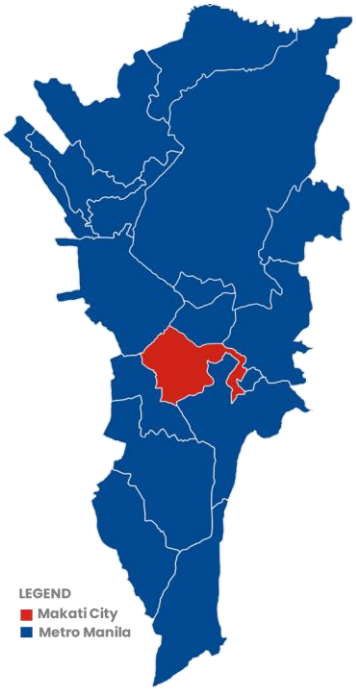
2. Makati City / Makati CBD Overview



Makati City is situated in the core of Metro Manila and considered as a highly developed urban area encompassing 1,817 hectares and divided into 33 barangays. The city shares borders with several key metropolitan areas: Mandaluyong to the north, Pasig City to the northeast, Taguig to the southeast, Pasay City to the southwest, and Manila to the northwest.

Originally a part of suburban Manila, Makati's transformation began to take shape in the early 20th century. However, it was after World War II that Makati truly began its ascent. The Ayala Corporation played a pivotal role transforming the former grassland into today's sophisticated metropolis, the Makati CBD.

(Makati CBD)

The growth of the Philippine economy, coupled with the establishment of key financial institutions, fueled Makati's development. Banks, insurance companies, and multinational corporations began to establish their headquarters in the city, drawn by its strategic location, growing infrastructure, and conducive business environment. The rise of the Information

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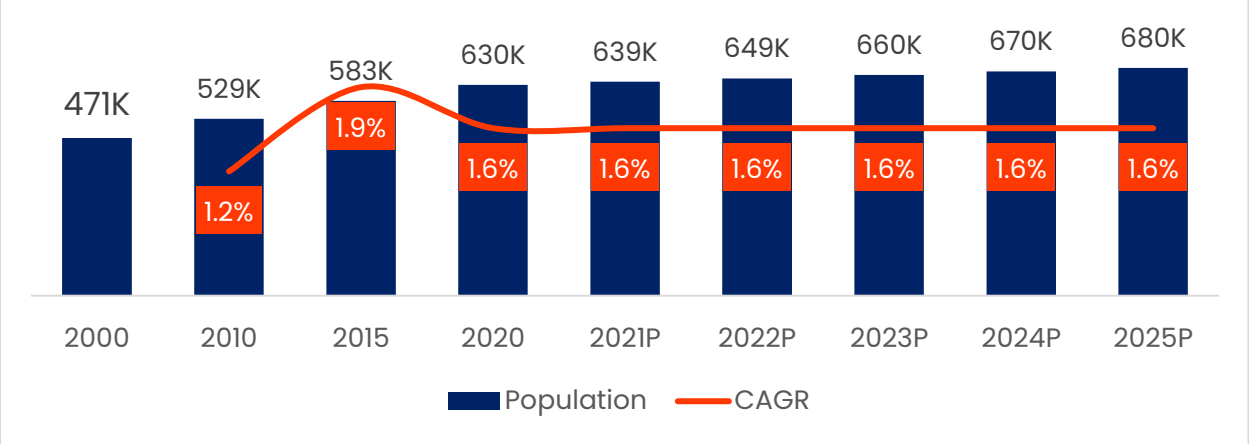
Technology and Business Process Management (IT-BPM) industry in the Philippines also significantly contributed to Makati's economic growth, attracting numerous international companies to set up operations in the city.

The city has strategic infrastructures (One Ayala and Metro Rail Transit) that connects to various parts of Metro Manila and other business hubs like Ortigas Center and Bay Area.

(Greenbelt, Zuellig, Makati Shangri-La, Raffles Makati)

As the country's most established CBD, its dynamic business environment is further complemented by a thriving retail sector, with high-end mall developments such as Greenbelt and Glorietta, while maintaining urban greenery through spaces like the Ayala Triangle Gardens. It is also home to a significant concentration of major local and international banks and corporations like BPI, HSBC, Ayala Corporations and global tech companies like Google and Facebook. Its hospitality sector is also flourishing, featuring luxury hotels such as The Manila Peninsula, Shangri-La Makati, and Raffles and Fairmont Hotel and Residences. The city is also a preferred location for the country's top developers for residential condominiums such as Ayala Land, SMDC, Rockwell Land, and Federal Land to name a few.

Historical and Projected Population of Makati City



Source: Philippine Statistics Authority

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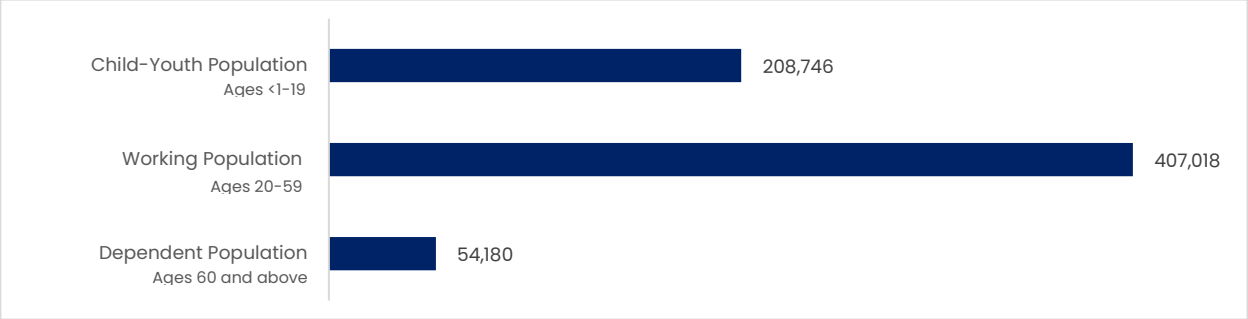
Based on the 2020 census data, Makati City has a total population of 629,616, accounting for 4.7% of the entire NCR population. The population density is 23,012 people per square kilometer, and there are 186,381 families, with an average household size of 3.3 members.

The population continues to grow at a rate of 1.56% annually, which is slightly lower than the national growth rate of 1.64% in the same year. Makati City's population is projected to reach 680,000 by 2025.

According to 2010 estimates, the daytime population surges to approximately 4.2 million people on weekdays - about 6 to 8 times more than those who live in the city. Makati's resident population stands at 629,616, the city experiences a massive influx of people during daytime. This dramatic increase is due to people working, shopping, and doing business in Makati.

Working Population



(Based on Projected Population in 2024)

In terms of age distribution, majority of Makati's population consists of working-age adults between 20- and 59-years old equivalent to 61%. Young people aged 19 and below make up about one-third of the population, with 208,746 individuals or 31%. Senior citizens aged 60 and above represent the smallest demographic group, comprising just 7.6% of the population with 54,180 residents.

2.1. Potential Redevelopment Plans of Makati

Development	Status	Lot Area (sqm)	FAR	Age (years)	Year Built
SSS Makati	Planned for redevelopment	1,700	8/16	59	1965
National Life Insurance Building	Refurbished	2,400	16	58	1966
DBP	Planned for redevelopment, possibly with MBC	8,000	16	53	1971
Makati Stock Exchange	Planned for redevelopment	8,300	16	53	1971

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Development	Status	Lot Area (sqm)	FAR	Age (years)	Year Built
Mandarin Oriental Hotel	**Hotel Development:** Set to re-open by 2026 with 276 keys redeveloped by Ayala	4,700	16	48	1976
SGV	**Office Development:** Planned for redevelopment	2,500	16	46	1978
Park Villas	**Residential Development:** JV of Tagle family and Ayala. Turnover by 2030. Super Luxury Apartment Building	2,400	8/16	44	1980
Metrobank	**Office Development:** Back-office operations have moved to BGC; Executive offices to consolidate in Makati HQ;	7,000	16	43	1981
Greenbelt 1	**Mixed-Use Development:** Recently started redevelopment, slated to finish by 2028	7,800	8	42	1982
BPI HQ	**Office Development:** Ongoing construction, for completion by 2030	5,500	16	42	1982
PLDT RCB and MGO	**Office Development:** For joint redevelopment	7,500	16	42	1982
Atrium of Makati	**Mixed-Use Development:** Redevelopment plans in work	7,200	8/16	41	1983
LV Locsin Building	**Office Building:** SM group now majority owner	2,200	16	39	1985
Glorietta 3	**Commercial Development:** Undergoing redevelopment set to open in 2026	8,500	8	31	1993
Olympia Towers	**Residential Development:** For JV redevelopment, potentially with Ayala	3,500	8/16	31	1993
BDO	**Office Development:** To develop office towers on multiple adjacent plots	27,000	8/16	29	1995
Dela Rosa 2 Carpark	**Mixed-Use Development:** Set to be transformed into a “multi-use block”	6,500	8/16	>24	<2000
Valero Carpark	**Mixed-Use Development:** To redevelop into mixed use towers	3,500	16	>24	<2000

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Development	Status	Lot Area (sqm)	FAR	Age (years)	Year Built
PNB Makati Center	**Mixed-Use Development:** PNB Holdings plans to redevelop	10,500	8/16	15	2009
Century City	Redevelopment almost finished	34,000	16	11	2013
Antel-Alveo	**Mixed-Use Development:** Joint mixed-use development	13,000	16	6	2018
Ayala Triangle Tower 2	**Office Development:** Completed	18,150	16	3	2021

Makati is undergoing a major transformation, with approximately 186,950 square meters of land in the CBD set for redevelopment over the next decade. This wave of activity is driven by the need to replace aging buildings—many built in the 1960s and 1970s—that are now costly to maintain and no longer aligned with modern tenant requirements.

Redevelopment is a strategic response to these challenges. Many older buildings were constructed under conservative Floor Area Ratio (FAR) regulations, leaving valuable CBD land underutilized. By maximizing current FAR allowances, property owners can unlock higher asset value and rental performance.

Notable projects include BDO's planned 27,000-square meter redevelopment along Makati Avenue, Ayala's transformation of Park Villas into a super-luxury residential tower, and the planned joint venture redevelopment of Olympia Towers. Other key players such as Century City, Antel-Alveo, and Yuchengco Center are also integrating mixed-use components in their projects.

These initiatives, led by top developers and financial institutions, reaffirm Makati's role as the country's financial center and strengthen its position as a premier business and lifestyle hub. We can expect an influx of new offices, residents and especially companies going back to the core Makati CBD. This movement inward will result to a rejuvenation of the Makati CBD and inject renewed development and interest.

2.2. Makati Sites

The two sites are located within the premiere financial and commercial hub of the Philippines—Makati CBD. The first site in Buendia corner Paseo de Roxas and the second site—the PNB Makati Center, located along 6754 Ayala Avenue offers strong visibility and accessibility within the city's prime commercial corridor.

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Both sites are located within a prime cluster of premium office towers, upscale residences, and high-end to luxury hotels. The area is undergoing significant redevelopment, with several large-scale office and residential developments currently underway or are currently under planning. This ongoing transformation reinforces the location's position as a highly desirable location for both business and residence.

Site 1: Buendia corner Paseo de Roxas

The first site in Makati, is an 8,000 square meter lot located in Buendia Avenue corner Paseo de Roxas that is currently being leased to a parking operator.

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Site 2: PNB Makati Center

The PNB Makati Center has a building footprint of 5,450 square meters, with a gross floor area of 41,290 square meters, and a gross leasable area of 36,130 square meters. The building is 45 years old with a floor plate of 41,290 square meters and with 200 available parking slots. It is currently tenanted by 15 locators such as a financial institution, an IT-BPM company, a co-working space provider, companies in the banking, consulting, healthcare, and IT industries, and several traditional retail tenants to support the office tenants, where unit sizes range from 120 square meters to 2,600 square meters.

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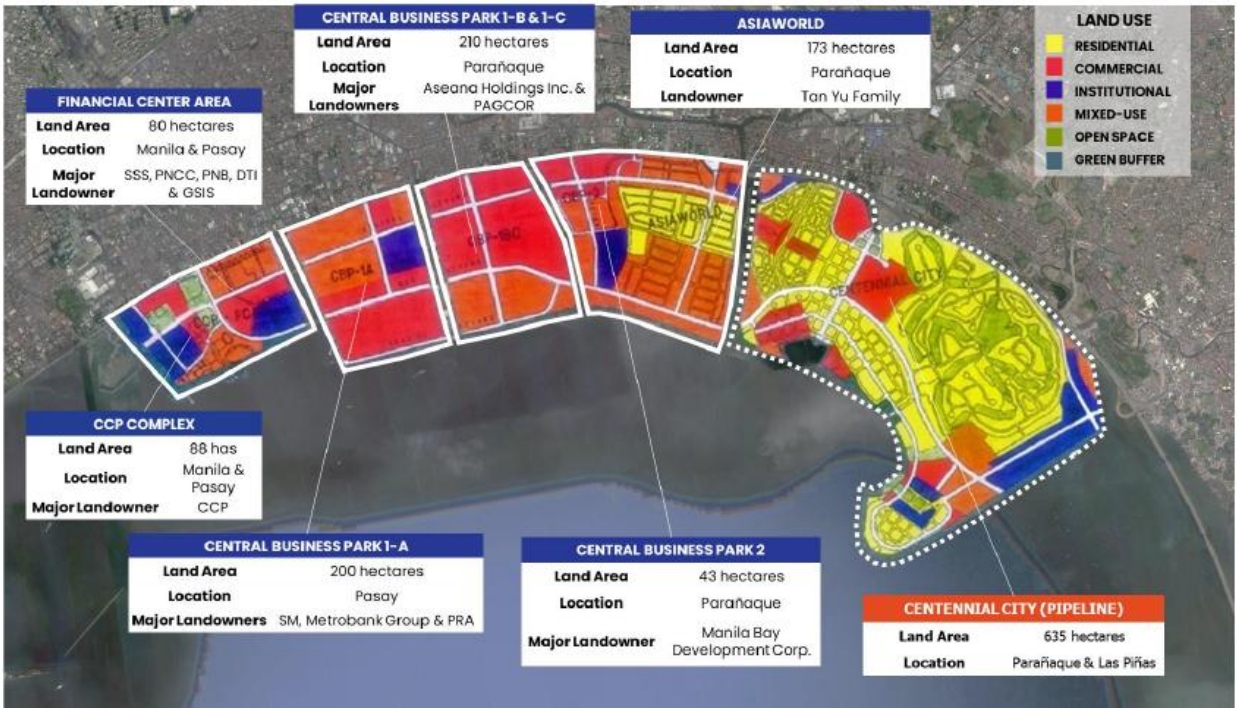
3. Bay Area Overview



The Bay Area has emerged as one of Metro Manila's most dynamic and rapidly evolving districts, envisioned as the country's flagship waterfront development and entertainment hub. Spanning 794 hectares (excluding the 635-hectare Centennial City pipeline), the area is strategically located along Manila Bay and bounded by the cities of Pasay, Parañaque, Manila, and Las Piñas.

The district is composed of six key zones, anchored by large-scale mixed-use developments, commercial centers, and institutional assets. Land use is predominantly geared towards business and commercial activity, with 40% allocated to mixed-use (office/CBD) developments, followed by residential vertical (20%), commercial/retail (13%), and open space and infrastructure (14%). This mix underscores the Bay Area's role as both a business district and a lifestyle destination.

Key zones include:

- Financial Center Area (80 ha) – A key institutional hub home to major stakeholders such as PNB, DTI, GSIS, and SSS.
- Central Business Park I-A (200 ha) – A prime business district led by SM, Metrobank Group, and the Philippine Reclamation Authority (PRA).

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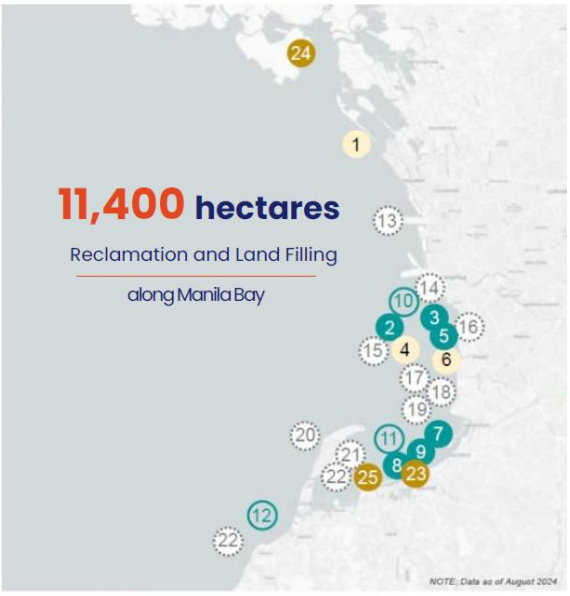
- Central Business Park I-B & I-C (210 ha) – Hosts Entertainment City developments, with Aseana Holdings and PAGCOR among major players.
- Central Business Park 2 (43 ha) – Managed by Manila Bay Development Corp., catering to growing commercial and residential demand.
- Asiaworld (173 ha) – A large-scale estate under the Tan Yu family, with increasing investment activity.
- CCP Complex (88 ha) – The cultural and institutional heart of the Bay Area, spanning portions of Manila and Pasay.

The Bay Area's daytime population reaches 1.2 million, over 100 times its nighttime residential base of 11,500, driven by a high concentration of commercial offices, IT-BPM companies, malls, and integrated resorts. Land values continue to appreciate, with current asking prices ranging from PHP450,000 to PHP560,000 per square meter (net of VAT) for high-density lots (FAR 7).
Major developers active in the district include SM Prime, Filinvest Land, Federal Land, DMCI, Aseana Holdings, Megaworld, Okada, and the City of Dreams, among others. With ongoing infrastructure improvements and sustained private sector investment, the Bay Area is positioned to remain a key growth corridor and a premier address for business, tourism, and upscale urban living in the Philippines.

3.1. Bay Area Reclamation Overview

		Location/City	Area in hectares	DENR Assessment Status
FOR IMPLEMENTATION				
1	Navotas City Coastal Bay Reclamation Project	Navotas	650	PRA Cleared
2	Horizon Manila Reclamation Project	Manila Bay	419	Halted
3	Manila Waterfront City Reclamation Project	South of Manila South Harbor	318	Halted
4	Pasay Harbor City Reclamation Project	Manila Bay	265	PRA Cleared
5	Manila Solar City Reclamation Project	Manila Bay	148	Ongoing DENR issue
6	Pasay 360-Hectare Reclamation Project	Manila Bay	360	PRA Cleared
7	Las Piñas - Parañaque Coastal Bay Project	Las Piñas - Parañaque	635	Halted
8	Diamond 100-Hectare Reclamation & Dev't. Project	Bacoor	100	Halted
9	Bacoor City 230-Hectare Reclamation & Dev't. Project	Bacoor	230	Halted
	TOTAL		3,125	
APPROVED				
10	City of Pearl / New Manila Bay Reclamation & Dev't. Project	Manila Bay	401	Halted
11	Manila Cavite Toll Expressway (MCTE) Reclamation Project	Manila Bay - Cavite	844	Halted
12	Cavite 4-Island Reclamation Project (Island C and D)	Cavite	472	Halted
	TOTAL		1,717	
APPLICATION STAGE				
13	Manila Harbor Center Reclamation Project	Manila Bay	50	Halted
14	Baseco Reclamation Project	Manila	40	Halted
15	Pasay 260-Hectare Reclamation Project	Manila Bay	260	Halted
16	Presidential Proclamation No. 27 Reclamation Project	Manila	20	Halted
17	Pasay 335-Hectare Reclamation Project	Manila Bay	335	Halted
18	Parañaque 300-Hectare Reclamation Project	Parañaque	300	Halted
19	Parañaque 286.86-Hectare Reclamation Project	Parañaque	287	Halted
20	Sangley Point International Airport Reclamation Project	Cavite	1,900	Halted
21	Presidential Proclamation No. 88 Reclamation Project	Cavite	55	Halted
22	Cavite 4-Island Reclamation Project (Island A and E)	Cavite	571	Halted
	TOTAL		3,818	
OTHER LAND FILLING PROJECTS				
23	Bacoor City 90-Hectare Reclamation & Dev't. Project	Bacoor	90	
24	New Manila International Airport and Aerocity	Bulacan	2,500	
25	Island Cove Redevelopment	Cavite	Approx. 48	
	TOTAL		2,638	



Note: Latest Data Available as of August 2024

Source: PRA, DENR

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The Manila Bay area is set for transformative growth, with a planned 11,400 hectares of reclamation and land-filling projects spanning Navotas to Cavite. These developments aim to expand Metro Manila's urban footprint, enabling new business districts, mixed-use communities, and infrastructure corridors. Of the total, 3,125 hectares are marked for implementation, with over 1,423 hectares of several projects are already PRA-cleared or under DENR review: both the Navotas Coastal Bay and the Manila Solar City reclamation projects, are currently on hold or suspended amid renewed environmental scrutiny, while the Pasay Harbor City reclamation project, is well underway, where the set completion is expected by year 2028—assuming that there are no major delays.

An additional 1,717 hectares have secured approval, while 3,818 hectares remain in the application stage, pending environmental clearance. Despite current regulatory halts on many initiatives, the scale of this pipeline highlights the Bay Area's long-term potential as a premier investment and development zone, supporting Metro Manila's continued economic and spatial expansion.

3.2. Bay Area Site

The PNB Financial Center is prominently located within the Financial Center Area, one of the most valuable and strategically positioned zones in the Bay Area. Spanning approximately 80

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hectares, this district is envisioned as a future central business hub, supported by key institutional stakeholders such as the Philippine National Bank, the Department of Trade and Industry (DTI), the Government Service Insurance System (GSIS), the Philippine National Construction Company (PNCC), and the Social Security System (SSS).

The site has a building footprint of 37,035 square meters, with a gross floor area of 106,294 square meters, and a gross leasable area of 96,352 square meters. The building is 36 years old with a floor plate of 106,294 square meters and with 153 indoor, and 657 outdoor available parking slots. Its tenant profile comprises of bank, financial institution, government agency, a non-profit organization (NGO), and traditional retail to support the offices, where unit sizes range from 64 square meters to 7,000 square meters.

As one of the anchor properties in this emerging financial core, the PNB Financial Center benefits from its early establishment and visibility along Diosdado Macapagal Boulevard—a major arterial road linking the area to Entertainment City, Mall of Asia Complex, and key road networks such as EDSA and the NAIA Expressway. Its location positions it at the heart of a rapidly transforming corridor where infrastructure, government institutions, and private developments converge.

With the Bay Area projected to see significant office demand and land appreciation over the next decade, the PNB Financial Center is well-positioned to capitalize on future redevelopment and repositioning opportunities, reinforcing its potential as a key asset within Metro Manila's next-generation financial district.

4. Market Analysis

4.1. Metro Manila Office Market

Metro Manila's office market continues to evolve amid shifting workplace dynamics and emerging technologies. While the region remains one of Southeast Asia's most active office markets anchored by strong IT-BPM sector and multinational tenant base, the traditional demand drivers are increasingly influenced by long-term structural changes.

The sustained adoption of work-from-home and hybrid work models is reshaping office space requirements. While some firms continue to return to full on-site operations, many have opted for flexible arrangements, resulting in slower absorption and a heightened focus on space efficiency, adaptability, and amenitized work environments**.** This has contributed to rising vacancy levels across some submarkets, especially in developments that lack modern infrastructure or flexible layouts.

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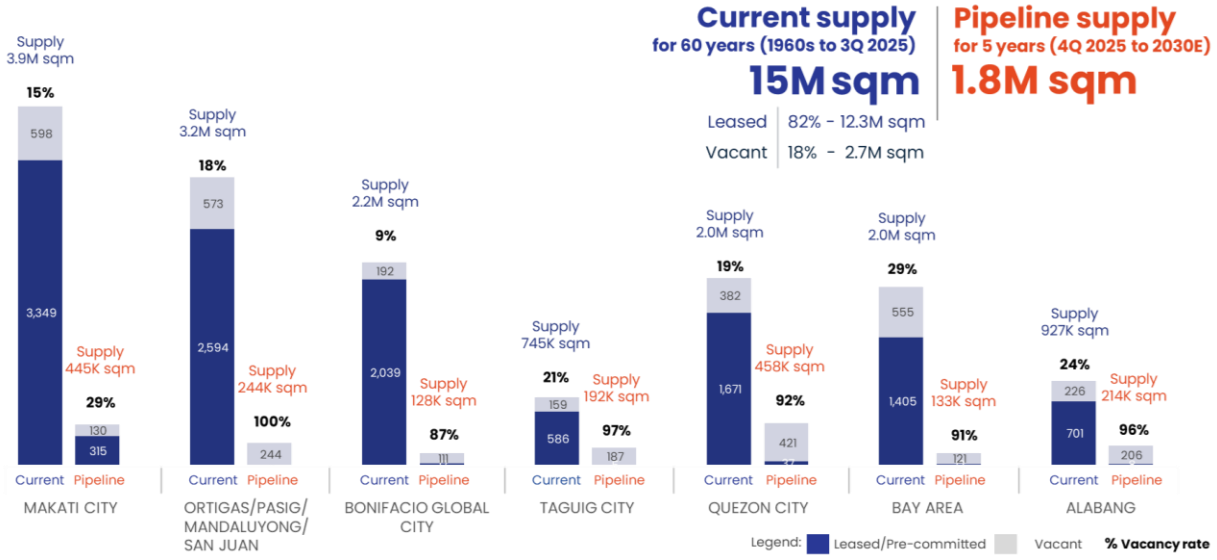
In parallel, advancements in automation and Artificial Intelligence (AI) are expected to further influence headcount projections and spatial needs**.** As technology begins to take over repetitive, process-based functions, companies may recalibrate their workforce size and real estate footprint, particularly in the outsourcing sector. However, this also opens new opportunities for demand reconfiguration, with firms likely prioritizing high-quality, tech-enabled office spaces usually found in Grade A and Prime offices. Landowners participating in Makati's redevelopment plans are ensuring new and/or refurbished buildings have key certifications such as: LEED, BERDE, EDGE, WELL, and are equipped with amenities for well-being of future employees.

Amid these shifts, landlords and occupiers alike are being challenged to rethink workplace strategies not only to attract and retain talent but also to align with emerging operational models that emphasize agility, productivity, and cost optimization.

4.1.1. Office Supply and Vacancy



Note: Figures pertain to Gross Leasable Area (in sqm)

Metro Manila's office real estate sector reflects both scale and sophistication, shaped by decades of sustained urban development and strong economic fundamentals. With over six decades of commercial construction, the region has built a substantial and diversified inventory of office space currently totaling to approximately 15 million square meters in the last 60 years. This deep market base is further supported by a robust pipeline of 1.8 million square meters projected for completion in the next five years, signaling continued investor and developer confidence in long-term office demand.

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The market remains fundamentally sound, with a stable region-wide occupancy rate of 82%, translating to 12.3 million square meters of active, revenue-generating leaseholds. At the same time, the 18% vacancy rate, or roughly 2.7 million square meters, provides healthy operational flexibility. This level of availability supports tenant expansion, encourages new market entrants, and allows developers and landlords to accommodate shifting space requirements in a post-pandemic hybrid work environment.

Among Metro Manila's key business districts, Makati City retains its status as the region's most mature and prominent office hub. With 3.9 million square meters of total supply, it hosts the highest concentration of office space in a single district, backed by an impressive 15% vacancy rate. This resilience is a testament to its established infrastructure, premier location, and prestige among both local conglomerates and multinational firms.

Close behind are Ortigas and BGC, with 3.2 million and 2.2 million square meters of supply respectively, though differentiated by market performance. Ortigas, with an 18% vacancy rate, continues to appeal to mid-market and cost-conscious tenants, offering a strategic balance of accessibility and affordability. BGC leads with a notably low vacancy rate of 9%, reflecting strong demand from international firms and high-value sectors such as tech, finance, and professional services. Its limited upcoming pipeline of 128,000 square meters indicates a strategic, measured approach to future development, emphasizing quality over quantity.

Taguig City presents significant growth potential with 745,000 square meters of current supply but faces an elevated vacancy at 21%. Meanwhile, Quezon City and the Bay Area each host around 2 million square meters of office inventory. These districts, with vacancy levels at 19% and 29% respectively, are emerging as high-potential growth zones, buoyed by improving infrastructure and proximity to educational, residential, and entertainment hubs.

Alabang, located in the southern corridor of Metro Manila, maintains 927,000 square meters of office space, with a 24% vacancy rate. It has over 214,000 square meters of supply in the pipeline.

Prime districts continue to demonstrate strong tenant retention and high occupancy levels, while emerging areas offer upside potential and value-driven opportunities. The varied performance across submarkets stresses the importance of location strategy, surrounding infrastructure, and asset quality in driving real estate success.

For investors, the diversity and scale of Metro Manila's office sector provide multiple points of entry, whether targeting stable income-generating assets in mature locations or capturing long-term growth in up-and-coming districts. With an economy steadily recovering, a young professional workforce, and national infrastructure upgrades underway, Metro Manila remains a vital node in Southeast Asia's commercial real estate landscape.

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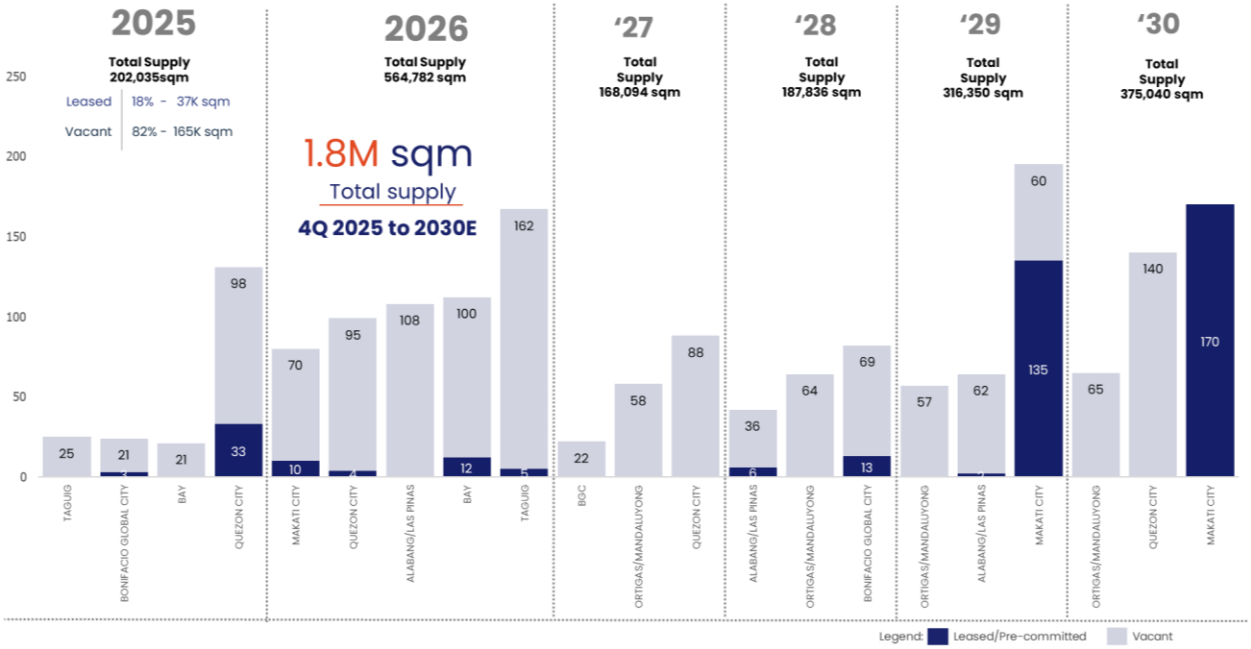
4.1.2. Office Pipeline Supply



Note: Figures pertain to Gross Leasable Area (in sqm)

Sustained pipeline signals long term confidence in the Metro Manila office market, by the demonstration of strong fundamentals, emphasized by a robust and strategically phased pipeline supply through 2030. A total of 202,035 square meters of new office stock is scheduled for delivery in 2025, though only 18% of this upcoming inventory has been leased or pre-committed, leaving a near-term vacancy of approximately 165,000 square meters. This dynamic indicates temporary oversupply conditions but also presents potential opportunities for tenant-driven negotiations and long-term positioning.

The momentum continues into 2026, which is expected to bring an even larger wave of supply totaling 564,782 square meters. With pre-commitments concentrated in key business hubs—12,000 square meters in the Bay Area, 10,000 square meters in Makati City, 5,000 square meters in BGC, and 4,000 square meters in Quezon City—reflecting these districts' sustained attractiveness to corporate occupiers.

From 2027 to 2030, the market sees a more measured and strategic release of new stock:

- 2027 adds 168,094 square meters, primarily in BGC, Ortigas, and Quezon City.
- 2028 delivers 187,836 square meters, with BGC leading supply at 82,000 square meters.
- 2029 supply nearly doubles to 316,350 square meters, driven by a surge in Makati, which accounts for 195,000 square meters—approximately 69% of which is already pre-leased, signifying strong institutional demand.

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- 2030 adds another 375,040 square meters, again led by Makati with 170,000 square meters, of which all of it is pre-committed, highlighting a return to stabilized demand in core CBDs.

This supply pipeline aligns with the broader recovery and transformation of the Philippine office market, driven by evolving workplace strategies, a recovering outsourcing sector, and demand for tenants moving toward high-grade, sustainable, and high-efficiency buildings. Notably, the concentration of precommitments in Makati and BGC reinforces their positions as premier office locations with long-term investment viability.

Overall, while short-term vacancy remains elevated, the structured delivery and early leasing activity across future stock signal enduring market confidence and position Metro Manila for office market recovery and long-term capital appreciation.

4.1.3. Makati Pipeline Supply

Note: Figures pertain to Gross Leasable Area (in sqm)

Makati's office market is entering a renewed phase of growth, supported by a forward-looking development pipeline totaling approximately 445,000 square meters through 2030. This trajectory reflects enduring confidence in the district's established market fundamentals, premier address, and its critical role as the nation's financial and corporate epicenter.

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The new cycle begins in 2026, with 80,292 square meters of supply coming from The Yuchengco Centre, with 13% of this inventory already pre-committed, indicating demand recovery as companies position for strategic relocations or expansion.

By 2029, an additional 195,000 square meters will be added in the office stock, coming from three new office buildings: ChinaBank, and the headquarters of BPI and Metrobank. Impressively, 69% of this volume has already been secured by tenants in advance, reinforcing investor confidence in the district's capacity to absorb high volumes of office inventory.

The development pipeline culminates in 2030 with an additional 170,040 square meters, anchored by the delivery of the new BDO Headquarters, which is already 100% pre-committed.

A significant share of upcoming supply is driven by the redevelopment and consolidation efforts of major financial institutions, signaling a long-term commitment in retaining Makati as the headquarters of Philippine banking and capital markets. These modernization initiatives not only align with operational transformation objectives but also represent an optimization of real estate portfolios—blending business continuity with enhanced asset value.

Together, these developments reflect Makati's evolving role not just as the core CBD but as a revitalized, investment-ready hub with enduring tenant demand, institutional backing, and a clearly defined trajectory for sustainable growth in a competitive urban landscape.

4.1.4. Bay Area Pipeline Supply

Note: Figures pertain to Gross Leasable Area (in sqm)

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The Bay Area office market is entering a measured but strategic growth cycle, with approximately 133,000 square meters of new office space projected to come online from 2025 through 2026. This pipeline signals cautious optimism leveraging its proximity to the international airport, expansive mixed-use developments, and appeal to logistics, technology, and offshore service sectors.

The new supply begins to materialize in the fourth quarter of 2025, led by the delivery of Double Dragon Meridian with 20,990 square meters where it is still 100% vacant. By 2026, supply growth is anchored in the 57,000 square meter Six E-Com Center, slated for completion in Q4, together with the 35,000 square meter Southfield Center. Positioned within the established Mall of Asia (MOA) complex, this PEZA-registered development enhances the district's attractiveness to outsourcing and IT-BPM locators. Complementing this is One Pacific by the Bay (Phase 2), a dual-tower project with a combined 20,000 square meters, of which 11,000 square meters or 55% has already been pre-leased, an encouraging sign of early tenant engagement.

Despite these advancements, overall vacancy across the pipeline remains elevated at 90%. However, the presence of pre-leasing activity particularly in One Pacific suggests that demand may be beginning to stabilize, especially for strategically located projects that offer fiscal incentives.

The Bay Area's new office stock is notably anchored by PEZA-registered assets, a critical factor for occupiers seeking tax incentives.

Overall, the Bay Area's upcoming office supply reflects an infrastructure-aligned expansion phase. With moderate volume, strategic pre-commitment momentum, and strong connectivity to transit and logistics corridors, the district is evolving into a competitive alternative CBD poised to capture new demand as occupiers reevaluate location strategies in a post-pandemic environment.

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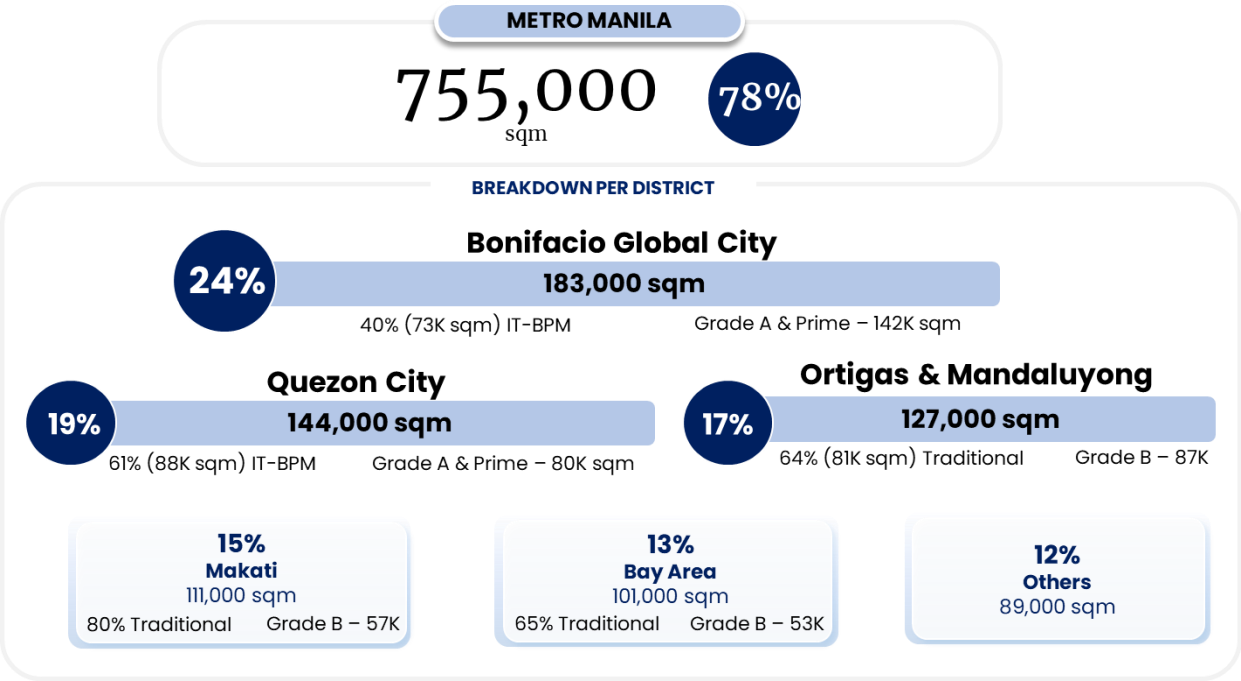
4.1.5. Metro Manila Office Demand



Note: Figures pertain to Gross Leasable Area (in sqm)

As of third quarter of 2025, Metro Manila's office market showed steady and resilient leasing activity. Gross demand reached 755,000 square meters, or 78% of the Philippines' total demand of 966,000 square meters. Of this, approximately 353,000 square meters was for Prime and Grade A offices, showing that businesses continue to seek better quality workspaces and reaffirming Metro Manila as the country's top business hub.

BGC led the market, exceeding last year's full-year demand with 183,000 square meters, where 40% of take-up came from IT-BPM, where BGC's modern buildings and lifestyle offerings continue to attract future-focused occupiers.

Quezon City came second with 144,000 square meters of demand, where majority of it are from IT-BPM with 61%, equivalent to 88,000 square meters.

The Ortigas-Mandaluyong-San Juan corridor is performing well with 127,000 square meters absorbed, driven by a strong tenant mix—majority are traditional offices at 64%, equivalent to 81,000 square meters, and supported by competitive rents and improved amenities.

Makati, the country's main CBD, posted 111,000 square meters in demand where 80% of which are from traditional offices. The CBD is currently undergoing redevelopment thus local and

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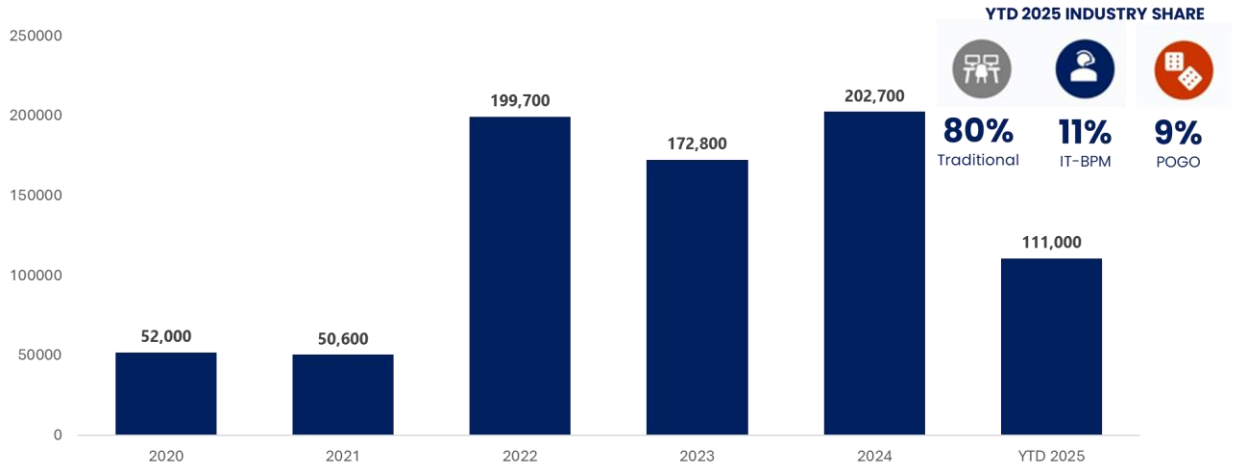
multinational corporations are looking to move into newer, higher standard buildings thus the flight-to-quality trend.

Occupier demand in the Bay Area is changing to more traditional office formats (65%) with the area recording 101,100 square meters of leasing activity.

Smaller markets like Taguig City and Alabang with a total of 89,000 square meters also contributed to overall activity.

Compared to last year's surge led by Makati and Bay Area, leasing is now more cautious and quality-driven, as tenants focus on strategic locations, cost efficiency, and higher building standards.

4.1.6. Makati Historical Office Demand



As illustrated by the figure above, the demand for office space in Makati is showing strong recovery post-pandemic, with 2024 exceeding pre-pandemic levels. Demand in 2024 jumped by 17% or 202,700 square meters from 2023, where most of these office spaces are taken-up by traditional tenant types, or corporate occupiers that are not part of outsourcing or offshoring industries like IT-BPM. These are usually corporate headquarters or branches of companies that manage their own core operations in-house. As of the third quarter of 2025, demand is almost half of 2024's full year demand. Of that, 80% is from traditional offices, 11% from IT-BPM, and 9% from Philippine Offshore Gaming Operators (POGO).

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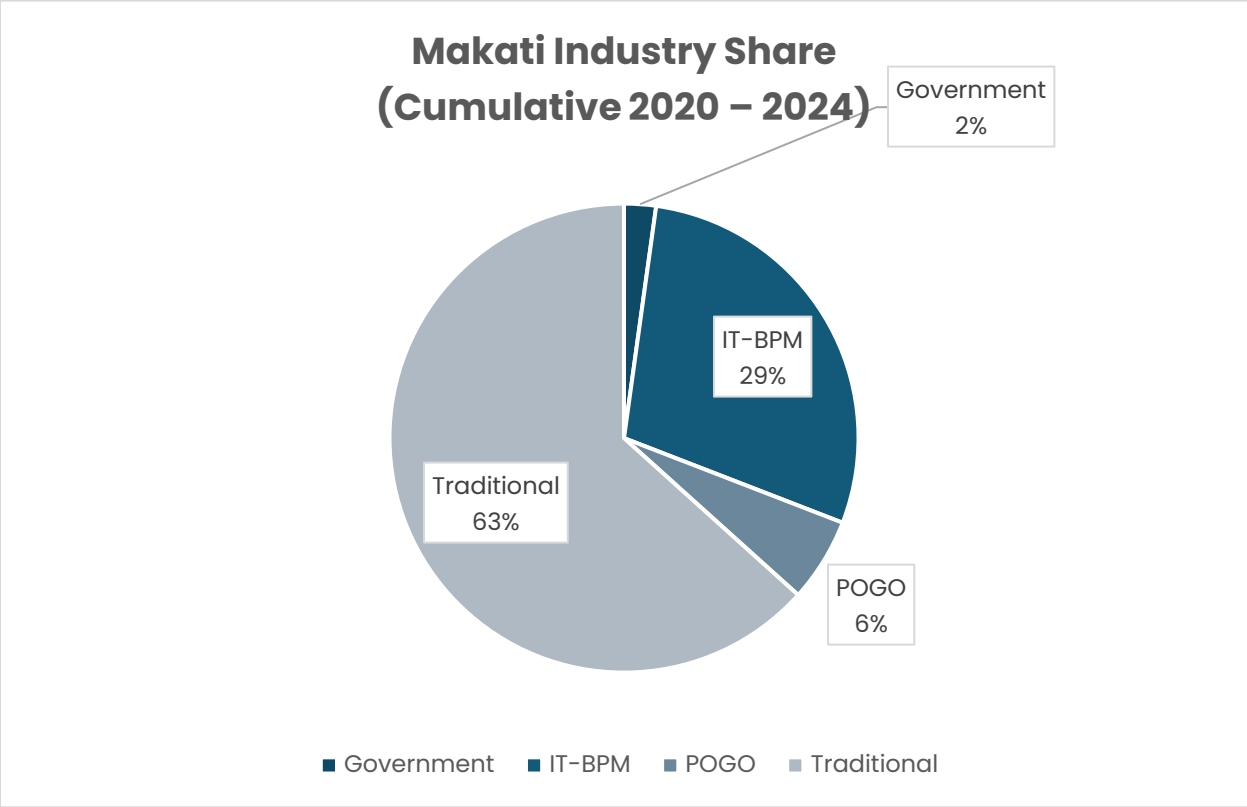

The chart highlights that traditional occupiers—which account for 63% of Makati's cumulative office demand from 2020 to 2024—remain the core drivers of take-up in Makati. These tenants, including banks, law firms, and multinational corporations, typically seek prestigious business addresses, high building specifications, and proximity to other major institutions—all of which Makati provides.

Meanwhile, the 29% share held by IT-BPM firms further reinforces demand for high-quality, well-located buildings that support 24/7 operations and access to skilled talent. The relatively small shares of POGOs (6%) and government offices (2%) suggest that Makati's leasing profile is led by stable, long-term tenants with a preference for premium-grade spaces. This underscores Makati's continued position as Metro Manila's most established hub for prime office leasing activity.

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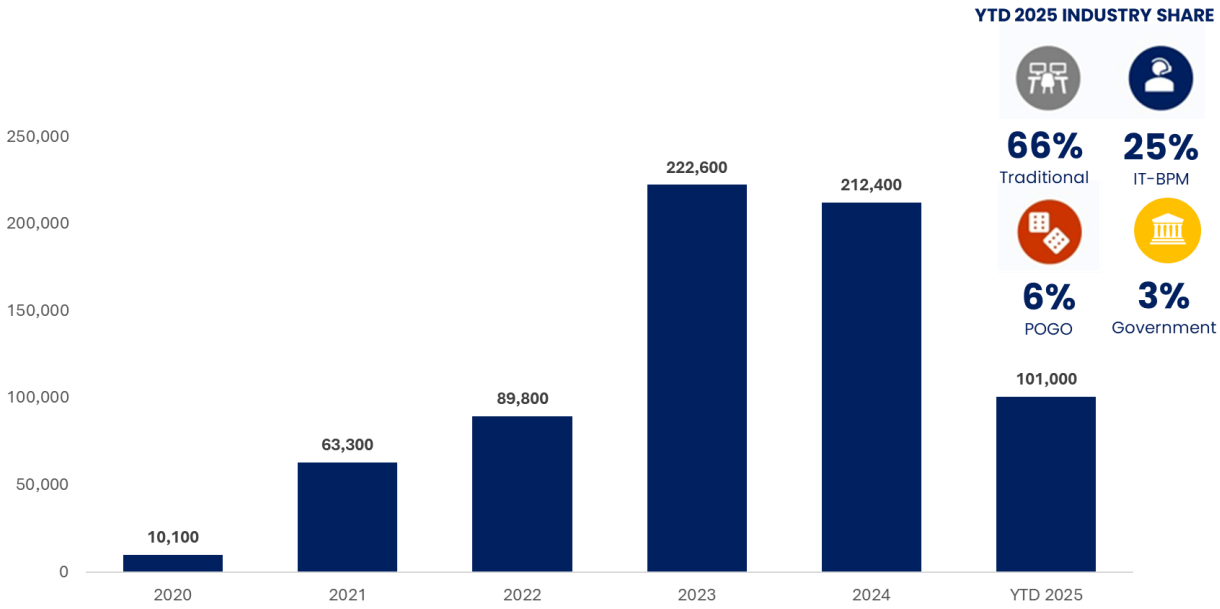
4.1.7. Bay Area Historical Office Demand



While Makati saw an increase in demand in 2024, the Bay Area recorded a slight pullback of 5% or 222,600 square meters from 2023 demand due to the POGO ban in 2024, where demand reached 212,400 square meters. As of the third quarter of 2025, demand has already surpassed half of last year's total demand at 101,000 square meters. Driven mainly by traditional office occupiers accounting for 66% of total demand—alongside IT-BPM (25%), POGO (6%), and government (3%)—the Bay Area continues to show resilience, maintaining demand levels more than twice those recorded before 2023.

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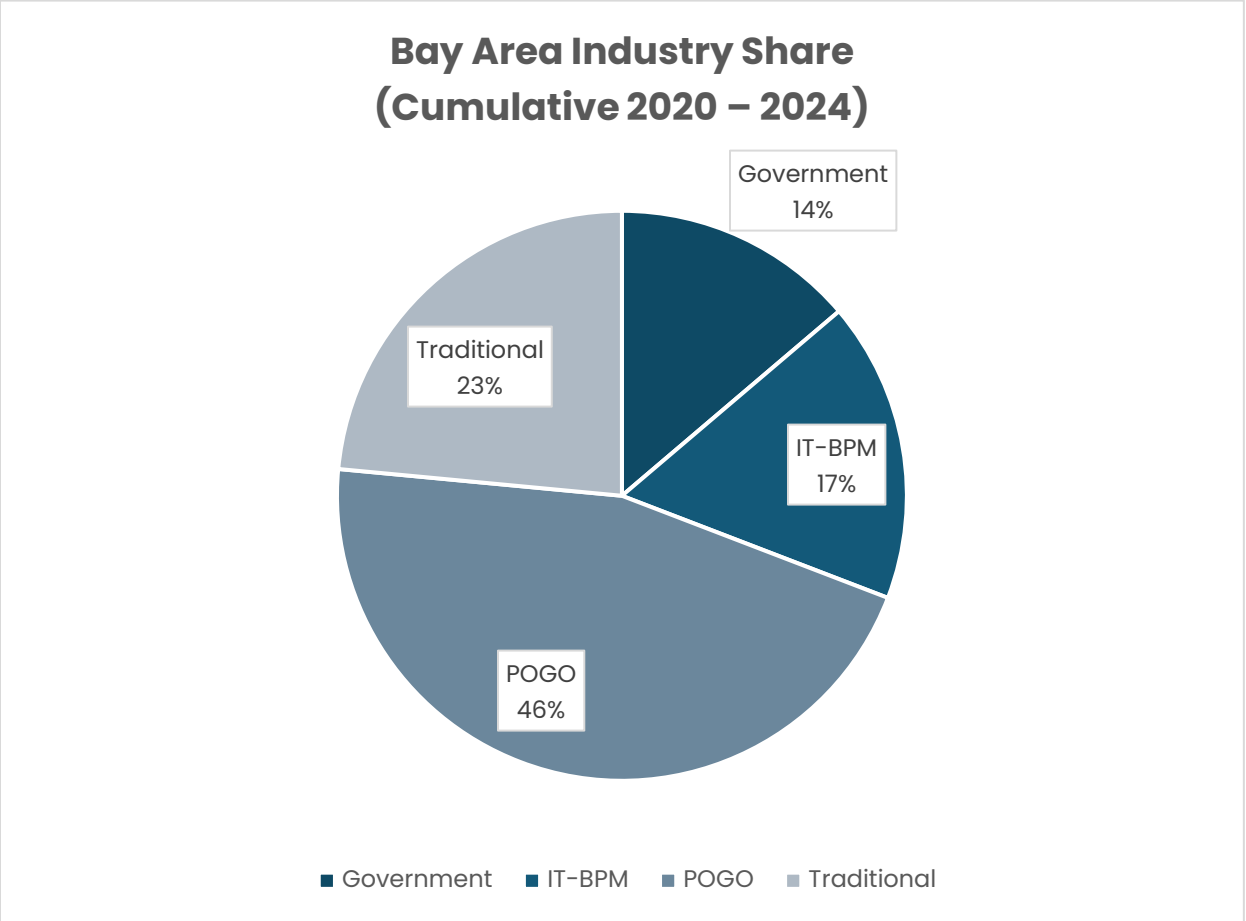

From 2020 to 2024, the Bay Area's office demand was led by POGOs, making up 46% of total take-up—highlighting its early role as a hub for offshore gaming. However, growing shares from traditional occupiers (23%) and IT-BPM firms (17%) signal a shift toward a more diversified tenant mix. The notable 14% government presence also reflects its appeal as a cost-effective, emerging office location. As demand broadens, the Bay Area is increasingly positioning itself as a viable market for premium-grade office developments beyond its original gaming-driven base.

In summary, most of the vacant space in the Bay Area is in older, gaming-focused buildings, while Prime and Grade A offices in core locations remain occupied and stable. This shows that tenants are moving toward high-quality, tech-enabled spaces. As a result, premium-grade offices are expected to see stronger and more reliable demand from IT-BPM firms, traditional companies, and government tenants.

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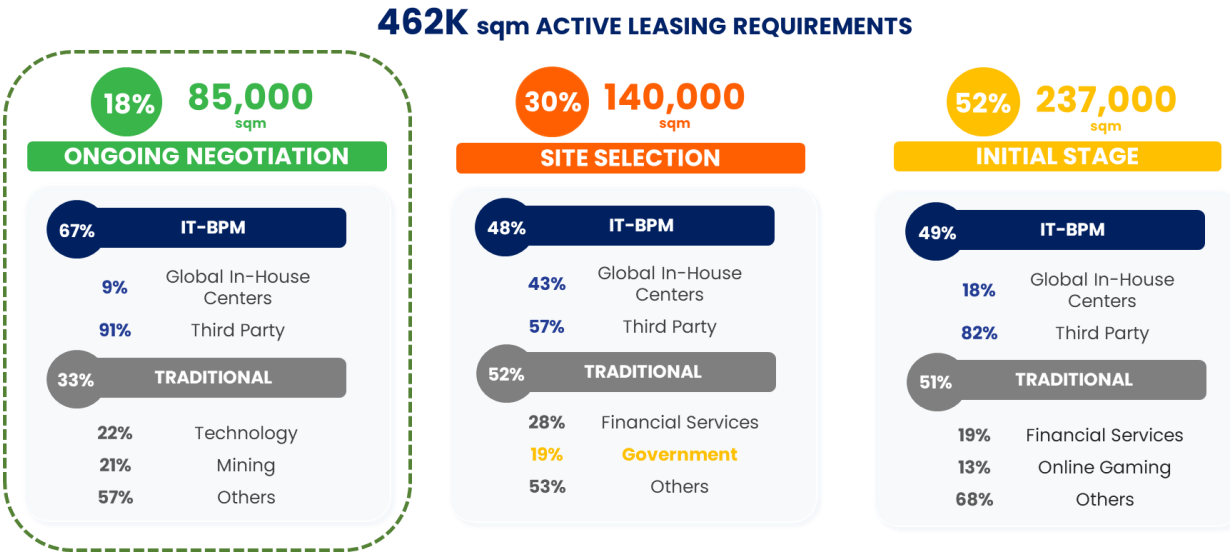
4.1.8. Active Office Space Requirements



Active office space requirements have reached a significant volume, totaling approximately 462,000 square meters, showing sustained demand and signaling healthy leasing momentum. This figure represents active interest across multiple tenant type. Notably, around 85,000 square meters are already under active negotiation, indicating a strong likelihood of conversion within the next quarter. This level of pre-commitment reflects tenant confidence, reinforcing the positive trajectory of the commercial real estate sector for the remainder of the year.

A key engine behind this leasing activity is the Information Technology and Business Process Management (IT-BPM) industry, which accounts for 52% of total active demand. The IT-BPM sector has long been a cornerstone of office market stability in the Philippines, and its continued expansion suggests that 2025 will see stronger demand and increasing operational footprint among top outsourcing and offshoring players. These firms are seeking high-quality, future-ready spaces across strategic locations to support workforce expansion and hybrid operations further contributing to market recovery.

This emerging trend not only reinforces the underlying health of the tenant base but also presents attractive entry and reinvestment opportunities for real estate investors. The combination of pre-leasing momentum, high-volume requirements, and sector-driven demand drivers make the outlook for 2025 increasingly compelling for capital deployment into well-positioned office assets.

In summary, the demand coming from IT-BPM is both a flight-to-quality and a shift to lifestyle/workplace experience-oriented offices. Tenants are prioritizing amenities, wellness

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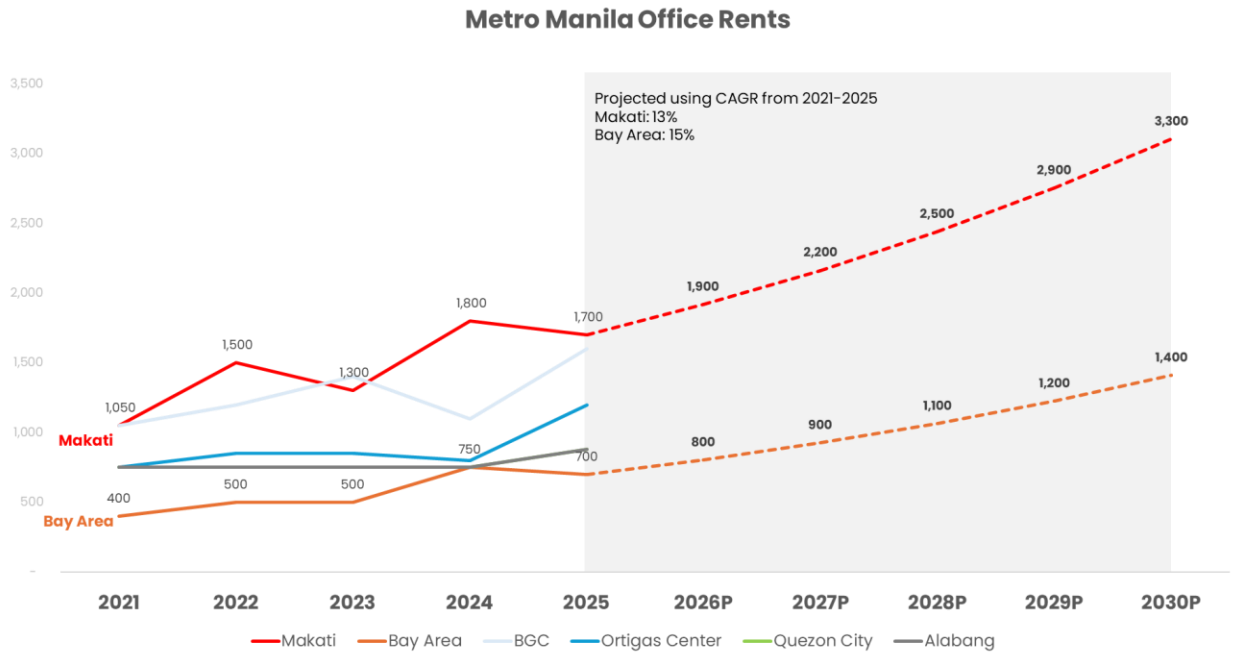
programs, collaborative spaces, and hybrid work setups to attract talent in a competitive labor market, where these office spaces are valued not just for the physical space but for the overall value it provides to people, productivity, and corporate culture.

4.1.9. Office Rental Rates



Note: Based on average asking rates in PHP

Metro Manila's office sector is showing signs of stabilization in 2025, following years of correction brought about by the pandemic and subsequent structural shifts in workplace strategies. As demand gradually rebounds, the market is entering a phase of cautious recovery, with rental rates beginning to reflect improved tenant confidence in key locations. While rental levels have yet to return to their pre-pandemic peaks, upward movement in prime districts signals renewed momentum and a recalibration toward healthier rent levels.

Makati's CBD remains the most resilient and sought-after location for enterprise-grade tenants. Prime office rents are projected to range between PHP1,200 to PHP1,700 per square meter in 2025, marking an 8% increase from the previous year. The steady rise in rental levels across segments affirms Makati's strength as a preferred business location, offering a well-established commercial environment, walkable urban design, and a high concentration of multinational companies.

BGC continues to perform well, supported by its reputation as a master-planned, future-ready business hub. Rental rates are expected to grow by 6%, reaching PHP900 to PHP1,200 per square meter. BGC continues to appeal to global tenants in the technology and business process management sectors due to its modern office spaces, efficient layouts, and proximity to high-

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end lifestyle amenities. Its ability to maintain price stability while attracting high-quality tenants reinforces its long-term position as a top-tier office destination.

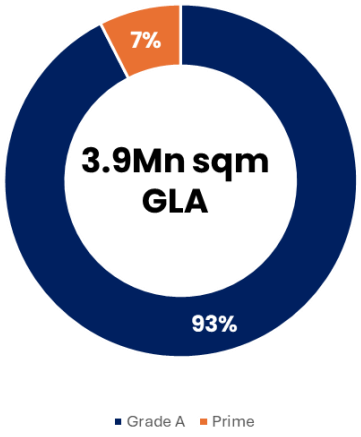
In contrast, other submarkets are navigating varying degrees of adjustment. The Ortigas Center forecasted rents ranges from PHP550 to PHP750 per square meter. The area is experiencing competitive pressure as tenants gravitate toward newer, more integrated locations. Similarly, Quezon City is undergoing a more pronounced rebalancing, with projected rents dropping by 27% to PHP400 to PHP700 per square meter. This reflects current tenant preferences shifting toward core business districts and the relative oversupply in certain parts of the city.

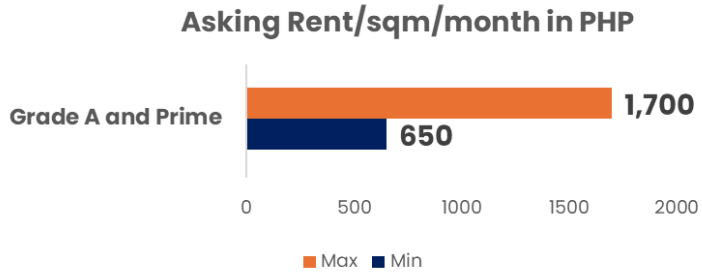
The Bay Area is also in a phase of rental correction, with forecasted rates between PHP400 and PHP750 per square meter down 20% from 2024. As a relatively young office market, the Bay Area continues to mature, and its rental performance is expected to stabilize in the medium term. Alabang, on the other hand, remains relatively stable despite a modest 11% decline, with forecasted rents at PHP400 to PHP650 per square meter in 2025. Its value proposition as a cost-effective business location outside Metro Manila's core remains intact, particularly for firms prioritizing accessibility, lower overhead, and proximity to southern residential zones.

Overall, Metro Manila's rental landscape is showing signs of balance, with premium districts regaining pricing power and secondary areas undergoing healthy correction.

4.1.10. Metro Manila Premium Office Market

Supply and Asking Rent





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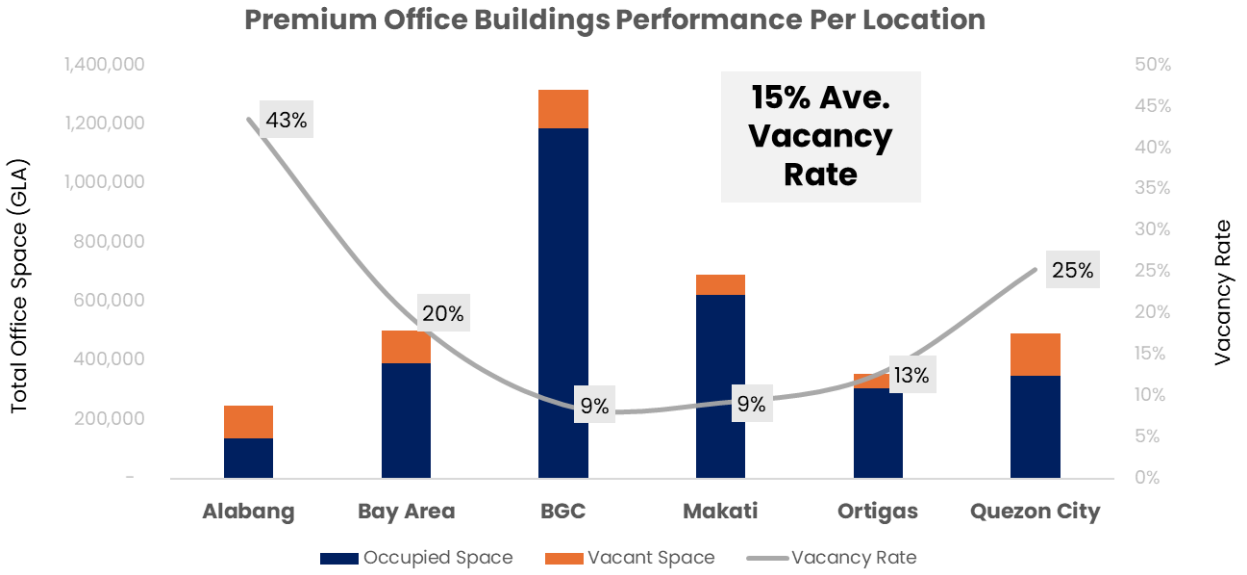

Metro Manila's premium office inventory totals 3.9 million square meters across Grade A and Prime classifications. For context, Grade A office buildings are those located within established or emerging CBDs, with good access to infrastructure, and is usually PEZA-accredited, has BERDE / LEED / EDGE certifications, and is compliant with latest National Building Code regulations. These types of offices are described and classified as top tier in the market.

Prime office buildings are a step above Grade A. These buildings are located in the core CBD or within the most prestigious blocks of the CBD, are landmark or flagship developments, has larger floor plates and ceiling heights, and typically has the following certifications: LEED Gold or Platinum, BERDE 4-5 stars, or EDGE Advanced, WELL or Fitwel-ready / certified (in newer Prime assets), and PEZA-accredited. These developments also command top-of-market rents and are home to multinational headquarters, financial institutions, and blue-chip tenants.

The current vacancy rate of 15% represents 611,000 square meters of available space. The market composition shows Grade A offices dominating with 93% of the total gross leasable area, while Prime offices comprise the remaining 7% share.

BGC and Makati, both with 9% vacancy, continue to lead in performance, each with a vacancy rate lower the average, reaffirms their status as Metro Manila's most resilient office markets, bolstered by strong corporate tenancy, high-quality building stock, and connectivity advantages.

In contrast, Alabang and Quezon City exhibit elevated vacancy rates of 43% and 25%, respectively which is well above the market average. These submarkets, while growing in terms of new supply, face slower absorption rates due to their peripheral location. However, they offer

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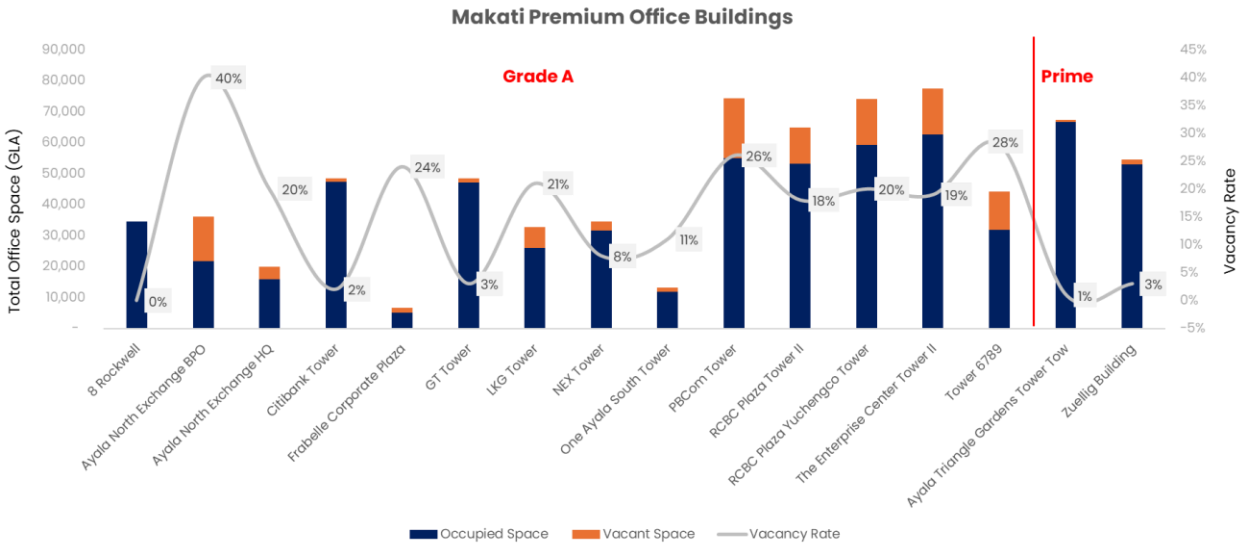
upside potential for cost-sensitive tenants and early investors capitalizing on future decentralization trends.

Bay Area and Ortigas present mixed dynamics. The Bay Area shows 20% vacancy rate, driven partly by rapid supply expansion and impact of POGO exodus. Ortigas, on the other hand, maintains a healthier vacancy rate of 13%, reflecting stable demand in a mature, centrally located office cluster.

Overall, the premium office market demonstrates polarized performance: established CBDs benefit from sustained demand and controlled supply, while fringe locations remain in the early stages of tenant traction. Office vacancy improved significantly to 15% from 22% last quarter—reflecting renewed confidence and stronger leasing activity. The momentum offers fresh opportunities for investors to capitalize on rising demand and for landlords to strengthen tenant retention strategies.

Quoted rental rates range for both Grade A and Prime Office range from PHP650 to PHP1,700 per square meter per month.

4.1.11. Makati Grade A and Prime Office Performance Per Building



Makati's premium office market remains robust, but a clear performance gap is emerging between Grade A and Prime assets. Prime buildings report an exceptionally low 1% to 3% vacancy rate, reflecting near-full occupancy and sustained demand for high-quality, modern office spaces.

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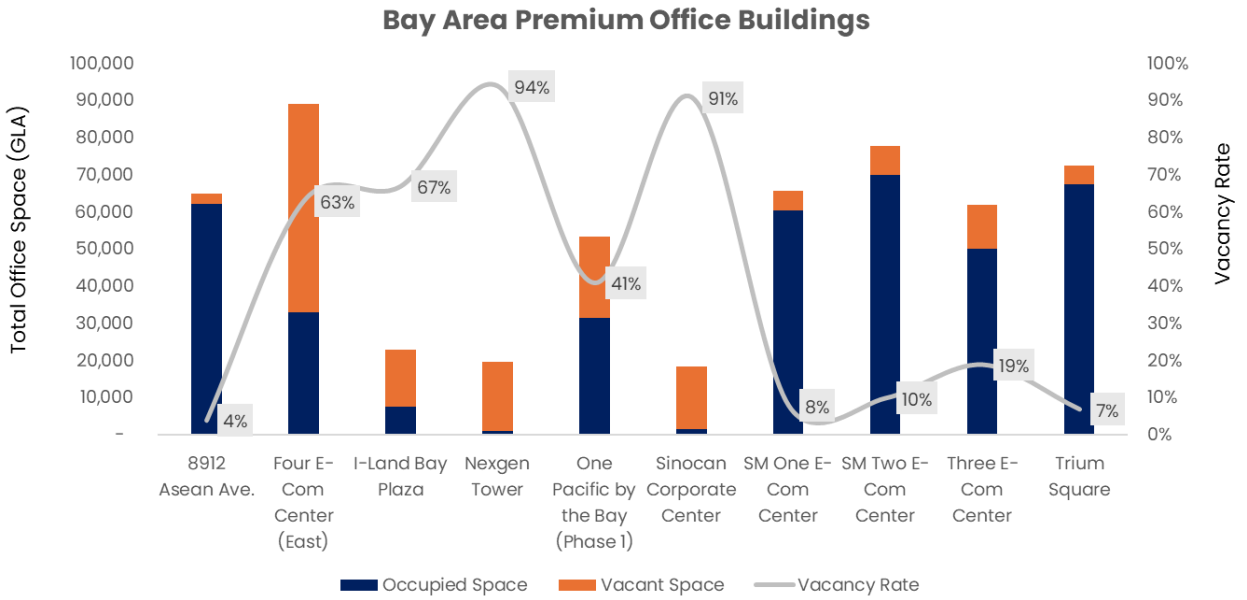
In contrast, Grade A offices register a higher average vacancy of 18%, with some assets showing elevated vacancies due to aging infrastructure or less competitive positioning. While well-located, many Grade A buildings face rising pressure to modernize or reposition to keep pace with evolving tenant expectations. Low vacancies are noted in 8 Rockwell, Citibank Tower, GT Tower, and NEX Tower, reflecting the flight-to-quality trend that is happening.

Overall, Makati remains a stronghold for premium office demand, but continued outperformance of Prime assets signals a shift in occupier preferences toward newer, Environmental, Social, and Governance (ESG) aligned buildings, and amenity-rich environments.

4.1.12. Bay Area Grade A Offices Performance Per Building



The Bay Area's Grade A office market is showing signs of stress, with an elevated vacancy rate of 20% which is among the highest across Metro Manila's key business districts. Several buildings, including Nexgen Tower and Sinocan Corporate Center, report extreme vacancy levels at 94% and 91%, respectively, highlighting ongoing absorption challenges amid rapid supply growth.

However, more stabilized assets such as SM E-Com Centers, Trium Square, and 8912 Asean Avenue are performing relatively well, maintaining vacancy rates at 10% and below, driven by better locations, anchor tenants, and PEZA accreditations.

While the area continues to attract interest from outsourcing firms and offshore players, the supply-demand imbalance persists. Investor focus will need to shift toward tenant

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diversification, lease incentives, and asset repositioning to support healthy occupancy and long-term viability.

4.1.13. Office Market Trends and Drivers

Hybrid Work's Lasting Impact on Space Demand

The shift to hybrid work has created a structural change in office space utilization. While fully remote setups have declined, many occupiers continue to implement flexible work arrangements, resulting in smaller on-site headcounts and reduced space take-up. As a result, companies are actively rightsizing their footprints, focusing on efficiency, collaboration zones, and employee well-being rather than maintaining pre-pandemic space allocations. This trend continues to shape tenant behavior and leasing strategies across Metro Manila.

Sustained Absorption Signaling Market Recovery

The Metro Manila office market continues to gain traction, with total net absorption reaching 1.1 million square meters in 2024, reflecting a 4% year-on-year increase from 2023. This upward momentum indicates a gradual return in occupier confidence, supported by ongoing expansions in the IT-BPM sector and renewed activity from local and multinational firms.

Flight to Quality Driving Stable Rents in Prime Assets

Occupiers continue to gravitate toward newer, high-specification office spaces with sustainable features and superior management. This trend supports occupancy resilience and rental stability in premium grade office buildings, providing REIT portfolios with more predictable income streams.

Asset Repositioning and Refurbishment Increasing Competitive Edge

Landlords are actively modernizing older buildings to remain competitive. Capital expenditure focused on lobby upgrades, HVAC improvements, and ESG compliance not only enhances tenant experience but also improves long-term asset value.

REIT Activity Boosting Investor Confidence

The growing presence of Real Estate Investment Trusts (REITs) in the Philippines is encouraging new investments in commercial real estate. This, in turn, is leading to improved building repositioning, asset upgrades, and heightened interest in high-quality office inventory.

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4.1.14. Office Outlook and Projections

Metro Manila

METRO MANILA	DECEMBER 2024	2025	2026	2027	2028	2029	2030
Pipeline Vacancy (excluding pre-pandemic)	-	462,838.30	395,770.02	143,772.71	123,576.86	221,818.20	182,038.70
Add: Previous Year's Vacancy	-	2,360,166.72	2,545,805.02	2,407,965.04	1,991,447.24	1,526,719.80	1,130,817.00
Add: Vacated Spaces (Contractions)	630,000.00	646,800.00	436,590.00	458,419.50	481,340.48	505,407.50	530677.87
TOTAL VACANT SUPPLY	2,610,166.72	3,469,805.02	3,378,165.04	3,010,157.24	2,596,364.58	2,243,944.77	1,843,533.57
Less: Total Annual Demand	880,000.00	924,000.00	970,200.00	1,018,710.00	1,069,645.50	1,123,127.78	1,179,284.16
Total Oversupply	2,360,166.72	2,545,805.02	2,407,965.04	1,991,447.24	1,526,719.08	1,130,817.00	664,249.41
New Completions for the Year (Pipeline Gross Leasable Area)	-	698,960.88	294,811.08	84,525.86	146,313.00	354,249.00	235,040.00
Cumulative Supply (Gross Leasable Area)	14,995,769.74	15,694,730.62	15,989,541.70	16,074,067.56	16,220,380.56	16,574,629.56	16,809,669.56
Vacancy Rate	16%	16%	15%	12%	9%	7%	4%

As indicated on the figure above, the Metro Manila office market is forecasted to shift to a more landlord-favorable market by 2028—with a single digit vacancy of 9%, where the demand for office spaces has steadily increased year-on-year signaling renewed corporate confidence and a resurgence in business activity across key districts. This resurgence is largely driven by the continued expansion of the IT-BPM sector, increased return-to-office mandates, the entry of new players in professional services and flexible workspace operators, and the shift to newer, more modern buildings.

4.2. Metro Manila Residential Market

Residential properties in the Philippines are divided generally into horizontal and vertical or condominium developments.

Horizontal developments cover subdivision developments with houses and house-and-lot products, which are traditionally preferred by buyers because the ownership of land is transferred to them. Subdivisions cover large tracts of land with internal roadways and can offer facilities like parks and recreation space. Depending on development restrictions, owners of properties in subdivisions can have some flexibility in constructing on their lot, with the possibility of expanding their built structures in the future. Horizontal residential projects are commonly constructed in areas where there are large plots of undeveloped land and where lot prices are not as expensive as those within business districts. Historically, this created a challenge for accessibility because jobs, desirable schools, and commercial establishments were found within or near business districts. However, this was addressed with the improvement of infrastructure and construction of township projects outside Metro Manila that offer city-like conveniences.

There is still a portion of buyers who prefer to live within established business districts, and condominiums provide them a viable option. Condominiums enable developers to maximize the value of pricey land plots by building multiple residential units in one lot. For condominiums,

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ownership transferred to buyers is a separate interest in the unit, undivided interest in the land on which the condominium is constructed and in other common areas of the building (The Condominium Act, 1966. Section 1). A condominium can offer support facilities within the building, such as a pool, gym, function room, other recreational facilities, and accessory retail shops.

The boom in the IT-BPM sector at the start of 2000s created a market for smaller units that serve the housing needs of professionals working in the industry: largely upwardly mobile young buyers and tenants who want to be located near their place of work and at the same time be near places of recreation. Developers started building more residential condominiums that sold units with smaller configurations to serve ever-growing demand in the last two decades.

Then POGO, a new sub-sector, emerged as a major driver of residential condominium demand by mid-2010s. The introduction of the POGO workforce to the market pushed up rental rates since these tenants paid high premiums for condominium units. This tenant type created demand from speculative buyers who want to generate substantial returns on property purchases. Consequently, developers responded by constructing new condominium projects to satisfy the needs of speculative buyers.

However, with the exit of POGO locators, appetite from speculative buyers became tepid. This, along with funding challenges from traditional buyers affected by the pandemic left developers with significant remaining inventory. Developers are now finding creative ways to market remaining units by offering discounts, longer payment terms, and adding more value to the units.

Residential Condominium Units Price Segmentation

INCOME CLASS	PACKAGE PRICE *(In PHP)*	MONTHLY AMORTIZATION *(In PHP)*	REQUIRED COMBINED HOUSEHOLD GROSS MONTHLY INCOME *(In PHP)*
Upper Middle Income	4,000,000-7,000,000	30,581-53,517	101,936-178,388
Upscale	7,000,000-12,000,000	53,517-91,743	178,388-305,809
High End	12,000,000-26,000,000	91,743-198,776	305,809-662,585
High End AA	26,000,000-40,000,000	198,776-305,809	662,585-1,019,362
High End AAA	40,000,000-68,000,000	305,809-519,875	1,019,362-1,732,916
Luxury	68,000,000 and above	519,875 and above	1,732,916 and above

Note: Monthly amortization is based on a 15-year term at 80% of package price. Required combined household gross income is computed based on 30% housing expense allocation from monthly amortization.

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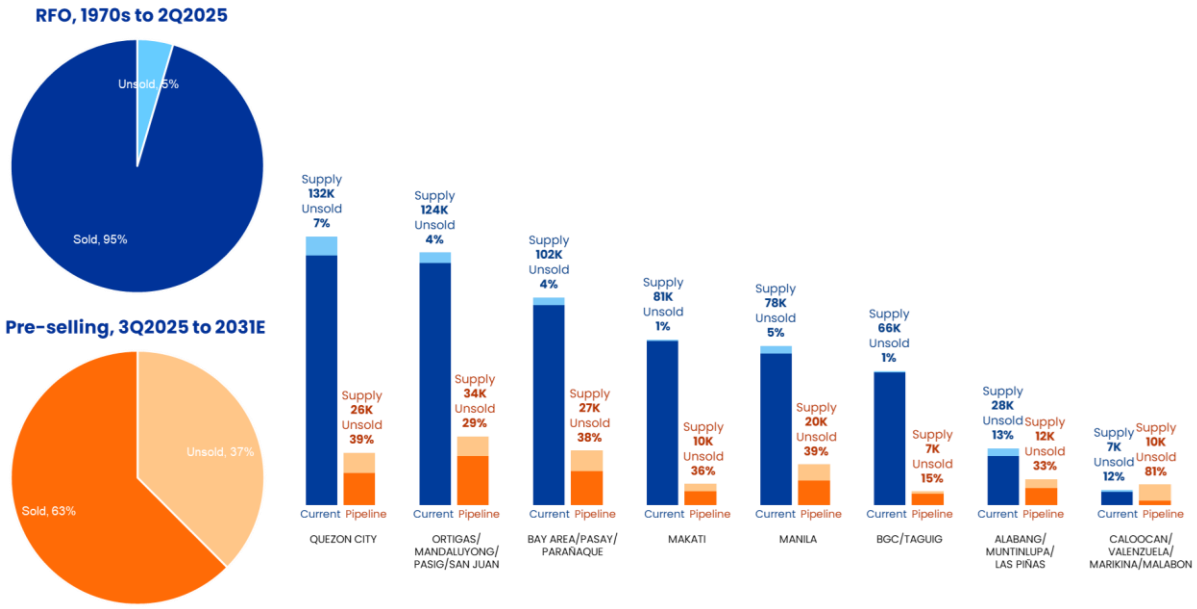
LPC categorizes residential condominiums into the abovementioned segments, which generally fall under the open market classification of the Department of Human Settlements and Urban Development (DHSUD).

The segmentation assumes an 80% loan-to-value ratio with 8% interest over a 15-year loan term across project income segments. It further assumes that 30% of combined monthly gross household income is allocated to housing costs, which will be applied to the monthly amortization.

4.2.1. Metro Manila Condominium Stock by Location



The first residential condominiums in the Philippines were built in Metro Manila about sixty years ago, with the highest concentration primarily in Makati and Ortigas CBDs until the mid-1990s.

But as infrastructure improved, new clusters of developments sprouted in in Quezon City, BGC, Alabang, and other new districts within the capital region, giving a wider range of options for buyers and expanding the spatial distribution of economic growth.

As of the third quarter of 2025, residential condominium stock in Metro Manila reached 765,900 units, 81% of which are ready for occupancy (RFO). RFO units are largely sold with only 4% primary units available. Majority of the unsold portion of current supply is in the Quezon City area, with 8,711 units still being sold by developers, comprising 32% of unsold RFO units. Notably, Quezon City is also among the top three locations with remaining unsold units in pre-selling

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developments: Quezon City with 9,787 units, Ortigas/Mandaluyong/Pasig/San Juan with 10,190 units, and Bay Area/Pasay/Paranaque with 8,628 units, collectively contributing 55% of the total unsold pipeline.

Makati CBD and BGC/Taguig are the preferred locations for condominium buyers. Makati CBD only has 3% remaining inventory out of about 81,350 RFO units, and 7% remaining out of 10,390 pipeline units. Similarly, BGC/Taguig has 3% remaining out of 65,870 RFO units, and 2% available out of 6,600 pipeline units. Compared to other districts, the total available units for sale with developers in Makati CBD and BGC/Taguig only reach 5% and 2%, respectively while in other locations developer inventories reach double-digit percentages. The highest of which is in the Caloocan/Valenzuela/Marikina area with remaining inventories at 53%. Notably, this area group also has the lowest number of condominium units by developers, likely due to the less developed infrastructure in these locations. Abutting this area group is Quezon City, the largest city in Metro Manila, which posts the highest number of condominium projects at 158,570 units. Only 12% of these units are still for sale by developers, indicating the attractiveness of the multiple townships and business districts located in the city. Meanwhile, in the southernmost portion of Metro Manila, the area group of Alabang/Muntinlupa/Las Pinas currently has 20% of residential condominium units for sale by developers. It attracts employees of townships within and near these cities, as well as families that own properties in subdivisions within the area.

Manila, Bay Area/Pasay/Paranaque, and Ortigas/Mandaluyong/Pasig/San Juan area groups post similar remaining inventory levels at 10% each. Ortigas/Mandaluyong/Pasig/San Juan used to hold one of the top spots for the residential condominium market since it historically rivalled Makati CBD as the premier business district. However, BGC surpassed this area group in the last two decades and now occupies the top spot with Makati CBD. Nevertheless, the area group is still strategically located and attracts buyers and tenants who want to live near the Ortigas business district. It also benefited from the influx of Philippine Offshore Gaming Operator (POGO) locators. The area that benefited most from POGO locators, though, is Bay Area/Pasay/Paranaque. Historically, this area mostly attracted buyers who wanted a view of the Manila Bay, but the gaming industry expanded its marketability. And the last area with a comparable level of remaining primary inventory percentage is Manila, the country's capital where remnants of the old city structures, the oldest Chinatown in the world, and most major universities are found. The city's primary appeal is its educational institutions and the business establishments in or near Chinatown.

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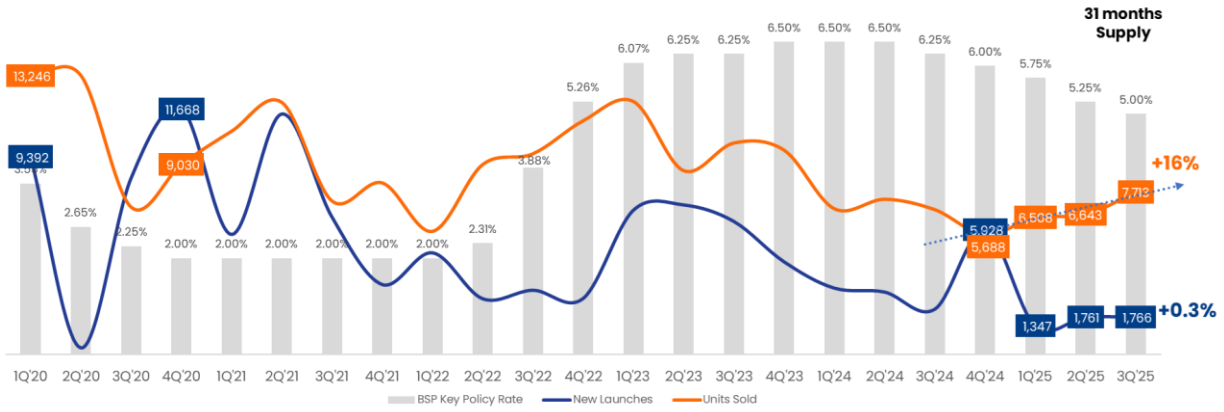
4.2.2. Metro Manila Primary Units Sales Performance



The residential condominium market experienced an apparent slowdown in activity over the pandemic period. As illustrated in the preceding chart, from a 9,300-unit level in 1Q2020, project launches dipped to a low of 300 units in 2Q2020. This was followed by two quarters of launches comparable to pre-pandemic levels, another dip in 1Q2021 at 5,700 units, then the last significant high launch during the pandemic at 11,400 units in 2Q2021. The following six quarters showed subdued launch activity for developers before picking up again at the end of the pandemic period from 1Q2023 to 3Q2023. Launches followed a downward trend again after that, with an unprecedented sharp rise in 4Q2024. However, 1Q2025 saw another dip with a launch reaching only 1,300 units. This continued through 2Q2025 and 3Q2025 with only up to 1,760 units launched for each quarter. Low-launch periods are attributed to developers holding back on new projects to focus on marketing their remaining inventory. It also indicates the increased interest of buyers in horizontal properties, which was need created or reawakened by the pandemic highlighting the desire for more open space, healthy environment, and wellness-focused atmospheres. So, while residential condominiums in Metro Manila are centrally located, horizontal projects are becoming increasingly accessible too, and they offer potential for a greener and healthier lifestyle. Developers are shifting their focus to land banking and constructing projects outside Metro Manila to meet the changing needs of the market.

Sales take up over the pandemic understandably showed a slowdown with the buyer market delaying major asset acquisitions during the period, but demand was still propped up partly by the Bayanihan Heal as One Act, but more so by the friendlier payment terms offered by developers. The highest sales figures posted were in 2Q2020 at 13,200 units, 2Q2021 at 12,000 units, 4Q2022 at 11,000 units, and 1Q2023 at 12,000 units. The lowest unit sales in the last five years, though, was recorded in 4Q2024 at 5,600 units, recovering only slightly to 6,500 units in the following quarter. The second quarter of 2025 mirrored the previous quarter's movement with sales take up at 6,600 units. By 3Q2025, take-up reached a seven-quarter high at 7,700 units supported by improving financing conditions.

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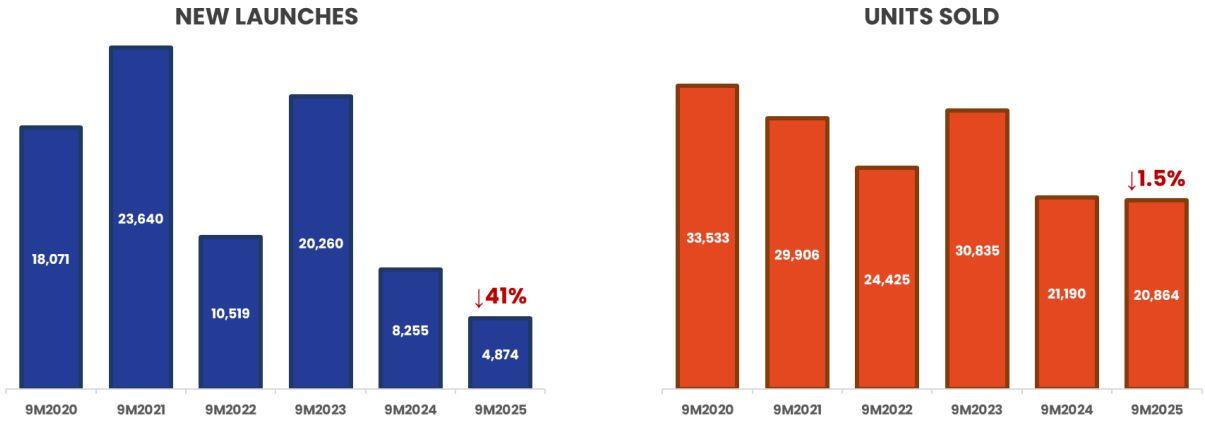
Key policy rates during the pandemic were on the low end of the range, averaging about 3% from March 2020 to July 2023. Interest rates increased at the close of the pandemic, sustaining itself at 6% and above over seven quarters until 4Q2024. High-interest rate period is notably the same period when condominium unit sales posted a downward trend. There was a slight increase in 1Q2025, though, which is the first quarter when interest rates dipped below 6%. Then interest rates were cut by another 50 basis points by 2Q2025 at 5.25%, and in 3Q2025 hitting 5%. The declining interest rates, coupled with attractive payment terms and value-added features offered by developers to stimulate sales, set improving financing conditions for potential buyers. However, buyers are still taking a cautious approach to their acquisitions, especially with declining yields, indicating that price-based incentives may not be enough to stimulate significant sales levels.

New Launches versus Sold Units, 1Q 2020-2025



The preceding chart shows the changes the residential condominium market underwent for the past five years, illustrated by the first nine months performance of Metro Manila condominium projects.

New launches and sales started at the pandemic year at 18,000 unit launches and 33,500-unit sales in 9M2020, indicating that developers held back on launches as the pandemic hit, while demand from buyers was still high. As uncertainty from the pandemic, economic uncertainties, geopolitical tensions, and the growing focus on health and wellness set in, developers were conservative over the first nine months of 2022 and 2024 with condominium project launches. Meanwhile, in 9M2025, project launches were also muted, likely because of the volume of unsold inventory and the lukewarm interest from buyers. The POGO exit in 2024 hit the residential market with declining rental rates that affected passive income investor buyers.

Project launch figures for 9M2025 showed a significant decline to just over half of 9M2024, while sales decreased only slightly by 1.5%. This suggests that developers are taking a cautious stance, aligning new supply with actual market absorption to avoid contributing to further

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inventory buildup. Essentially, while buyer activity is still present, it is not strong enough warrant an aggressive roll-out of new projects, prompting developers to take a more conservative, demand-driven approach.

Makati CBD Performance By Unit Type

Unit Type	# of units	Ave. Size (Sqm)	% Distribution	Sold Units	% Sold	Unsold Units	% Remaining
1BR	168	80	12%	132	79%	36	21%
2BR	546	187	40%	473	87%	73	13%
3BR	536	261	40%	472	88%	64	12%
4BR	85	451	6%	58	68%	27	32%
5BR/6BR/7BR	2	580	<1%	2	100%	-	-
Loft	1	326	<1%	1	100%	-	-
Penthouse	15	746	1%	15	100%	-	-
Total	**1,353**	**-**	**100%**	**1,153**	**85%**	**200**	**15%**

In Makati CBD, 2BR and 3BR units each comprise 40% of supply at 546 and 536 units, respectively. Two-bedroom units are 87% sold with 73 units remaining, while 3B units are 88% sold with 64 units remaining. One-bedroom units comprise 12% of supply with 36 units unsold. Meanwhile, 4BR units comprise 6% of total unit supply and still have 27 remaining unsold units. Notably, the premium Penthouse and 5BR/6BR/7BR units for these actively selling projects are 100% sold. The market is currently primarily driven by 2BR and 3BR units, and the monthly take-up rates show robust market absorption.

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Bay Area Performance By Unit Type

Unit Type	# of units	Ave. Size (Sqm)	% Distribution	Sold Units	% Sold	Unsold Units	% Remaining
Studio	3,429	37	13%	2,461	72%	968	28%
1BR	19,900	39	75%	18,306	92%	1,594	8%
2BR	2,585	73	10%	1,557	60%	1,028	40%
3BR	491	147	2%	281	57%	210	43%
4BR	22	257	<1%	10	45%	12	55%
5BR/6BR/7BR	29	317	<1%	10	34%	19	66%
Loft	14	120	<1%	11	79%	3	21%
Penthouse	8	674	<1%	7	88%	1	13%
Total	**26,478**	**-**	**100%**	**22,643**	**86%**	**3,835**	**14%**

In the Bay Area, the highest number of supply are 1BR configurations comprising 75% at 19,900 units, but these are 92% sold. A far second is the Studio unit configuration comprising 13% of supply, which is 72% sold. The 2BR units, which contribute 10% of supply is 60% sold. For the premium unit configuration, there is a single Penthouse unit still available for sale with developers in Bay Area. Meanwhile, 3BR, 4BR, 5BR/6BR/7BR units contribute the rest supply but they are 57%, 45%, and 34% sold, respectively.

At face value, 1BR unit configurations drive demand in the Bay Area. However, future demand for these units may be weighed down by less appetite from speculative buyers who were driven by the high rental yields from POGO tenants. With the POGO exit, buyers for smaller units significantly decreased.

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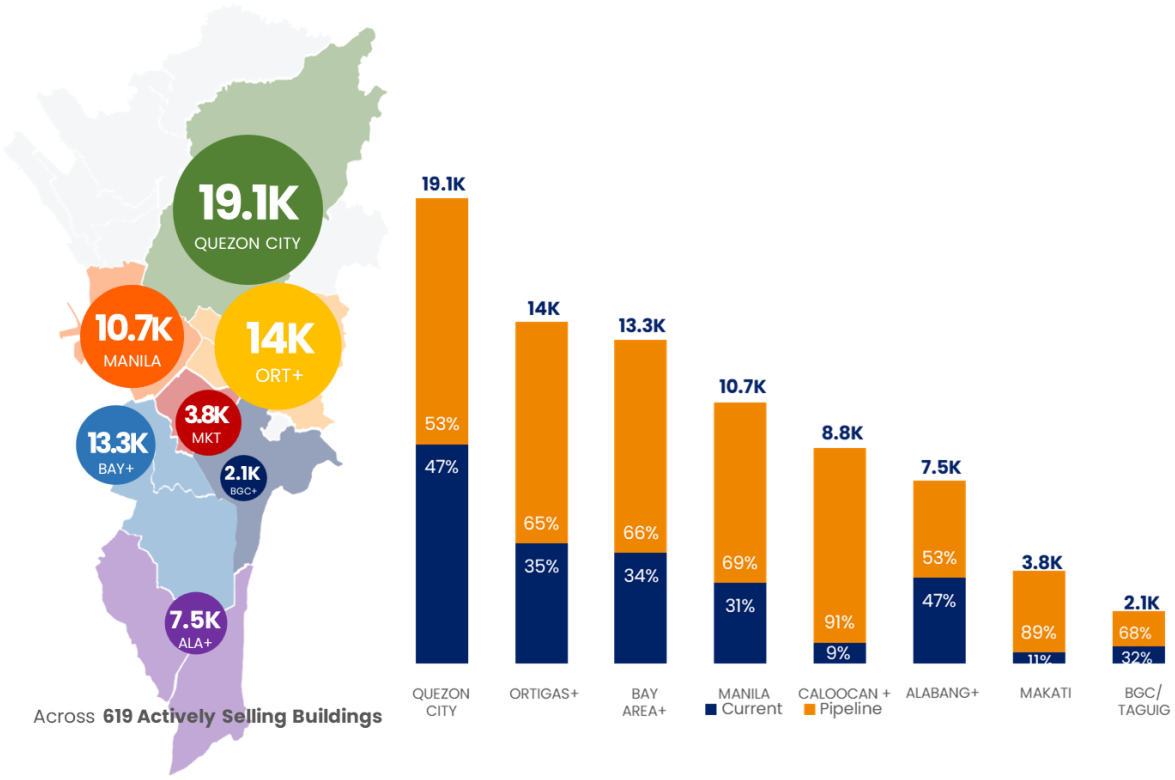
4.2.3. Metro Manila Remaining Inventory

Total Metro Manila Unsold Supply



There are currently 79,400 units in 619 actively selling Metro Manila residential condominium projects. Among the submarkets covered, Makati and BGC/Taguig stand out with the lowest levels of unsold inventory at 4,200 units (5%) and 1,700 units (2%), respectively. This highlights their position as prime business districts where investors and end-users gravitate toward.

The limited inventory in these two prime areas reflects consistently strong demand and high absorption rates, virtually insulated from the headwinds faced by the broader market. Their strategic locations, existing developments and locators, connectivity, and well-developed infrastructure contribute to their resilience and positions them as the most competitive and sought-after districts in the Metro Manila condominium market.

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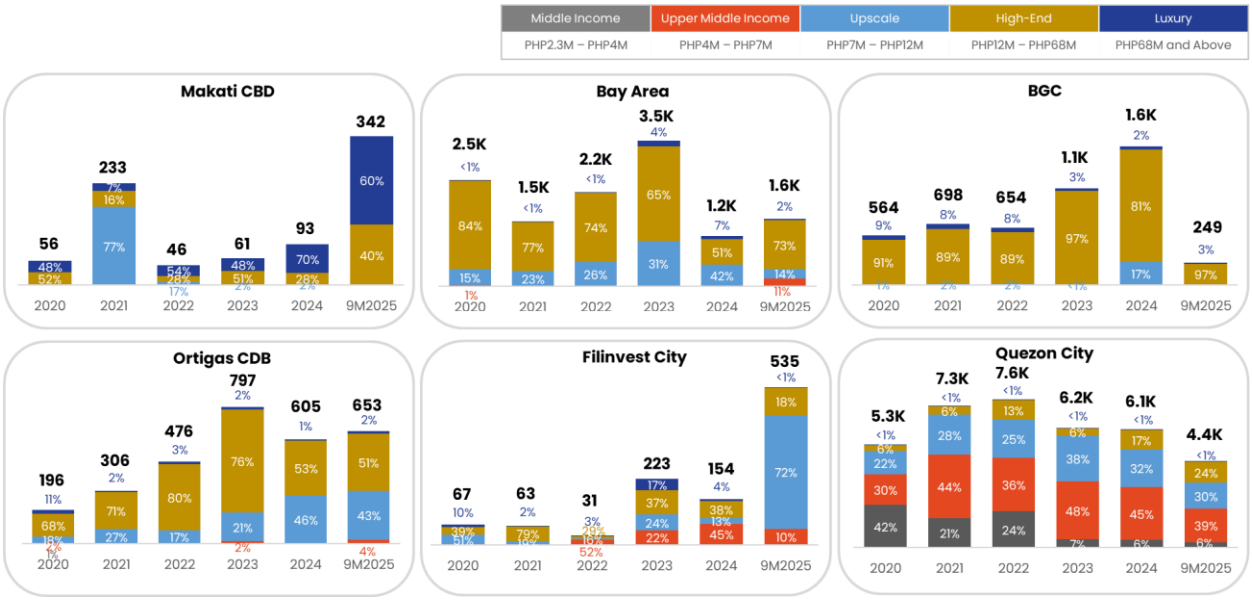
Units Sold Annually Per District Per Segment



Unit sales for Makati CBD generally follow minimal fluctuations across segments, except for the upshoot in 2021 for Upscale condominium units. Toward the end of the observation period, the highest unit sales were recorded for the luxury segment.

In the Bay Area, the consistently highest unit sales are in the High-End segment, followed by Upscale units, and Upper Middle Income. The lowest unit sales are in the luxury segment.

High End units post the highest sales figures annually for BGC from 2020 to 9M2025. However, there are wide fluctuations between sales figures annually. For instance, 2022 sales almost double by 2023 for this segment. Meanwhile, luxury unit sales are consistently stable.

Ortigas CBD is like BGC with High-End units having the highest sales over the same period. From 2022 to 2023, sales for this segment increased by 57%, then was cut by half again the following year. Luxury unit sales are relatively stable, but they range only from five to 21 units annually from 2020 to 9M2025.

In Alabang, unit sales in the luxury segment peaked in 2023 at 38 units. Upper Middle-Income segment peaked in 2024. Meanwhile, the Upscale and High-end units reported the highest sales so far in 9M2025 at 385 and 94 units, respectively. Finally, the highest unit sales were observed in Quezon City. The highest sales volumes were in the Upper Middle-Income segment, reaching about 3,000 units on average annually from 2021 to 2024.

Across the locations, the highest selling unit type falls under the High-End segment. But in Makati CBD, luxury units are highly sought after, with sales for these units making up about half

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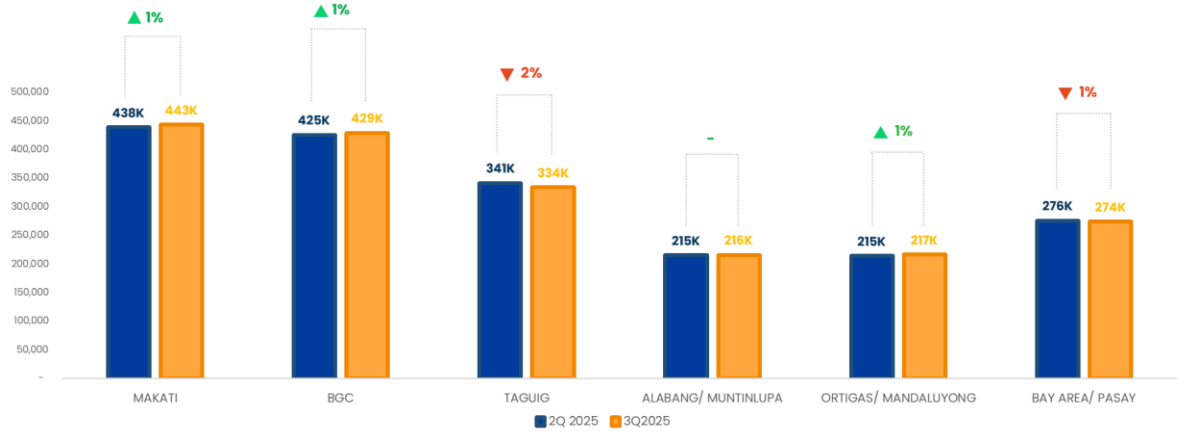
or more of the annual sales in four years from 2020 to 2024, except in 2021. This affirms the positioning of Makati CBD as a prime business district, attracting investors and end-users of luxury units alike.

4.2.4. Metro Manila Capital Values

Average Capital Values (PHP/sqm)



Based on the graph above, Makati commands the highest capital values compared to other areas in Metro Manila, at PHP443,000 per square meter in 3Q2025 closely followed by BGC at PHP429,000 per square meter. The prime districts of Makati and BGC, and the Ortigas/Mandaluyong area posted a slight recovery from 2Q2025 to 3Q2025 of 1% each, after experiencing a slight decline in prices from 4Q2024. The marginal decrease and immediate recovery in prices for the prime areas demonstrates the resilience of properties situated in these locations with consistent buyer interest despite wider market shifts.

Capital values in Taguig posted the largest decrease in 3Q2025 at 2%, after posting the highest increase of 8% from 1Q2025 to 2Q2025. Bay Area/Pasay also posted decline going down by 1% from 2Q2025. The decline in Bay Area/Pasay prices and flat growth in Alabang/Muntinlupa can be attributed to the POGO exit imposed at the end of 2024. Investment attractiveness of residential units in these locations was boosted by the influx of POGO worker tenants in prior years. POGO tenants usually paid premium rents that ensured high yields for unit owners. With the POGO exit, projected yields declined, diminishing the investment appeal for speculative buyers.

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4.2.5. Metro Manila Average Rent

MM Average Residential Condominium Rent *(PHP/sqm)*

LOCATION	1Q 2020	2021	2022	2023	2024	1Q 2025	2Q2025	% Growth (QoQ)	% Growth (2Q2025 vs 1Q2020)
MAKATI	1,086	911	1,029	1,025	1,006	969	931	-4%	-14%
BGC	1,104	963	1,202	1,180	1,179	1,168	1,151	-2%	4%
TAGUIG	620	614	800	770	787	767	767	-	24%
ALABANG/ MUNTINLUPA	1,283	808	911	877	816	783	792	1%	-38%
ORTIGAS/ MANDALUYONG	967	659	776	742	767	751	737	-2%	-24%
BAY AREA/ PASAY	1,707	1,022	1,229	1,010	938	915	856	-6%	-50%

LOCATION	1Q 2020	2021	2022	2023	2024	1Q 2025	2Q2025	3Q2025	% Growth (QoQ)	% Growth (3Q2025 vs 1Q2020)
MAKATI	1,086	911	1,029	1,025	1,006	969	931	888	-5%	-18%
BGC	1,104	963	1,202	1,180	1,179	1,168	1,151	1,140	-1%	+3%
TAGUIG	620	614	800	770	787	767	767	723	-6%	+17%
ALABANG/ MUNTINLUPA	1,283	808	911	877	816	783	792	782	-1%	-39%
ORTIGAS/ MANDALUYONG	967	659	776	742	767	751	737	752	+2%	-22%
BAY AREA/ PASAY	1,707	1,022	1,229	1,010	938	915	856	820	-4%	-52%

Rental rates across major business districts in Metro Manila declined considerably from 1Q2020 to 3Q2025. BGC and Taguig were the only districts that showed recovery from pre-pandemic levels with 3% and 17% difference vs 3Q2025. Makati experienced a modest 18% drop in rents in the five-year period owing to its position as a prime business district. Significant rental rate decreases were observed for other districts from 1Q2020 to 3Q2025: Ortigas/Mandaluyong by -22%, Alabang/Muntinlupa by -39%, and Bay Area/Pasay by -52%. Notably, these three area groups benefited from the POGO worker tenants, especially Bay Area/Pasay. The common practice for POGO worker tenants when leasing units is to pay a significant premium for rent, which skewed market rates. With the POGO exit, rental rates for these areas are just returning to baseline levels.

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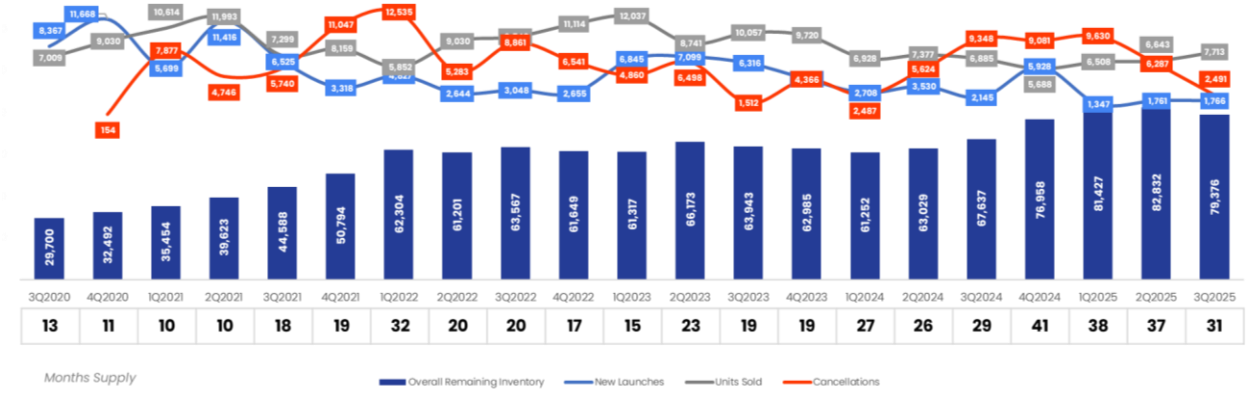
4.2.6. Trend of Oversupply and Cancellations

MM Historical Quarterly Unsold Supply



As of 2Q2025, Metro Manila has an unsold inventory of 79,380 residential condominium units which LPC estimates can be sold over 31 months. The above chart illustrates the growth of unsold supply from 3Q2020, which showed manageable months' supply at about one year, shooting up to 32 months in 1Q2022. The highest months' supply was in 4Q2024 at 41 months which at the same time had the lowest units sold at 5,688 units for that quarter.

The current oversupply levels can be attributed to the pandemic and POGO. The influx of POGO workers who were willing to pay a premium for unit rentals made condominium properties highly attractive to speculators. Unfortunately, association with POGOs started to wane when involvements in illicit activities and the public sentiment to ban their operations because of negative effects in communities pushed lawmakers to campaign for a total ban of their operations in the country. Consequently, this negatively affected projected returns of speculators.

Meanwhile, the pandemic brought about funding issues to buyers since employment became somewhat unstable, and those who were unable to sustain payments were forced to cancel their planned property acquisitions. Previously reserved units were then reinjected into condominium supply.

Another issue that contributed to the current inventory is the stricter buyer screening. Buyers are more carefully assessed to minimize future defaults and cancellations. Admittedly, developers are seeing the effects of their continuous launch of new developments over the last five years. They are self-correcting and have been tempering their project launches over the last few quarters, likely to focus on exhausting their remaining inventory.

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4.2.7. Marketing Strategies and Buyers Profile

Select Developer Sales Promotions

SMDC

RFO "MOVE IN NOW" PROMO:
- Fully furnished unit
- 5% down payment, next 5% within 12 months
- Good Stays leasing program

RLC RESIDENCES

RFO PROMO:
- 4% discount
- 0% interest, payable in 10 years

MEGAWORLD

RFO PROMO:
- 0% interest for 6 years

PRE-SELLING PROMO:
- No spot downpayment
- Flexible payment terms

ROCKWELL LAND

RFO PROMO:
- Rent-to-own option
- 0% interest, payable in 4 years

PRE-SELLING PROMO:
- 0% interest, payable in 5 years

To address increasing inventory levels, developers are offering attractive payment terms, with discounted prices over a limited period or longer payment terms. Other developer strategies include offering units as ready investment vehicles by selling them as part of their own managed rental pool. Some offer to furnish units for the buyers, professionally designed by interior designers. Ultimately, developers are trying to attract buyers by adding more value to the units.

Condominium Unit Acquisition Purpose

	Mid- to Upper Middle Income	Upscale	High End	Luxury
Investment	65%	60%	40%	10%
End Use	35%	40%	60%	90%

Based on anecdotal evidence, buyers of Mid to Upscale condominium units target to use their units for investment purposes, such as leasing them out to tenants or flipping the property when the values increase. End users of these unit types include young professionals, families, and students who value the convenience of living near their place of work, schools, and near transport facilities.

Meanwhile, majority of High End and Luxury unit buyers acquire properties for end use. Unit buyers are HNWI, professionals or expatriates working in the CBDs, and families that own homes in nearby prime villages. Their motivation stems from access to exclusive amenities, high security, and the prestige of living in these types of properties.

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4.2.8. Residential Outlook and Projections

Metro Manila Unsold Supply by Segment

Price Segment	Remaining Inventory (3Q 2025)	Value of Remaining Inventory	% Distribution	Months Supply
Low Income *(Below PHP600K)*	100	PHP136.7Mn	<1%	-
Lower Middle *(PHP1.8Mn – PHP2.3Mn)*	3,940	PHP8.4Bn	5%	-
Middle Income *(PHP2.3Mn – PHP4Mn)*	7,263	PHP24.5Bn	9%	55
Upper Middle *(PHP4Mn – PHP7Mn)*	25,555	PHP141.3Bn	32%	33
Upscale *(PHP7Mn – PHP12Mn)*	27,161	PHP240.1Bn	34%	29
High End *(PHP12Mn – PHP68Mn)*	14,556	PHP292.9Bn	18%	22
Luxury *(PHP68Mn and Above)*	801	PHP104.9Bn	1%	12
TOTAL	**79,376**	**PHP812.3Bn**	**100%**	**31**

Majority of unsold inventory are in the Upper Middle and Upscale price segments. These are the units commonly acquired by investors rather than end users. Months supply based on latest sales levels show that Upscale units can be sold out over 29 months, while Upper Middle segment units can be sold out over 33 months.

Projected Metro Manila Condominium Unit Demand and Supply

Metro Manila	2019	2020	2021	2022	2023	2024	2025P	2026P	2027P	2028P	2029P
New Supply for the Year		29,739	26,958	13,174	24,656	14,183					
Add: Running Balance from Previous Year		38,137	34,368	50,564	61,418	63,067	79,964	57,464	34,964	12,464	-10,036
Total Supply		67,876	61,326	63,738	86,074	77,250	79,964	57,464	34,964	12,464	-10,036
Less: Assumed Take-Up		42,563	38,065	35,539	40,555	26,878	40,000	40,000	40,000	40,000	40,000
Add: Cancellations		9,055	27,303	33,219	17,548	29,592	17,500	17,500	17,500	17,500	17,500
Year-End Running Balance/Total Supply Available	38,137	34,368	50,564	61,418	63,067	79,964	57,464	34,964	12,464	-10,036	-32,536
Month Supply Available		10	16	21	19	36	17	10	4	-3	-10

From 2019 to 2023, the market saw a steady stream of new residential supply, though affected by pandemic-related slowdowns. In 2020, 29,700 new units were added. But by 2022, this dropped to just over 13,000 units, reflecting the effect of construction delays and cautious market behavior because of the pandemic.

As the market began to recover in 2022 and 2023, supply rebounded modestly, yet not enough to outpace the backlog. The total supply peaked in 2023 at 86,000 units because of accumulated unsold inventory from previous years. This oversupply translated to a high year-

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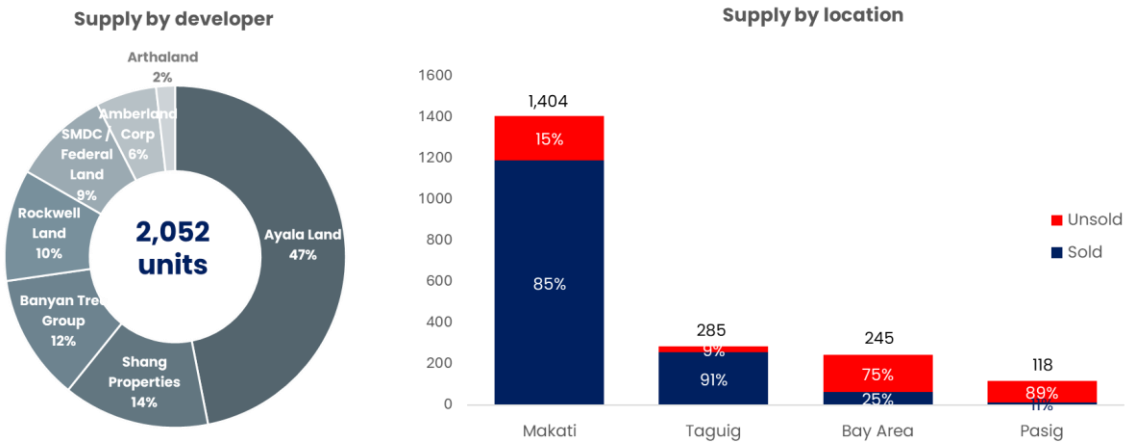
end inventory of 63,000 units, equating to over three years' worth of market absorption at current sales rates.

If no new launches come up, future projections will indicate a significant reversal of this trend beginning 2025. With new supply gradually declining and assumed annual take-up holding steady at 40,000 units, the market is expected to absorb more than it produces. Currently, no new projects are forecasted yet, and the strong demand will begin to ease the existing overhang. This will continue into 2026 and 2027, with year-end inventory projected to shrink drastically from 57,500 units (2025) to just 12,400 units by 2027.

Most notably, starting 2028, the market is forecasted to enter a supply deficit where demand will outpace the available inventory. The shortfall is projected at 10,000 units in 2029. The months supply metric also sharply declines from 36 months in 2024 to four months by 2027, and negative supply, thereafter, indicating a material undersupply risk. This emerging gap underscores an urgent need for developers to ramp up new project launches by that period to address looming imbalance. If not addressed, the market may face price escalations, limited buyer options, and constrained sales growth, especially in high-demand areas.

4.2.9. Metro Manila Luxury Segment

Metro Manila Luxury Segment Supply



Residential condominiums can be akin to mass-produced, high-density projects, sometimes even offering mid- to high-end amenities that appeal to the larger portion of the buyer market. However, the top tier segment of condominium projects are luxury developments, that, apart from being the most expensive are expectedly constructed with the highest quality, offer highly exclusive features, and spacious interiors.

Being the top tier segment targeting buyers with the highest income levels, the luxury condominium market has a more resilient market base. The market is insulated against interest rate movements that can influence demand for the rest of the market.

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There are 2,052 luxury residential condominium units in Metro Manila. Ayala Land accounts for approximately 47% of luxury condominium market supply. They developed Forbes Park in the 1940s—the first luxury residential village in Makati City which continues to post high property values. Shang Properties holds 14% of luxury condominium supply, while Banyan Tree Group has 12%. Together, these three developers comprise two-thirds of total luxury condominium supply.

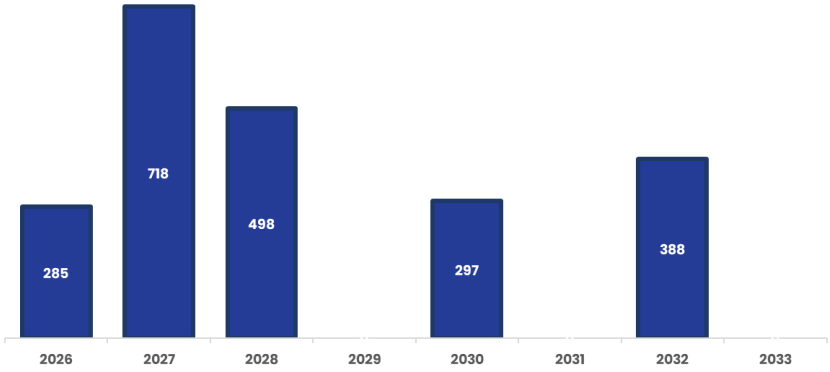
The remaining market is distributed among smaller players, with Rockwell Land capturing 10%, SMDC/Federal Land at 9%, Amberland at 6%, and Arthaland holding 2% of market share. This distribution suggests a market dominated by established, large-scale developers with strong brand recognition and financial capacity.

In terms of location, the highest concentration of luxury units is found in Makati at 1,404 units, and currently only 503 units remain unsold. The second highest concentration of luxury units is in Taguig at 265 units with 20 units still available for sale. These top two locations have low levels of luxury inventory indicating the high marketability of these developments in prime business districts.

Meanwhile, Bay Area has 245 luxury units of supply, but 183 units of which are still listed by the developer for sale. The smallest number of luxury units are found in Pasig City with 118 units, majority of which remain unsold at 105 units. The remaining unsold units in these two areas indicate a slower absorption rate for available luxury condominium units in these markets.

Luxury Condominium Pipeline

Metro Manila Luxury Condominium Pipeline (units)



Developer	Units
Shang/Robinsons Land	285
Arthaland	288
Ayala Land Premier	963
Banyan Tree Group	245
Rockwell Land	217
SMDC/Federal Land	188

Location	Units
Bay Area/Pasay/Paranaque	245
BGC/Taguig	285
Makati	1,656

In the next seven years, about 2,200 luxury units are set to complete in Metro Manila and majority of which are in Makati City. Ayala Land Premier contributes the highest number of

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upcoming luxury units, with their recently launched project, Laurean Residences set to deliver the most units at 388.

Luxury Condominium Prices *(PHP/sqm)*

Luxury condominiums in the Bay Area command the highest average price per square meter, ranging from PHP638,000 to PHP1,000,000 per square meter. This premium is primarily driven by Banyan Tree Residences, a single ultra-luxury condominium project.

Makati, the area with the highest concentration of luxury units, has a price range of PHP472,000 to PHP893,000 per square meter. Makati continues to be a dominant district in the luxury condominium market with its diverse range of offerings and strong demand.

BGC has a narrow luxury condominium price range at PHP479,000 to PHP632,000 per square meter. Finally, the narrowest price range for luxury units is in Pasig City, at PHP279,000 to PHP291,000 square meter.

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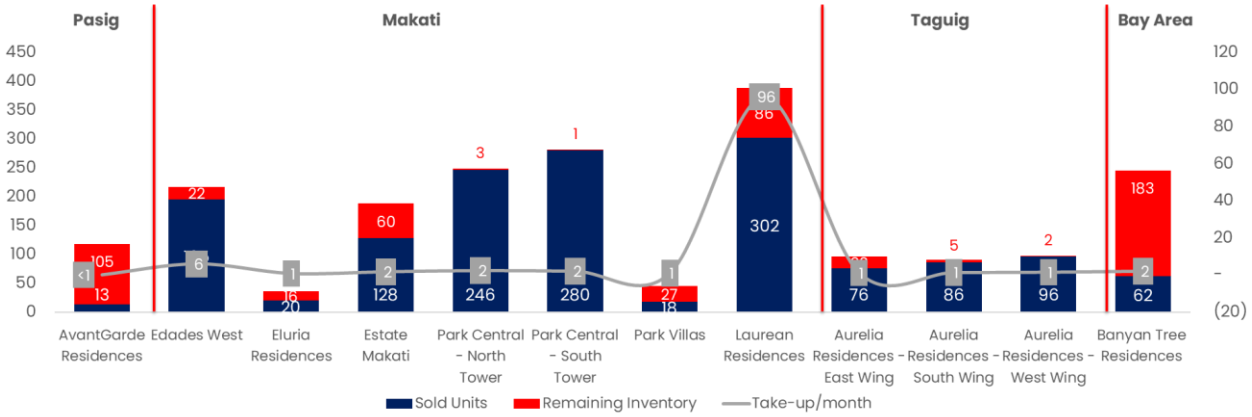
Select Luxury Project Segment Performance



Laurean Residences was launched by Ayala Land in 3Q2025 and boosted luxury unit sales with 96 units sold. However, for the rest of the luxury projects, take-up levels mimicked previous periods. For instance, Edades West in Rockwell, Makati is the top performer, excluding Laurean Residences, selling an average of six units per month. This is followed by Park Central – North and South Towers in Makati, and Banyan Tree Residences in Bay Area at two units sold per month.

In Taguig, Aurelia Residences (East, South, and West Wings) show an average take-up of one unit monthly. The East Wing has sold 76 units with 20 remaining and a take-up of one unit per month. The South Wing sold 86 units, leaving five unsold, while the 96 units of West Wing are sold with two units remaining.

In Bay Area, Banyan Tree Residences has sold 62 units but still has a large inventory of 183 units. Nevertheless, it maintains a decent monthly take-up of two units. Finally, in Pasig, AvantGarde Residences reflects limited market activity, with only 13 units sold and 105 still available. This translates to a low take-up rate of less than one unit per month.

Overall, among all the observed developments, Park Central – North and South Towers, Aurelia – South and West Wings post the highest absorption rates, above 90%. Park Central is by Ayala Land Premier, while Aurelia is by Shang Properties and Robinsons Land. Banyan Tree Residences in Manila Bay has about 25% absorption rate but despite its high inventory, it has a stable sales momentum with a reasonable take-up rate of one a month.

Buyer Trends in the Luxury Condominium Segment

As mentioned in a previous section, High End and Luxury buyers usually acquire the units for end-use. Buyers are primarily HNWI, families with "old money," and foreign investors. A significant segment continues to be the empty nesters from nearby exclusive villages who are downsizing from large, high maintenance homes to smaller, lower maintenance units that offer

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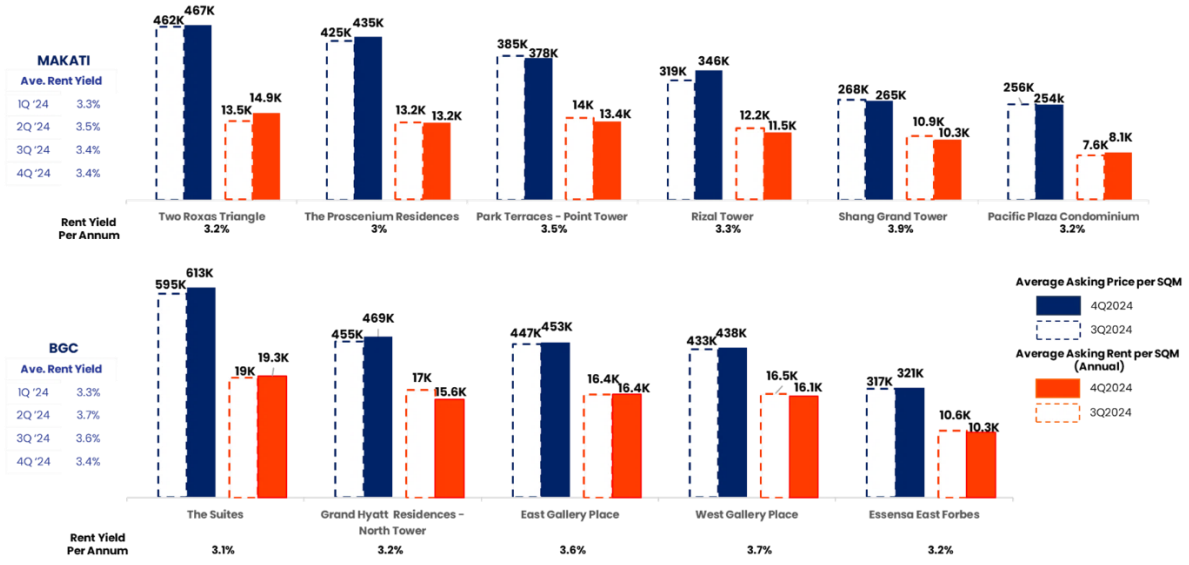
concierge services. They have the option to either have someone else manage and reside in their previous home—such as a relative or put it in the rental market. There are also the families in high end villages who gift their children units in nearby luxury condominiums so they can live nearby when they leave the home.

The luxury market is insulated against the factors that affect demand for the middle to low-income segments, so it is expected to remain resilient over the next decade. Demand drivers, such as convenience, prestige, exclusivity, and lifestyle amenities—are structural rather than cyclical. Key factors that support sustained demand include strong appetite from HNWIs for portfolio diversification, limited supply of ultra-luxury units, captive empty-nester market, and families buying units for their children to maintain proximity.

Absorption rates may vary by project, but the combination of lifestyle-driven demand, the scarcity of prime locations, suggest that luxury condominium demand will likely remain stable in the medium to long term.

Select Luxury and High-End Condominium Yields



The preceding chart shows the average rental yield per quarter for select luxury and high-end condominium projects in Makati and BGC from 1Q2024 to 4Q2024. In Makati, the average rental yield remained relatively consistent throughout the year, with changes ranging from only ten to 40 basis points quarterly.

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Notably, Shang Grand Tower consistently demonstrated high rental yields compared to other examined projects with Makati at 3.9% with asking prices from PHP265,000 to PHP268,000 per square meter and asking rental rates of PHP10,300 to PHP10,900 per square meter monthly.

Similarly, in BGC, the average rental yield has shown stability, shifting between 3.3% in the first quarter and 3.4% in the fourth quarter. West Gallery Place consistently achieved the highest rental yield in BGC, reaching 3.7% in 4Q2024 with asking prices at PHP433,000 to PHP438,000 per square meter and asking rental rates of PHP16,100 to PHP16,500 per square meter monthly.

Rental yields remain relatively flat across different luxury and high-end properties in Makati and BGC showing consistent rental yields throughout the year indicating a stable rental market for luxury and high-end condominiums.

4.3. Metro Manila Hotel Market

Metro Manila stands as the Philippines' largest and most mature hotel market, serving as the epicenter of commerce, governance and international connectivity. As the country's primary gateway, it benefits from the highest concentration of inbound international arrivals, business activity, and Meetings, Incentives, Conferences, and Exhibitions (MICE) demand. The region hosts a full spectrum of hotel accommodations from globally branded luxury properties in Makati and BGC, to midscale and budget hotels that cater to business travelers, leisure tourists, and domestic visitors alike.

Its strategic location and accessibility are reinforced by a robust transport network, including the country's main international airport (NAIA), major highways, and ongoing rail and infrastructure projects. The presence of major convention venues such as the SMX Convention Center, PICC, and World Trade Center, combined with strong corporate and diplomatic activity, drives consistent and diverse hotel demand. With continued urban development, large scale real estate projects, and tourism promotion, Metro Manila remains a central engine for growth in the Philippine hospitality sector.

4.3.1. Hotel Supply in Metro Manila

Despite being the region with the fewest number of accommodation establishments in the Philippines, the National Capital Region (NCR) holds the largest inventory of hotel keys, according to the Department of Tourism's 2023 Accommodation Capacity Survey (ACS). The region accounted for a total of 42,059 rooms, underscoring the dominance of large-scale hotel developments in Metro Manila compared to the more fragmented accommodation supply in provincial areas.

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Cities	Number of Accommodation Establishments	Number of Hotel Keys
Caloocan City	28	1,857
Las Piñas City	11	976
Makati City	39	6,351
Malabon City	14	193
Mandaluyong City	10	2,355
Manila City	73	7,799
Marikina City	17	385
Muntinlupa City	27	3,291
Navotas City	1	12
Parañaque City	10	3,017
Pasay City	11	3,581
Pasig City	40	4,965
Pateros	3	70
Quezon City	29	3,868
San Juan City	7	693
Taguig City	7	2,552
Valenzuela City	3	94
TOTAL	**330**	**42,059**

As the country's capital and primary gateway, Metro Manila is home to several key Central Business Districts (CBDs) including Makati, BGC, Ortigas Center, Manila Bay, Quezon City, and Alabang. These districts have made NCR a magnet for a wide range of hospitality investments, from economy hotels serving cost-conscious tourists and domestic travelers, to upper midscale hotels catering to the robust business travel segment, and luxury hotels that appeal to high-spending foreign guests, MICE travelers, and returning overseas Filipinos. The presence of international hotel brands, strong corporate demand, and improving infrastructure continue to drive NCR's status as the country's most active and diverse hotel market.

Makati CBD

Makati CBD hosts a wide range of accommodation options, from economy and midscale hotels in Barangay Poblacion to upscale and luxury hotels and serviced residences in Barangay San Lorenzo. The area has consistently attracted hospitality investments across all market segments, driven by its vibrant commercial activity, strategic location, and strong corporate demand. While boutique hotels and homegrown upscale brands are present, Makati CBD is particularly known for being the address of choice for prominent international hotel brands including The Peninsula Manila, Shangri-La Makati, New World Makati, Raffles Makati, Fairmont Makati, and Ascott Makati.

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Bonifacio Global City

BGC in Taguig has rapidly emerged as a premier lifestyle and business district, attracting high-end hospitality investments in recent years. Known for its master-planned urban layout, vibrant retail districts, and modern infrastructure, BGC is home to a growing number of upscale and luxury hotels and serviced apartments catering to both business travelers and leisure guests. Notable international brands such as Shangri-La at the Fort, Grand Hyatt Manila, and Ascott Bonifacio Global City signal BGC's position as a top-tier destination for global hospitality operators. With ongoing development of office towers, mixed-use projects, and residential enclaves, BGC continues to offer long-term potential for high-value hotel investments.

Ortigas Center

Spanning Pasig, Mandaluyong, and Quezon City, Ortigas Center is one of Metro Manila's most established business districts, known for its concentration of corporate offices, shopping malls, and residential towers. The hospitality market in Ortigas is composed of midscale to upscale hotels and serviced residences, catering primarily to business travelers, event attendees, and domestic tourists. Key players in the area include Marco Polo Ortigas, Discovery Suites, and The Linden Suites, as well as international brands like Citadines Millennium Ortigas. With its accessibility and proximity to EDSA, Ortigas remains a stable and strategically located hospitality market with room for repositioning and redevelopment.

Bay Area

The Manila Bay Area, particularly in Pasay, Parañaque, and Manila, has grown into a tourism and entertainment hub, driven by large-scale developments and government-backed infrastructure. The area is anchored by Entertainment City, home to integrated resorts such as Solaire Resort, City of Dreams Manila, and Okada Manila, which combine luxury hotel accommodations with casinos, retail, and convention centers. Complementing these are midscale to upscale hotels in the Mall of Asia Complex and Roxas Boulevard. The area benefits from its proximity to NAIA and is supported by rising domestic and international tourist arrivals. The Bay Area is positioned as a long-term growth corridor for leisure-focused and mixed-use hospitality developments.

Quezon City

As Metro Manila's most populous city, Quezon City has a strong domestic tourism base supported by government offices, educational institutions, media hubs, and medical centers. Hospitality offerings in the city are dominated by midscale and local upscale hotels, with growing interest from international operators targeting North EDSA, Tomas Morato, Timog, and the UP Technohub corridor. Brands like Novotel Manila Araneta City, Seda Vertis North, and Park

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Inn by Radisson North EDSA reflect the area's increasing appeal to business and leisure travelers. The development of Vertis North, Araneta City, and other mixed-use centers presents opportunities for new hotel projects as Quezon City continues to urbanize and densify.

Alabang (Muntinlupa City)

Alabang serves as the primary business and lifestyle center of southern Metro Manila, catering to the affluent residential communities of Filinvest City and Ayala Alabang. The district is known for its lower density, greener environment, and accessibility to CALABARZON. Hospitality supply in Alabang consists mostly of upscale business hotels and serviced apartments, including Crimson Hotel Filinvest City, Vivere Hotel, and Acacia Hotel Manila. The area's proximity to major corporate headquarters and industrial parks makes it a hub for business travelers, while its lifestyle centers and family-friendly environment support a steady domestic leisure market. With its strategic position along key infrastructure corridors like the Skyway and South Luzon Expressway (SLEX), Alabang remains a resilient submarket for hospitality investment.

4.3.2. Hotel Pipeline in Metro Manila

Despite already having the largest existing hotel inventory in the country, Metro Manila ranks second among Philippine regions in terms of pipeline supply, with 10,537 keys currently in development just behind Central Visayas, which covers the tourism-driven provinces of Cebu and Bohol. This robust pipeline reflects the growing demand for accommodations in the capital and a clear vote of confidence from investors in the long-term viability of Metro Manila's hospitality sector. The expected expansion also suggests that developers anticipate continued growth in domestic and business travel, as well as steady improvements in foreign tourist arrivals.

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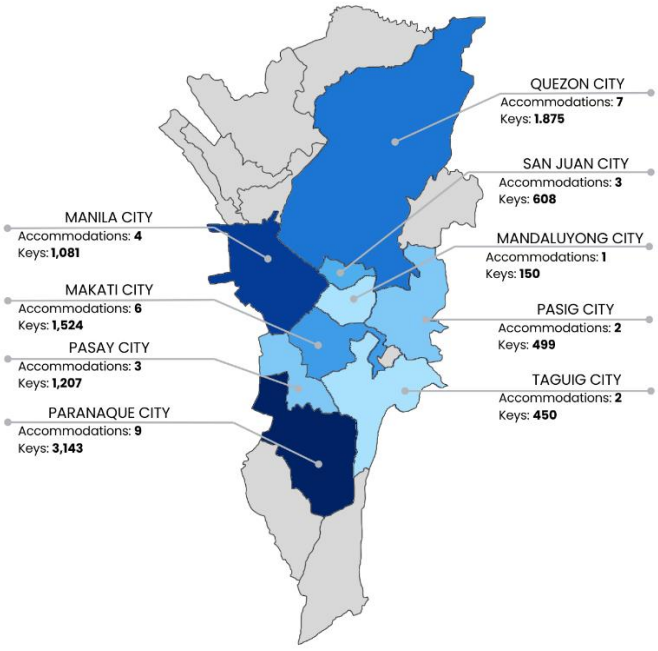

In particular, the Bay Area continues to gain momentum as a key hospitality cluster, driven by its mixed-use developments, proximity to entertainment hubs, casinos, and convention facilities. While prominent international brands like Ascott and Banyan Tree are expected to debut in the area, the pipeline is predominantly composed of local and independent hotel brands, highlighting the strong trust in the execution quality and market understanding of local developers. This preference also reflects a more agile development model, as many domestic brands are better positioned to respond to the evolving needs of the domestic market and tourism trends.

Meanwhile, Makati City's hospitality landscape is entering a new phase of product diversification, with a growing number of serviced apartment developments catering to professionals, expatriates, and long-stay business travelers who prefer to live near their offices or in highly connected urban areas. Ayala Land Hotels and Resorts, the dominant player in Makati, is expanding its portfolio within the city in recognition of the rising demand for upscale, flexible stay accommodations.

In Taguig City, while there are two proposed hotels, none are located within BGC itself likely due to escalating land values and limited availability, which may be prompting developers to consider alternative submarkets nearby or focus on mixed-use formats with stronger commercial returns.

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Hotel Pipeline			
Establishment Name	Key Count	Developers	Opening Date
Parañaque			
Savea Destination Residences at Copetone Baysuites	140	Anchor Land Holdings Inc	2026
Grand Westside Hotel	940	Megaworld Hotels and Resorts	2026
Westside City Resorts	475	Suntrust Resort Holdings Inc	2026
Hotel Okura Manila Bayshore	380	Travellers International Hotel Group	2026
TUI BLUE Manila Bay	250	Greenfield TransAsia	2027
Banyan Tree Manila Bay Hotel	262	Construction Development Corporation	2029
Banyan Tree Manila Bay Branded Residences	188	TransAsia Construction Development Corporation	2029
Four Points by Sheraton Manila	307		2029
Luxury Branded Residences	201		TBA
Quezon City			
Hotel 101 Libis – Bridgetowne	702	DoubleDragon Corporation	2026
Alino Hotel New Manila	128	Keyland Corporation	2026
Fili Hotel	303	Robinsons Hotels and Resorts	2026
Private Hotel A	120	-	2027
Private Hotel B	261	-	2027
Park Inn by Radisson – Fairview	151	SM Hotels and Conventions Corp	2028
Hilton Garden Inn Manila Quezon City	210	-	2028
Makati City			
Somerset Valero Makati	182	-	Q4 2025
Canopy by Hilton	400	Ayala Land Hotels and Resorts Corp	2026

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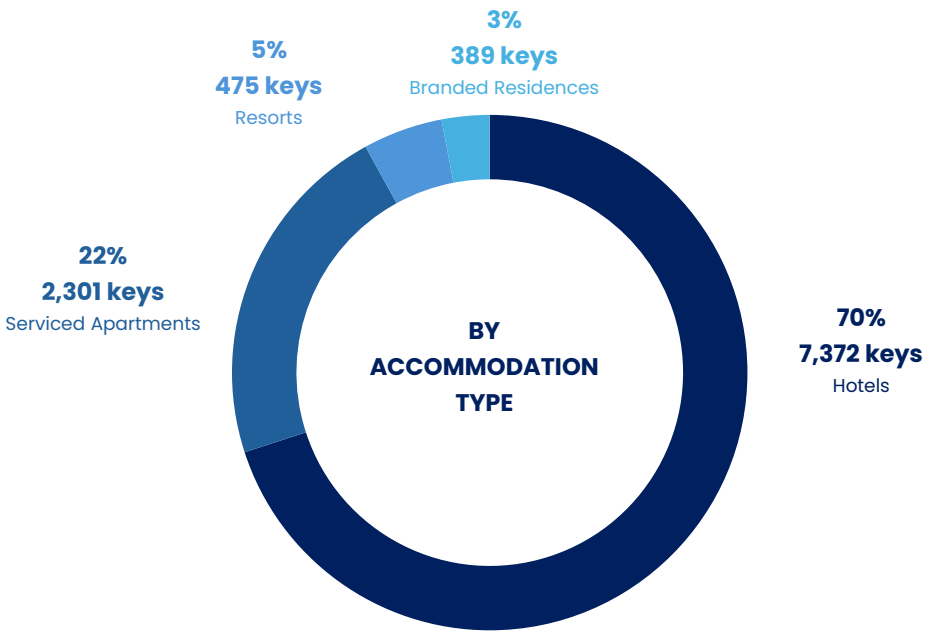
Hotel Pipeline			
Establishment Name	Key Count	Developers	Opening Date
Moxy Circuit Makati	260	Ayala Land Hotels and Resorts Corp	2026
Mandarin Oriental Manila	276	Ayala Land Hotels and Resorts Corp	2026
Radisson Serviced Apartments Salcedo Makati	162	Cactus Realty Corporation	2026
Citadines Leviste Makati	244	Keyland Corporation	2028
Pasay City			
Ascott DD Meridian Park Manila	350	DoubleDragon Corporation	2026
Hotel 101 Roxas Boulevard	700	DoubleDragon Corporation	2028
The Narra Palm Hotel and Villa	157	Alliance Global	-
Pasig City			
AC Hotel by Marriott Manila	160	-	Q4 2025
ArcoVia Hotel	339	Megaworld Hotels and Resorts	2029

By Accommodation Type



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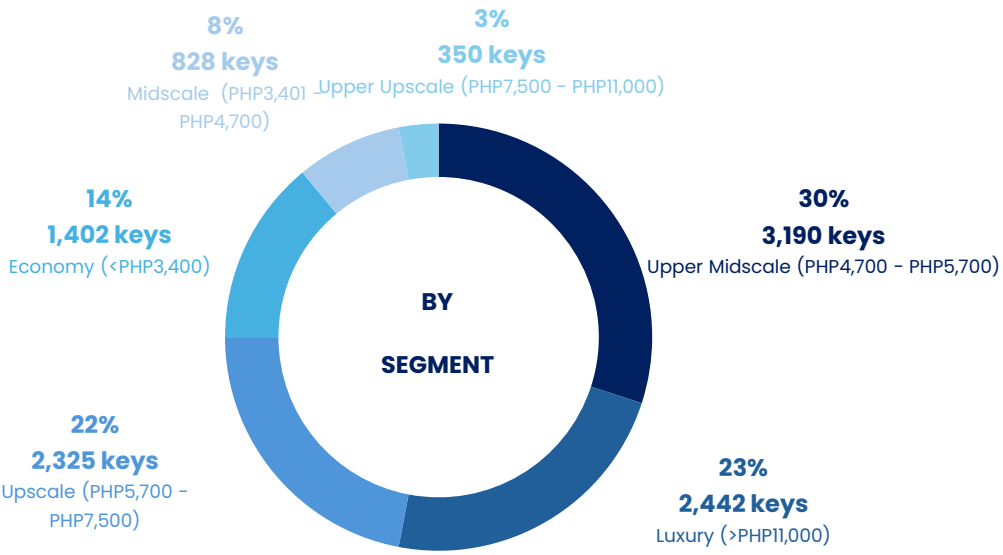
The evolving landscape of Metro Manila's hospitality industry is clearly reflected in the growing number of accommodation establishments in the pipeline, with serviced apartments emerging as the second largest segment after traditional hotels. This shift signals a rising preference for flexible, long-stay lodging options among business travelers, expatriates, and increasingly, urban professionals seeking residential style amenities in strategic locations.

At the forefront of this trend is The Ascott Limited, which holds the largest number of pipeline keys in the serviced apartment category. Its dominant presence not only solidifies its position as the leading operator in the segment but also underscores its deep understanding of urban market demand and lifestyle driven accommodation preferences. The growth of this segment also suggests that developers are strategically diversifying their hospitality offerings to capture long-stay demand and hedge against short-term tourism volatility.

By Segment Type



The rise in tourism expenditure across the Philippines is not only a sign of recovery, but also a reflection of a shifting consumer mindset, one that increasingly values quality, experience, and brand trust over basic accommodation. This change is clearly mirrored in the types of hotel assets drawing investor interest. Developers are increasingly pivoting toward upper-upscale and luxury segments, moving away from budget and midscale formats that dominated in previous cycles. This shift is not merely aspirational—it's strategic. It reflects confidence in a market where consumers—especially well-traveled Filipinos, returning overseas workers, regional tourists, and corporate guests are showing a greater willingness to pay for exclusivity, comfort, and curated hospitality experiences.

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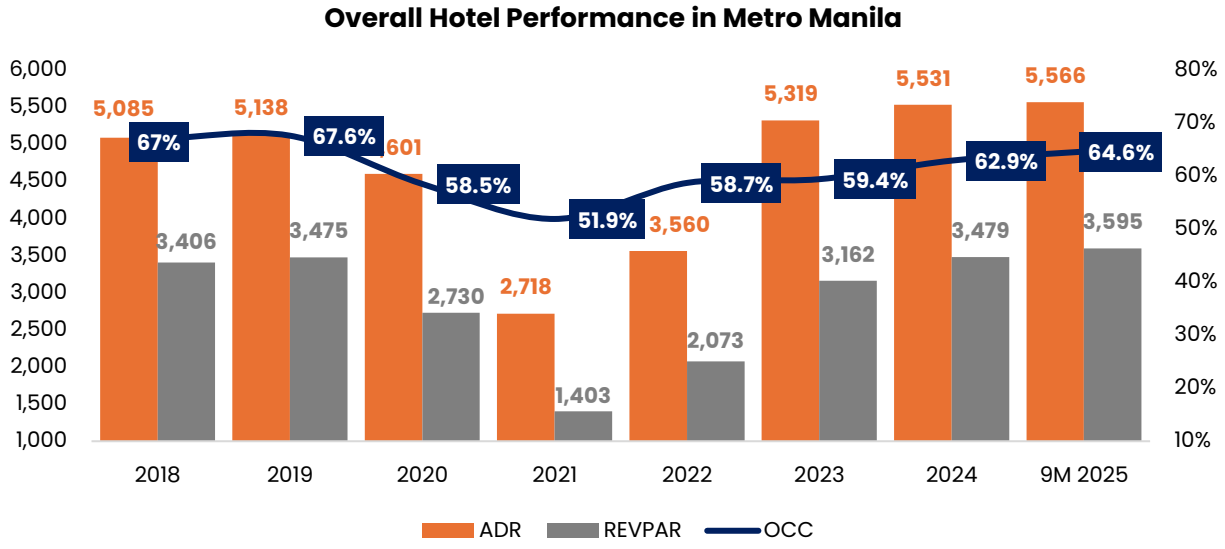
The resurgence of MICE has also been a critical driver in justifying this move upmarket. With Metro Manila and other key cities hosting a growing number of international events and conferences, the demand for premium hotel infrastructure with large function spaces and high service standards is rising. This demand extends beyond business travel spilling over into "bleisure" (business + leisure) stays and long-stay segments, further incentivizing developers to deliver multi-functional, high-yield properties.

4.3.3. Hotel Performance in Metro Manila

While occupancy rates in Metro Manila have not yet returned to pre-pandemic peaks, their gradual recovery to 64.6% by September 2025 suggests a resilient and steadily rebounding demand base. The rebound is primarily fueled by domestic tourism, the return of corporate events and MICE, and incremental growth in foreign arrivals. However, the lag in full recovery implies that international tourism demand, especially from long-haul markets remains muted, preventing full occupancy recovery.



Source: CoStar

ADR and RevPAR have outpaced their pre-pandemic levels, which signal that pricing power has returned to operators, but the driver is less about robust demand and more about cost-push inflation. Hotels are raising rates to offset increased operational costs such as labor, utilities, and imported goods, rather than in response to a tight supply-demand balance.

This pricing strategy carries risk: while headline figures appear strong, real gains are being eroded by inflation, and the relatively flat occupancy curve from 2023 to 2025 suggests that price sensitivity may be suppressing broader market absorption. The data also shows that

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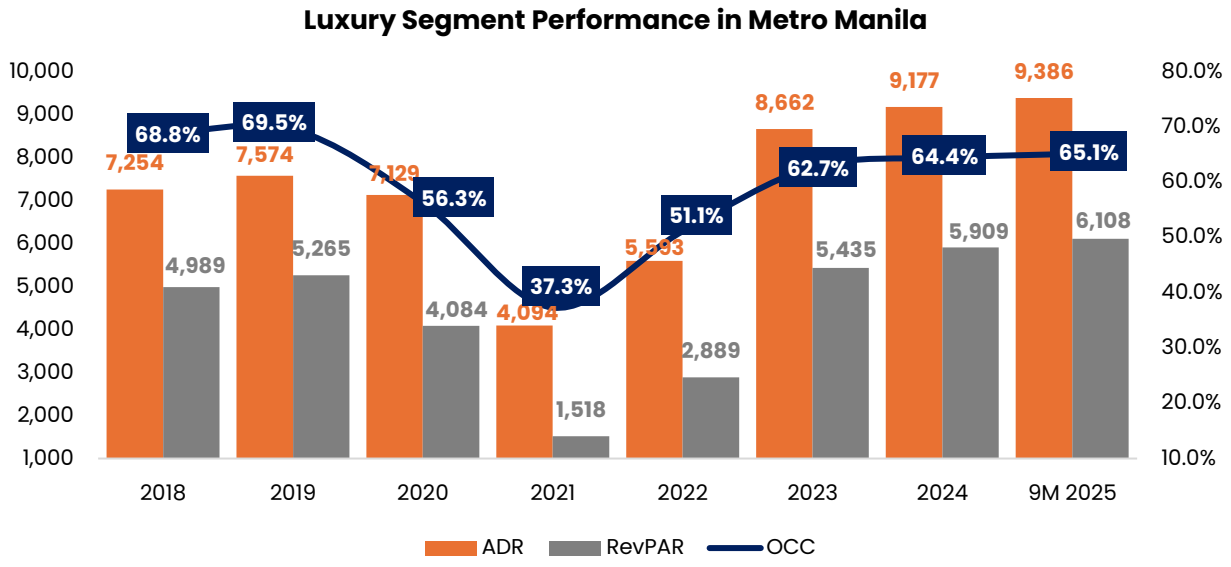
from 2022 onward, RevPAR and ADR growth have begun to outpace occupancy, reflecting a strategic focus on revenue yield over volume.

This pricing-driven recovery may plateau unless international arrivals accelerate, and new source markets or segments are activated. Moreover, with supply continuing to grow in key CBDs, operators will need to balance yield strategies with volume-based approaches to avoid pricing themselves out of a still recovering market.

4.3.4. Luxury Hotel Segment in Metro Manila



Source: CoStar

The luxury hotel segment in Metro Manila has emerged as one of the strongest performing tiers in the post-pandemic recovery, underpinned by remarkable pricing power, brand resilience, and sustained demand from high-spending markets. While occupancy remains slightly below pre-pandemic levels, plateauing at around 65% as of the first nine months of 2025, this has not hindered performance, as operators have successfully pushed Average Daily Rates (ADR) to an all-time high of PHP9,386, with Revenue per Available Room (RevPAR) likewise reaching a record PHP6,108. This performance signals a highly effective strategy of rate-driven growth, reflecting both the confidence of luxury operators and the market's willingness to pay for high-value, experience-led hospitality.

The segment's resilience is anchored in a clear flight-to-quality trend among travelers who prioritize trusted brands, superior service, and personalized experiences attributes that luxury hotels in Metro Manila are uniquely positioned to deliver. The return of MICE events, growth in

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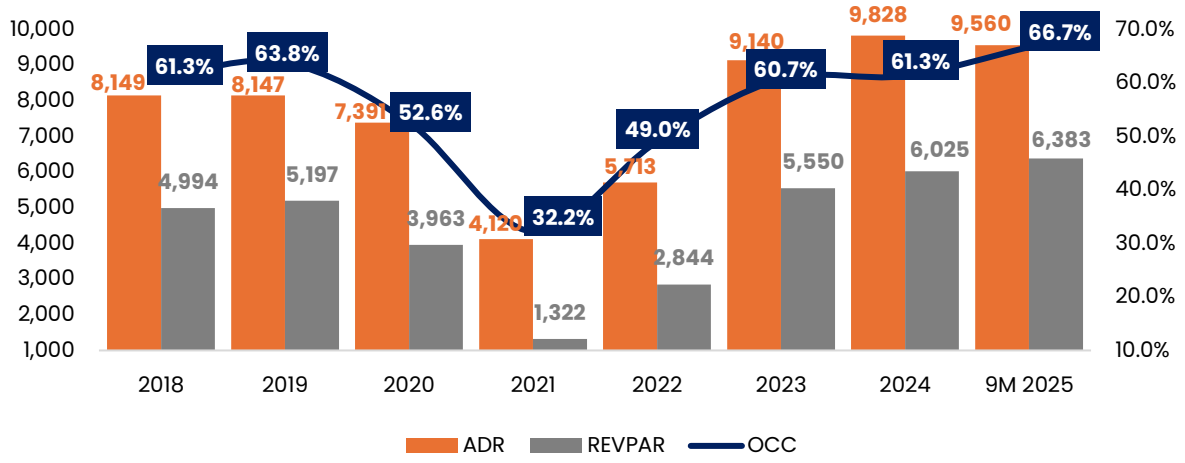
premium domestic tourism, and steady demand from regional and expatriate markets have further reinforced this strength. Unlike other segments still recovering volume, the luxury tier has been able to protect margins and elevate brand positioning, even amid rising costs and global uncertainty.

While growth in RevPAR has begun to stabilize, this is more a sign of maturity than weakness. The segment now operates with a focus on sustainable profitability rather than aggressive expansion, and its current trajectory suggests continued leadership in terms of yield, guest satisfaction, and investor interest. Moving forward, the luxury segment is well-positioned to capture opportunities in branded residences, wellness travel, and lifestyle-driven developments, as discerning travelers increasingly seek exclusive, integrated hospitality experiences.

4.3.5. Luxury Segment in Makati City

Luxury Segment Performance in Makati City



Source: STR

Makati City's status as Metro Manila's premier luxury hospitality hub is clearly reinforced by its strong and sustained performance rebound. As of September 2025, the city's occupancy rate reached 66.7%, already surpassing its pre-pandemic average of 61.3% to 63.8%, signaling a full recovery and likely outperformance of its historical benchmarks. This resurgence is being driven by the return of MICE activity, as well as steady demand from high spending domestic travelers, expatriates, and international business and leisure markets.

Average Daily Rate (ADR) in Makati's luxury segment has risen to a record PHP9,560, a 17% increase from 2019, while RevPAR has grown to PHP6,383, exceeding all previous highs. This robust growth in both rate and yield suggests that Makati's luxury operators have not only

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regained their market but expanded their pricing power, capitalizing on strong brand positioning and a well-established premium hospitality ecosystem.

This trend underscores Makati's ability to attract and retain premium demand, supported by its concentration of global hotel brands, corporate headquarters, and lifestyle offerings, all of which position the city as the epicenter of luxury hospitality in the Philippines. As business travel normalizes and long-haul tourism gains momentum, Makati is well-poised to sustain its growth trajectory, with potential upside from new branded hotel and residence developments, and further expansion in high value tourism segments.

4.3.6. Net Operating Income

Typical Revenue Share by Hotel Department (Full-Service / Luxury Hotel)	
Revenue Source	**Typical Range (%)**
Rooms	**50% to 70%**
Food & Beverage (F&B)	**25% to 40%**
Food	**20% to 30%**
Beverage	**3% to 7%**
Other F&B (e.g. minibar and catering)	**3% to 5%**
Other Departments	**1% to 5%**
Miscellaneous Income	**0.5% to 2%**

While rooms typically account for 50% to 70% of total revenue, their financial performance is highly sensitive to occupancy rates, average daily rate (ADR), and inventory mix. Beyond the nightly rate, room-related upselling such as premium views, extended stay fees, early check-ins, and late check-outs can significantly enhance yield without increasing fixed costs.

The food and beverage (F&B) department is another cornerstone of hotel revenue, commonly contributing 25% to 40% of the total. Within this, restaurants and in-room dining are major revenue streams, particularly in city hotels and resorts that attract both guests and non-resident diners. A hotel with well-branded restaurants can build strong local patronage and host lucrative special events. Meanwhile, banquet and catering operations, critical in MICE-driven properties offer high-volume income opportunities, especially in urban hotels with expansive function spaces. Beverage sales, though smaller in share at 3% to 7%, often yield higher margins due to markups on alcohol, cocktails, and curated pairings in bars, lounges, and events.

Hotels also derive revenue from ancillary departments, which typically contribute 1% to 5% of income but offer high-margin, experience-focused services. These may include spa and wellness centers, which are especially prominent in resorts and lifestyle properties; retail outlets, often leased to third parties; transportation and parking services; business centers; and

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activity desks for curated guest experiences. These facilities play a strategic role not only in driving revenue but in extending the guest's length of stay and spend per stay.

Miscellaneous income including sources like cancellation fees, commissions from excursions or airline bookings, ATM fees, and early departure penalties often contributes 0.5% to 2% of revenue. Though minor in scale, these streams are operationally efficient and support profitability with minimal effort.

2023 Full-Service Hotels Profitability in Metro Manila (Annual)			
	% of Revenues	**Per Key** *In PHP*	**Per Occupied Room (POR)** *In PHP*
Revenue			
Rooms	52.7%	1.57Mn	7.3K
Food	35.9%	1.07Mn	5.01K
Beverage	3.6%	109K	508
Other F&B	4.7%	142K	660
Other Departments	1.8%	553K	258
Miscellaneous Income	1.1%	32K	151
Total Revenue	**100%**	**2.9Mn**	**13.9K**
Operating Expenses			
Rooms	19.6%	308K	1.4K
F&B	61.6%	816K	3.8K
Other Departments	45.8%	25K	117
Administrative General	8.9%	265K	1.2K
Information and Telecommunication Systems	1.8%	54K	256
Sales and Marketing	4.9%	145K	677
Property Operations and Maintenance	4.2%	125K	583
Utilities	9.0%	269K	1.2K
Gross Operating Profit	**32.7%**	**979K**	**4.5K**
Management Fees	3.9%	117K	549
Rent	0.3%	8.2K	39
Property Taxes	0.1%	2.9K	14
Insurance	0.3%	9.2K	43
EBITDA	**28.1%**	**841K**	**645**

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2023 Full-Service Hotels Profitability in Metro Manila (Annual)			
	% of Revenues	Per Key *In PHP*	Per Occupied Room (POR) *In PHP*
Total Labor Costs	**22.8%**	**681K**	**3.1K**

Source: CoStar

The profitability structure of full-service hotels in Metro Manila reflects how the sector has adapted to shifting traveler preferences, inflationary cost environments, and increasingly experience-driven guest expectations. At the heart of revenue generation remains the room division, whose strength is anchored in Metro Manila's position as the Philippines' economic core. A consistent flow of business travelers, especially from corporate, IT-BPM, and government sectors, ensures a base level of occupancy that allows hotels to maintain competitive rates even amid economic fluctuations.

Additionally, international travelers particularly returning Filipino expatriates, regional Asian visitors, and long-staying guests contribute to sustained demand for high-quality accommodations.

With hospitality operators placing more focus on revenue per available room (RevPAR) growth over mere occupancy increases, strategies like dynamic pricing, room category upsells, and value-added packages are driving room performance without the need for aggressive rate discounting.

A defining feature of Metro Manila's hotel performance is the prominence of F&B operations, which contribute a substantial portion of revenue. This is largely a function of local market behavior. Hotels serve as social venues for Manila's affluent market, corporate meetings, and celebratory gatherings. The strength of the banqueting and event segment is driven by the revival of MICE activity post-pandemic, from conferences to product launches to large-scale weddings. However, this high F&B revenue share comes with operational complexity. Rising ingredient costs, tight labor availability, and inconsistent demand patterns make F&B difficult to optimize, explaining why F&B expenses take up a large portion of operating costs. Still, for many hotels, especially those in prime locations, a strong dining reputation enhances brand equity and helps attract non-staying guests, a vital edge in competitive urban markets.

Ancillary services, such as spas, business centers, and parking, continue to serve niche roles in total profitability. In properties where these services are thoughtfully integrated into the guest journey such as wellness-focused brands or mixed-use developments. They can provide additional high-margin revenue streams. However, the relatively low share of income from these departments, contrasted with the fixed costs to maintain them, suggests that many hotels struggle to fully commercialize their non-core offerings. This underlines the importance of aligning service mix with the actual profile and expectations of their target market. For

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instance, a business hotel near the airport may benefit more from co-working spaces and transport services than from a traditional spa.

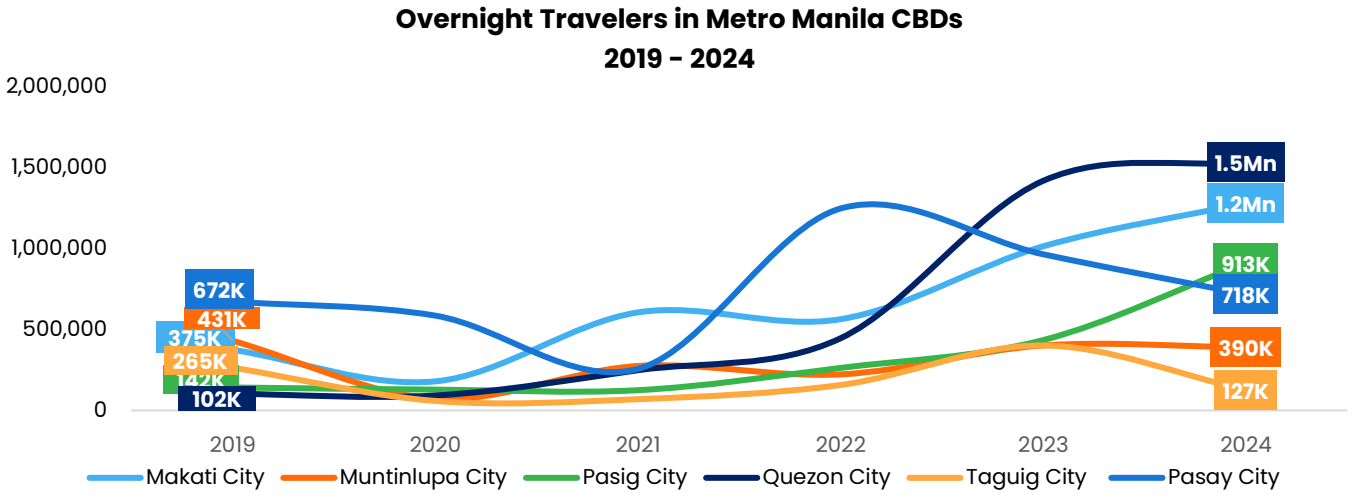
On the cost side, utilities and administrative functions represent a sizable portion of hotel expenses, especially in Metro Manila where power rates are among the highest in Southeast Asia. The energy-intensive nature of full-service hotels due to constant cooling needs, commercial kitchens, event lighting, and water-intensive facilities makes sustainability and operational efficiency critical to long-term profitability. Many operators are now exploring greener building technologies, waste management solutions, and energy-saving upgrades to curb utility costs while aligning with evolving investor expectations on ESG performance.

4.3.7. Hotel Market Drivers

Metro Manila's hotel demand is shaped by a diverse mix of economic, commercial, and tourism-related drivers. As the country's primary business and financial hub, the capital region attracts a steady stream of corporate travelers, government delegations, and event participants throughout the year. The resurgence of the MICE sector, combined with the return of international tourists and the growth of domestic travel, has significantly boosted room occupancy and bookings.

Additionally, the presence of major infrastructure developments, expanding airline connectivity, and Metro Manila's role as a gateway to other Philippine destinations further solidify its position as a key market for hotel demand in the country.

Domestic and Inbound Tourists



Source: Department of Tourism

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Quezon City recorded the highest recovery in overnight stays from pre-pandemic levels, ranking among the top five cities in the Philippines with the most overnight visitors in 2024. Its growth is largely driven by accessibility via both private vehicles and public transportation, and its rising status as a cultural and culinary hub. The city has successfully drawn domestic tourists through large-scale events such as *Pride PH* and *QCinema*, while also capitalizing on its creative zones like the Maginhawa food strip. As the largest city in Metro Manila in terms of population and land area, Quezon City benefits from a broad local market and an expanding network of hospitals, retail centers, and event venues. Strategic efforts by the local government to promote tourism, particularly through the "QC: More to Explore" campaign, have strengthened its brand and increased visitor engagement. A wide range of accommodation types from budget hostels to mid-range hotels also supports its appeal across traveler segments.

Makati and Pasig, home to the Ayala and Ortigas CBDs, respectively, have also rebounded well, bolstered by the return of business travel and the resurgence of MICE-related activities. Taguig City, anchored by Bonifacio Global City (BGC), surpassed its pre-pandemic visitor levels in 2023, driven by its well-planned urban design, premium retail and dining offerings, and strong positioning as a MICE hub. The overnight stays declined in 2024, however, likely due to rising accommodation costs and increased competition from newer leisure destinations within and outside Metro Manila. These cities benefit from strong infrastructure, established reputations, and a mix of leisure and business demand that help maintain hotel occupancy throughout the year.

Pasay, on the other hand, experienced strong numbers in 2022 due to the rebound of concerts, sporting events, and international arrivals concentrated around the Mall of Asia complex.

However, overnight stays slightly declined in 2023 and 2024, partly due to the gradual shift of large-scale events and MICE activities to emerging regional destinations like Clark and Bulacan. The closure of Sofitel Philippine Plaza and ongoing reclamation works along Manila Bay may have also impacted guest sentiment and reduced booking volume.

Meanwhile, Muntinlupa has yet to fully recover its 2019 tourist numbers due to a combination of limited accessibility, less prominent tourism infrastructure, and weaker destination branding.

While Alabang serves as the city's key business and lifestyle district, it remains less connected to the rest of Metro Manila, especially for public commuters. The city lacks the large-scale events, cultural destinations, and commercial density that attract both overnight and weekend travelers in other urban centers. With stronger competition from more established destinations and fewer draws for leisure and MICE markets, Muntinlupa's tourism development continues to trail behind, highlighting the need for enhanced accessibility, promotional efforts, and diversified visitor experiences.

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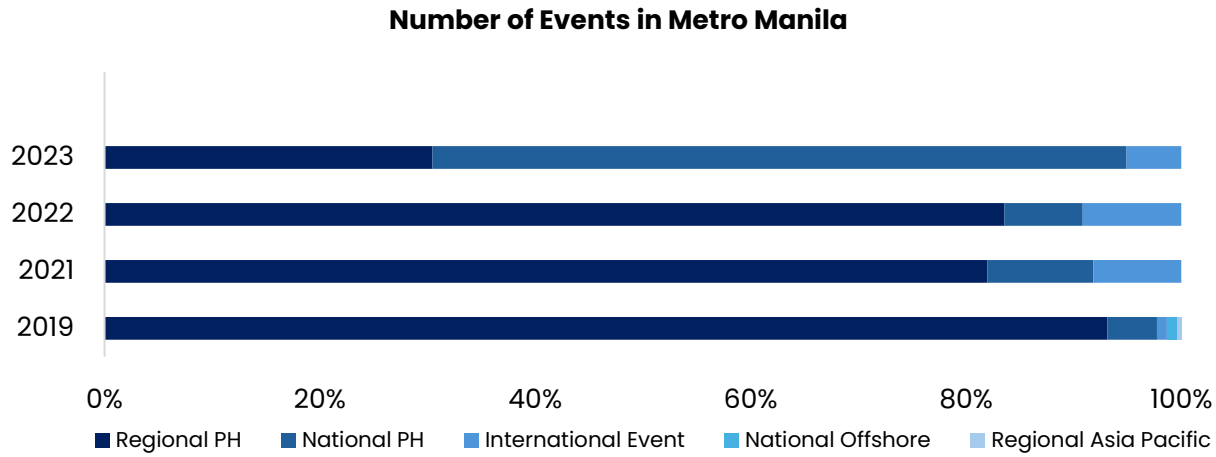
Business Tourism and MICE Tourism

While the MICE industry in Metro Manila has yet to recover to its pre-pandemic levels, recording only 4,042 events in 2023 compared to 13,281 in 2019; it has experienced a significant structural shift in event classification.



Source: Department of Tourism

In 2019, regional Philippine events, those attended by participants from within the same region dominated the market. However, by 2023, national conferences involving attendees from multiple regions across the country had overtaken regional events as the most common type. This shift reflects a growing preference for broader collaboration and networking, possibly influenced by the desire to maximize the impact of in-person events after years of remote work and mobility restrictions. Metro Manila's accessibility and infrastructure may have made it a strategic choice for organizers aiming to bring together geographically diverse participants.

Notably, international events have rebounded strongly and even surpassed their 2019 levels, indicating renewed global confidence in Metro Manila as a competitive MICE destination. This resurgence can be attributed to the easing of travel restrictions, improved visa facilitation, and heightened marketing efforts positioning the Philippines as a hub for global conferences.

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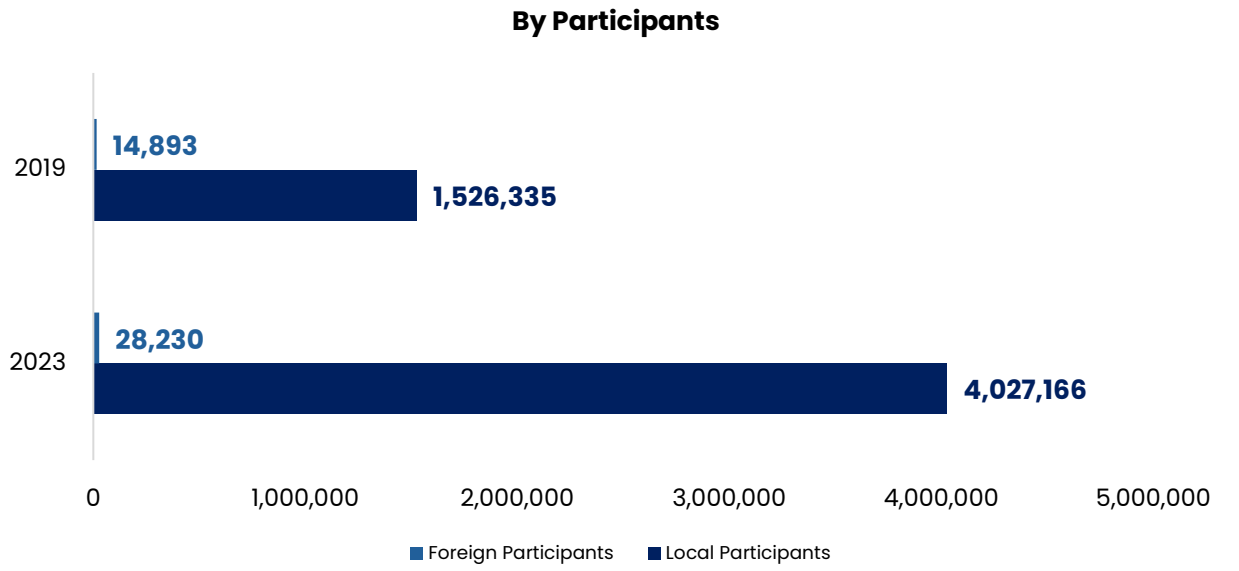

Source: Department of Tourism

While the total number of MICE events in Metro Manila has not yet returned to pre-pandemic levels, the industry is seeing a dramatic increase in scale. In 2023, the number of participants surged to over 4 million, nearly tripling the total from 2019. This shift indicates a clear trend toward fewer but significantly larger events, suggesting that organizers are prioritizing high-impact, large-scale gatherings that bring together broader audiences.

The rise in local participation may be attributed to stronger demand for in-person networking and knowledge-sharing following prolonged restrictions during the pandemic. Additionally, more consolidated, centralized events held in Metro Manila likely attracted attendees from multiple regions, replacing smaller, localized conferences. On the international side, the number of foreign participants nearly doubled, pointing to renewed global confidence in the Philippines as a MICE destination. This resurgence is likely driven by relaxed travel restrictions, improved international connectivity, targeted tourism promotions, and growing interest from global associations and companies looking to tap into the Philippine and ASEAN markets.

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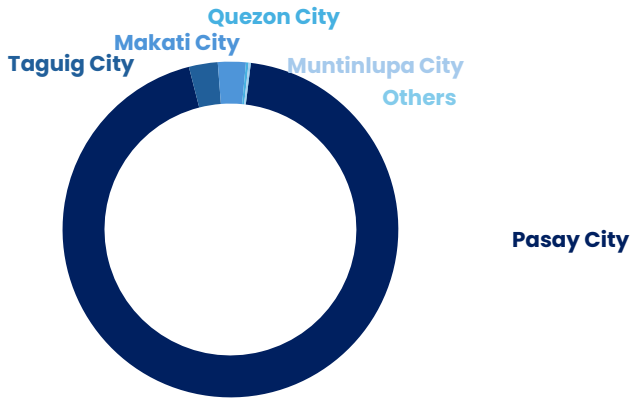
2023 MICE Participants by Metro Manila Area



Source: Department of Tourism

Pasay City emerged as the top destination for MICE participants in Metro Manila in 2023, as shown in the chart, accounting for most attendees. This dominance is largely driven by the presence of key large-capacity venues such as the SMX Convention Center, World Trade Center Metro Manila, Philippine International Convention Center (PICC), and Cultural Center of the Philippines (CCP); all strategically located within the city. These venues are not only equipped to host large-scale domestic and international events but are also closely linked to a high concentration of hotels, malls, and transport infrastructure, making Pasay a highly accessible and convenient hub for delegates.

Following Pasay are cities with established CBDs such as Taguig, Makati, Quezon City, and Muntinlupa. These areas contribute a smaller but still notable share of participants, driven by their mix of premium hotels, flexible mid-sized event venues, and concentration of corporate headquarters and government institutions that frequently host business events.

Airline Crews

Metro Manila is not only the center of the country's major CBDs but also the location of Ninoy Aquino International Airport (NAIA), the Philippines' primary international gateway. As the busiest airport in the country, NAIA handles the highest volume of long-haul international flights, making it a critical hub for foreign carriers. A key but often overlooked market driver for hotels in the metro is the airline crew segment. International airlines regularly contract hotels near NAIA or within major business districts like Makati, Pasay, or Taguig to house their crew members during layovers. These partnerships help provide hotels with a stable source of demand, especially for properties offering reliable service standards and proximity to the airport.

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Examples of Airlines and Their Contracted Hotels

Airlines	Number of Daily Flights to Manila International Airport (MIA)	Number of Crews per Flight	Confirmed Contracted Hotels	Number of Contracted Keys	Type of Hotel Rooms
Qatar	3	13-17	Sheraton Manila	*51	Standard or Deluxe
Emirates	3	13-17	Manila Marriott Hotel	*51	Standard or Deluxe
Kuwait Airways	1	13-17	Ascott Makati	3 rooms daily	Standard or Deluxe

Note: Number of contracted keys are estimated based on the number of daily flights for each airline

The number of rooms secured by each airline typically varies based on their flight frequency and the average number of crew members per flight. Since crew layovers are brief—often less than 24 hours—airlines generally prefer upper segment hotels that offer standard or deluxe room categories with efficient check-in/check-out processes and convenient access to food, transport, and rest facilities. While not the largest segment, airline crew bookings provide consistent weekday occupancy, which helps balance demand across business and leisure cycles. As Metro Manila continues to serve as the primary entry point for international visitors, this segment remains an important part of the overall hotel market landscape.

4.3.8. Metro Manila Hotel Market Trends, Constraints, and Opportunities

Market Trends

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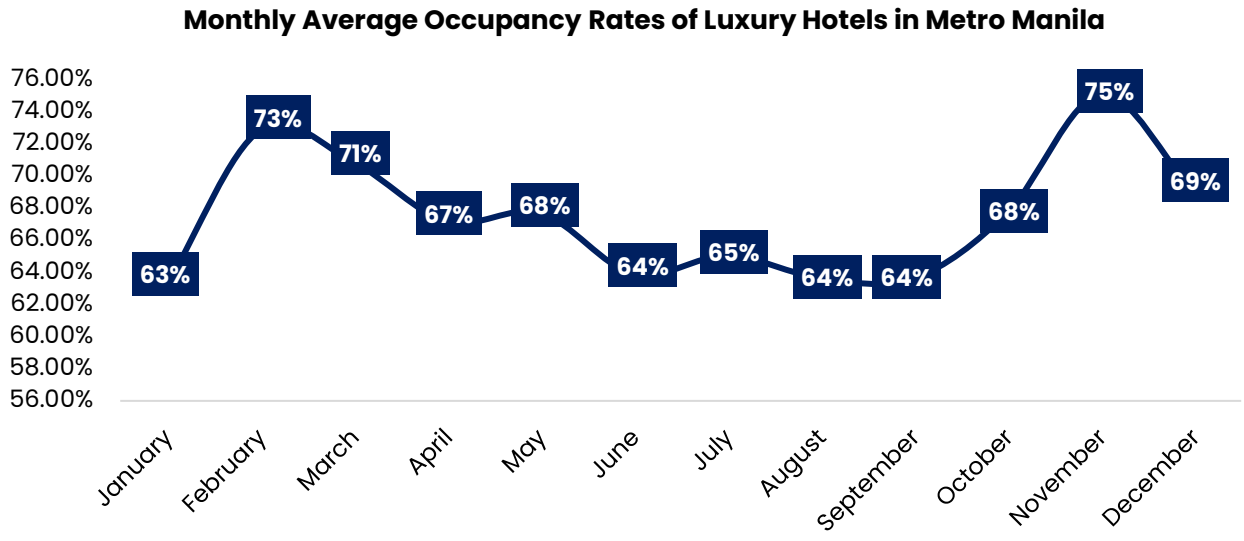

Source: CoStar (2018, 2019, 2023, 2024, and 10M 2025)

The luxury hotel market in Metro Manila typically begins the year with its lowest occupancy levels. January is historically the softest month for the segment as post-holiday travel slows significantly: most Overseas Filipinos return abroad, families scale back on discretionary staycations after heavy holiday spending, and corporate travel remains subdued while companies finalize their annual budgets and business plans. Although room rates may not drop proportionately, demand typically weakens, resulting in a noticeable decline in occupancy.

By the latter half of the first quarter, performance gradually improves. Corporate travel resumes and MICE activities start to roll out, supported by product launches, trainings, national conventions, and business events. Weekday demand strengthens, while leisure activity helps support weekends. Hotel occupancy stabilizes through the summer months, driven by a mix of domestic and international travelers, including families, business travelers, and short-stay tourists.

However, demand generally softens again during the rainy season, particularly from June to September. Weather disturbances and reduced outdoor mobility lead to a decline in leisure travel, while inbound tourism becomes more conservative. Demand accelerates again toward the fourth quarter, building momentum into the holiday season. From late October through December, corporate gatherings, year-end events, and peak MICE schedules intersect with strong leisure demand. A significant boost comes from Overseas Filipinos returning for the holidays, many of whom choose luxury accommodations for family reunions, social events, and extended stays. This period consistently delivers the highest occupancy and strongest pricing power for luxury hotels, making it the peak season for the segment in Metro Manila.

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The luxury hotel segment in Metro Manila is gradually moving away from the traditional idea of luxury—defined largely by extravagant interiors and premium amenities—and shifting toward a more experiential and lifestyle-driven model. While these remain essential, luxury guests now place greater emphasis on personalization, meaningful engagement, and unique, curated experiences that reflect local culture, wellness, gastronomy, and exclusivity.

Within this evolving landscape, Food & Beverage (F&B) offerings have become a core brand differentiator and one of the strongest ancillary revenue generators for luxury hotels in Metro Manila. Hotels are increasingly partnering with renowned chefs, introducing mixology-led bar programs, elevating buffet concepts, and integrating destination-style or medical-grade spas to attract both in-house guests and affluent local patrons. Recent examples include Solaire Resort, which unveiled new padel courts at its Solaire Sports Club and served as the official host partner of the inaugural Philippine Cocktail Fiesta, a week-long celebration of world-class mixology and Filipino craftsmanship in November 2025. Meanwhile, Discovery Primea, Makati launched its signature restaurant Flame as a “private dining” concept, allowing guests to rent entire sections—or even the full venue—for exclusive gatherings, meetings, and special events.

Complementing this shift, corporate and MICE demand in Metro Manila is strengthening and becoming more premium in nature. Companies are allocating larger budgets for incentive travel, leadership conferences, product launches, and large-scale conventions, opting for luxury hotels due to brand prestige, exclusivity, and state-of-the-art events infrastructure. Integrated resorts within Entertainment City have further intensified competition by bundling luxury accommodation with high-end entertainment, gaming privileges, fine dining, and lifestyle amenities, thereby creating comprehensive destination experiences. In response, traditional luxury hotels in other parts of Metro Manila are also expanding and upgrading their product offerings—ranging from exclusive lounges and executive-level services to signature F&B experiences and enhanced wellness concepts—to remain competitive in this evolving market.

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On the investment front, Metro Manila continues to see growing interest in luxury branded residences, supported by demand from expatriates, diplomats, executives, and wellness-focused long-stay travelers seeking residential-style living with hotel-level service. These developments are commonly integrated into larger mixed-use masterplans anchored by luxury hotels to maximize real estate value, enable shared services, and provide residents access to premium amenities. Examples include the planned Banyan Tree Manila Bay development, where residences and hotel rooms will be housed within a single building, and the Grand Hyatt Manila Residences, strategically located across from the Grand Hyatt Manila hotel to offer direct access to its services and facilities.

Market Constraints

Despite the recovery of tourism and hotel demand in Metro Manila, several structural and operational constraints continue to challenge the full potential of the hospitality industry.

One of the most pressing issues is the high cost of land and development, particularly in CBDs like Makati, BGC, and the Bay Area. These prime locations, while attractive for hotel investments, command premium land values that make project feasibility increasingly difficult especially for new entrants or midscale operators. Compounding this are rising construction and fit-out costs, which further tighten margins and delay project timelines. Infrastructure limitations remain a persistent bottleneck, as Metro Manila's Road congestion, inadequate public transport systems, and the capacity issues at the NAIA restrict the smooth flow of tourists and reduce the competitiveness of the region as a gateway destination.

Hotels also face elevated operating expenses, driven by inflation, expensive utilities, and increasing labor costs. Electricity rates in the Philippines are among the highest in Southeast Asia, and with full-service hotels operating energy-intensive facilities such as banquet halls, kitchens, pools, and elevators, utility bills have become a major cost burden. On the labor side, the industry continues to struggle with a shortage of skilled hospitality workers, as many have

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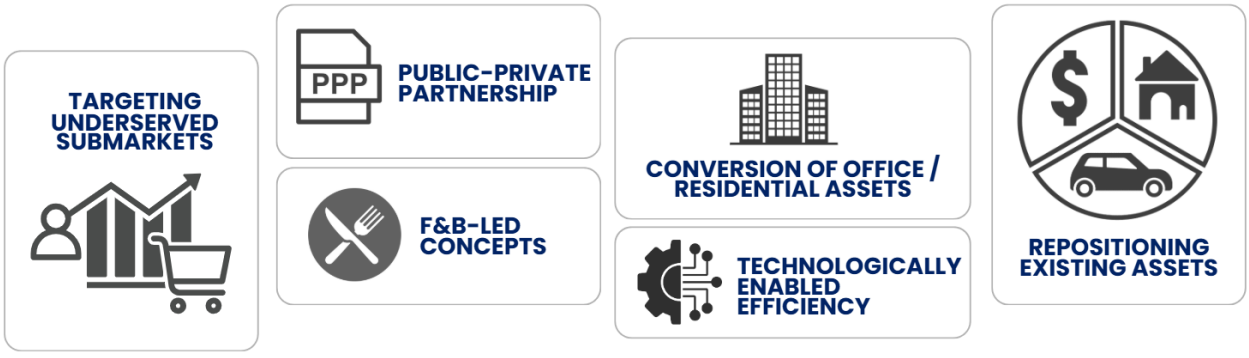
migrated abroad or shifted to other industries like IT-BPM and retail, which offer more stable schedules and often higher pay. This shortage not only raises labor costs but also affects service quality and operational consistency.

Regulatory complexities add another layer of challenge. Hotels must navigate a maze of zoning laws, multiple permits, local government requirements, and tourism accreditations, which can delay developments and create uncertainty for investors. These bureaucratic hurdles are particularly difficult for independent developers or foreign investors unfamiliar with the local process. Additionally, there is the issue of market saturation in mature hotel districts, where the high concentration of upscale and luxury hotels has created intense competition and limited pricing power. In these areas, brands must differentiate not just on product but also on experience and service.

Metro Manila's hotel market remains heavily reliant on business travelers and MICE demand. While these segments are essential, they are also vulnerable to global economic fluctuations, company budget cuts, and shifts toward virtual meetings. This dependency creates a cyclical risk that limits the sector's ability to build a more resilient and diversified demand base.

Market Opportunities

Despite the structural constraints in Metro Manila's hotel market, a range of compelling investment opportunities is emerging, driven by shifting guest expectations, evolving urban development patterns, and the renewed focus on high-quality tourism experiences.



One key opportunity lies in the repositioning of older or underperforming hotel assets, especially in mature districts like Makati and Ortigas. Aging properties in these areas present strong upside potential when redeveloped into lifestyle or boutique hotels that align with the preferences of experience-driven travelers. Investors can add value through thoughtful renovations, brand conversions, or rebranding partnerships with up-and-coming global operators seeking market entry. Beyond CBDs, there is also growing potential in underserved or fringe locations where hotel supply remains thin, but demand is quietly growing such as

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North EDSA, Eastwood, Bay City extensions, and mixed-use townships near major transport links. These areas offer lower land costs and strong demand from SMEs, medical travelers, and domestic leisure segments.

The rising appetite for experiential F&B concepts also presents new avenues for revenue growth. Rather than treating F&B as a cost center, developers are increasingly incorporating rooftop bars, destination restaurants, or event-focused dining spaces that attract both guests and walk-in patrons. Particularly in urban districts with strong dining cultures, F&B can be a powerful driver of brand visibility and profitability.

At the same time, the growing popularity of serviced apartments and hybrid lodging models opens up lower-risk, high-yield development options. These properties require smaller operating teams and offer operational flexibility allowing them to cater to long-stay guests, corporate relocations, and digital nomads. Operators like Ascott, Citadines, and Lyf are leading the way, but demand continues to outpace supply in the segment.

Another underutilized strategy involves the conversion of underperforming office or residential assets into hotel or co-living properties, especially in response to shifting land use patterns post-pandemic. This adaptive reuse model can help developers save on structural costs while injecting new life into existing buildings located in high-foot traffic zones. In terms of policy support, investors can tap into public–private partnerships or government-led tourism initiatives to access incentives or participate in infrastructure-led growth corridors. The Department of Tourism's push to develop high-value tourism circuits and sustainable destinations aligns well with Metro Manila's role as a jump-off point, especially if connected to planned airports and mass transit extensions.

Digitally enabled operational efficiency is also becoming a key differentiator in the market. Investors who back hotel operators with smart automation systems, energy-saving technologies, and robust property management platforms will benefit from reduced overhead and greater adaptability in times of labor shortages or economic volatility.

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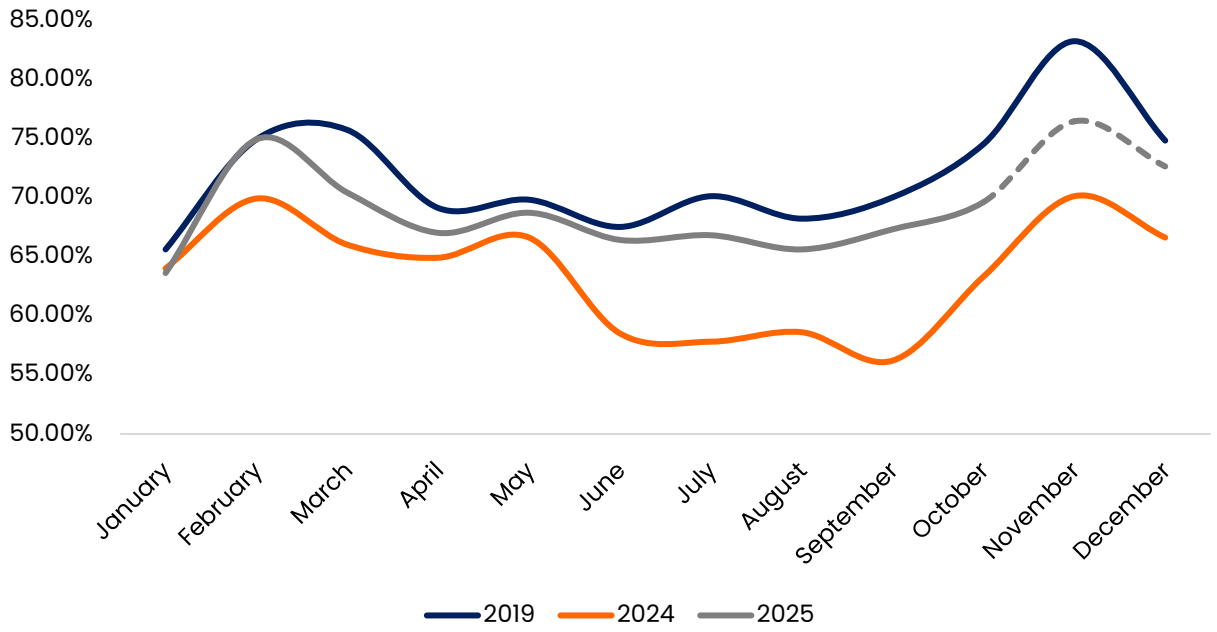
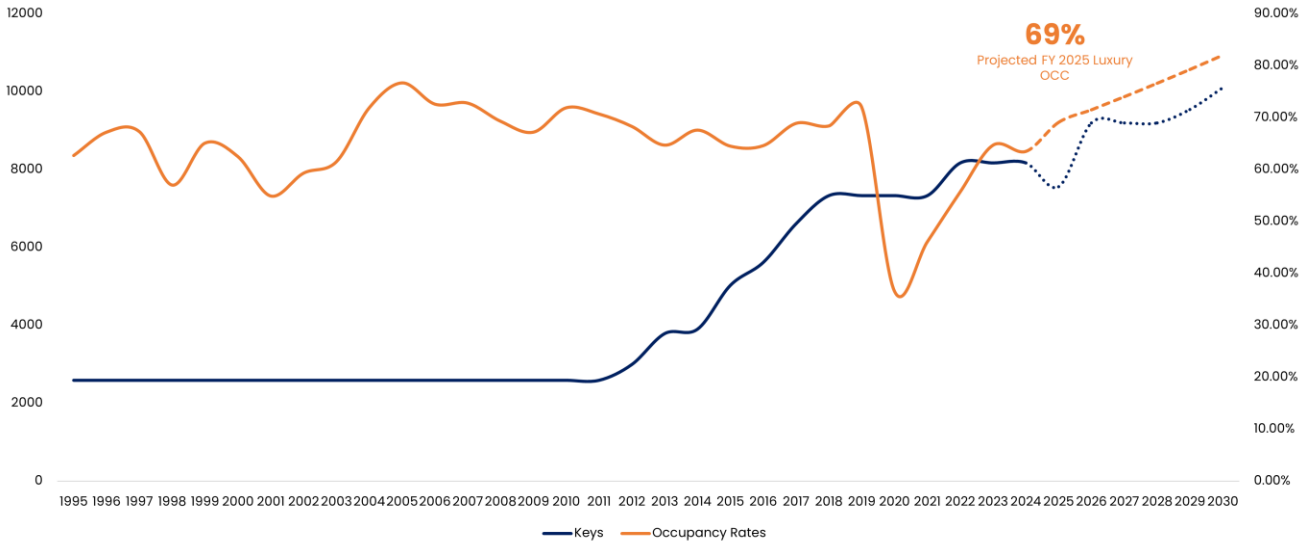
Monthly Occupancy Rates of Metro Manila Luxury Hotels



***Dotted lines are projected numbers for November and December 2025.*
Source: CoStar

The luxury hotel market in Metro Manila is projected to close 2025 with an average occupancy rate of 69%, up from 64% in 2024. Despite this growth, the figure remains approximately 4% below pre-pandemic levels. The increase in occupancy, even amid reduced foreign overnight arrivals, highlights the resilience and growing importance of the domestic market, which is expected to continue expanding in line with the country's GDP growth.

Occupancy Rates and Inventory of Metro Manila Luxury Hotels



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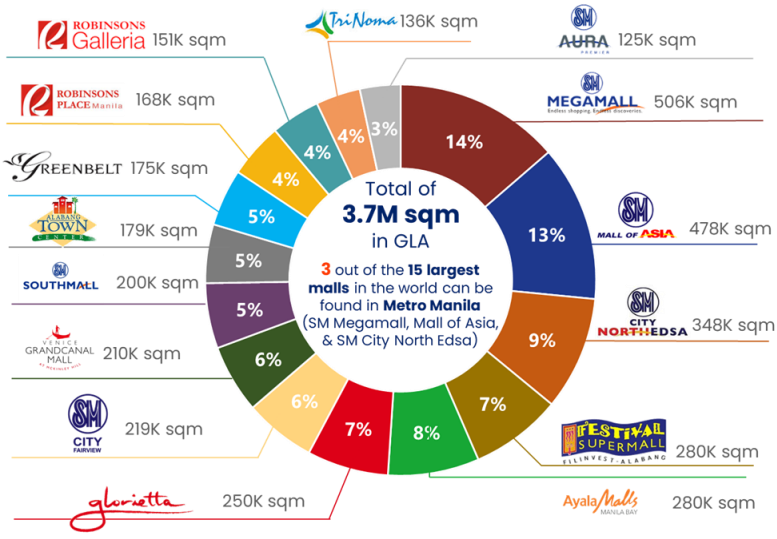
Overall, with the average annual occupancy growth of 3% from 2023 to 2025, the luxury segment is projected to return to pre-pandemic levels in the coming years. Although the pipeline of 2,542 additional keys may moderate the occupancy of the luxury segment, expanding domestic demand, the expected rebound in international arrivals, and the strength of the domestic MICE market are anticipated to support absorption of the new supply.

Altogether, these opportunities suggest that while Metro Manila is a complex hotel market, it remains rich with untapped potential especially for those who understand how to align location, concept, and operational efficiency to shifting market needs.

4.4. Metro Manila Retail Market

Biggest Metro Manila Shopping Malls



	MALLS	TYPICAL RENT/SQM/MONTH
1	SM Megamall	P1.49K – P2.5K
2	SM Mall of Asia (IKEA)	P1.3K – P2.7K
3	SM City North Edsa	P1.K – P3.8K
4	Festival Alabang	P636 – P1.3K
5	Ayala Malls Manila Bay	P635 – P2.11K
6	Glorietta	P1.5K – P3.2K
7	SM City Fairview	P1.2K – P2K
8	Venice Grand Canal	P1.5K – P2.9K
9	SM Southmall	P1.32K – P2.5K
10	Alabang Town Center	P849 – P3K
11	Greenbelt	P2.3K – P2.8K
12	Robinsons Place Manila	P1.4K – P3K
13	Robinsons Galleria	P1.1K – P2K
14	Trinoma	P1.4K – P2.3K
15	SM Aura Premier	P1.53K – P2.5K

Metro Manila boasts a formidable retail footprint, with over 3.7 million square meters of gross leasable area (GLA) concentrated in its top-tier shopping malls. Notably, three of the world's 15 largest malls—SM Megamall, SM Mall of Asia, and SM North EDSA—are in the region, highlighting its global stature as a key retail destination.

Notable large retail developers in the Philippines mentioned are SM, Ayala, Robinsons, Megaworld, and Filinvest where the SM Group operates the largest network of malls in the country, catering primarily to the mass-market and mid-to-upper segments. Its malls focus

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on convenience and everyday shopping, featuring large-format stores, supermarkets, cinemas, and a wide variety of retail tenants, making them a go-to destination for families and value-conscious shoppers across both urban centers and provincial cities.

Ayala Malls target the upper-middle to affluent market, emphasizing high-end, lifestyle-focused shopping and dining. Their malls feature high-end international and local brands, curated dining, wellness concepts, and aesthetic, open design that is often integrated within Ayala Land's high-end residential, office, and mixed-use developments in key CBDs.

As with Ayala, Megaworld Lifestyle Malls cater mainly to the upper-middle and affluent market segments—also focusing on lifestyle and leisure experiences. Their malls are often integrated into Megaworld's mixed-use townships, combining retail, dining, entertainment, and wellness offerings in modern, stylish spaces. They aim to be community and lifestyle hubs, attracting both residents of nearby developments and visitors seeking premium shopping, dining, and leisure experiences.

Robinsons Malls serve the Middle-income to Upper-middle segments, offering a balance of convenience and lifestyle. With supermarkets, department stores, cinemas, and family-friendly amenities, they focus on community-oriented shopping experiences and accessible locations in both urban and suburban areas.

Filinvest Malls serve middle to Upper-middle income shoppers, offering retail, dining, and entertainment in modern, community-focused spaces. They are often part of mixed-use developments and act as convenient neighborhood destinations.

As shown on the figure above, The SM Group commands a dominant share, with SM Megamall (506,000 square meters), SM Mall of Asia (478,000 square meters), and SM North EDSA (348,000 square meters) collectively accounting for more than 1.3 million square meters. Other key players include Ayala Malls, Robinsons Malls, and Vista Malls, each contributing significantly to the metro's retail ecosystem.

High foot traffic and integrated environments—often linked to residential, office, and transport nodes—make these malls highly attractive to both global and local retailers. Rent structures vary depending on location, format, and brand positioning, with prime malls commanding higher lease rates per square meter.

This scale, diversity, and integration reinforce Metro Manila's position as a regional retail powerhouse, offering unmatched exposure, tenant mix, and consumer reach across a wide income spectrum.

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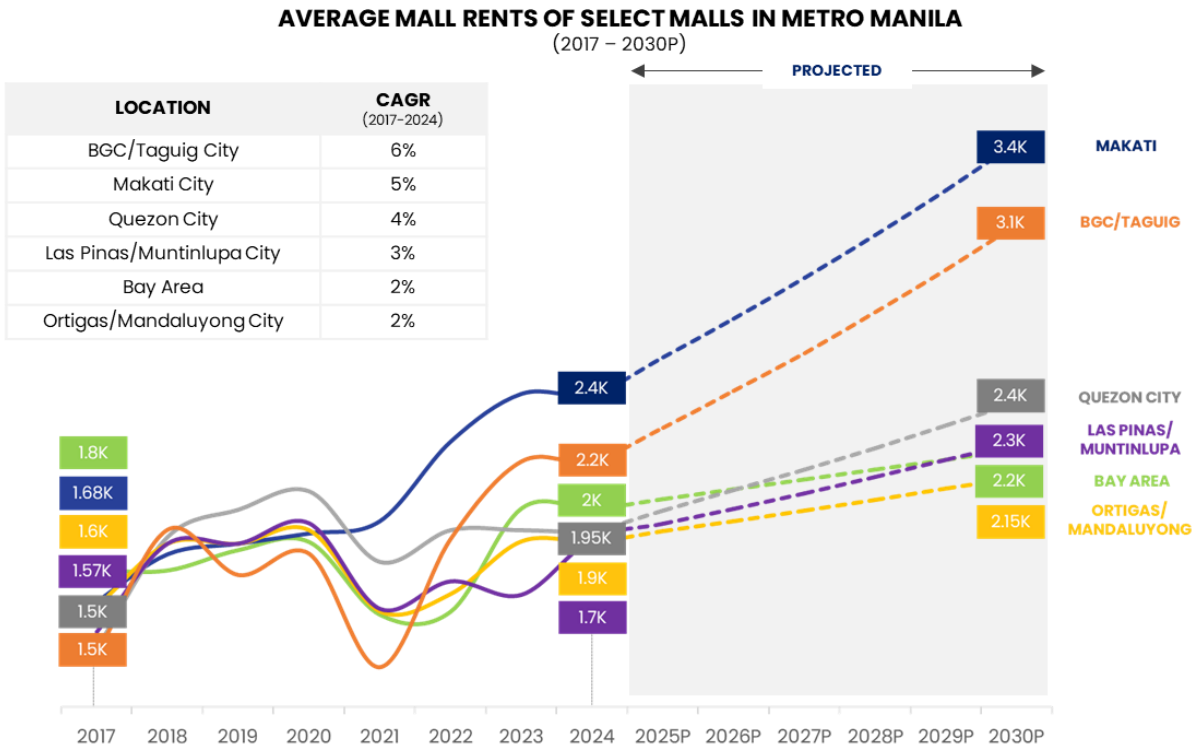
4.4.1. Historical Metro Manila Average Mall Rents



Based on the graph above, retail rents in Metro Manila are rebounding strongly, driven by foot traffic that now surpasses pre-pandemic levels. Makati remains the most expensive, with rents projected to reach PHP3,400 per square meter by 2030, followed by BGC/Taguig at PHP3,100 per square meter. In contrast, Las Piñas/Muntinlupa remains the most affordable, with projected rents of PHP2,300 per square meter.

Other markets like Bay Area, Ortigas/Mandaluyong, and Quezon City show steady growth, supported by new developments and growing consumer bases. The retail sector's outlook remains positive, underpinned by strong demand and continued mall upgrades.

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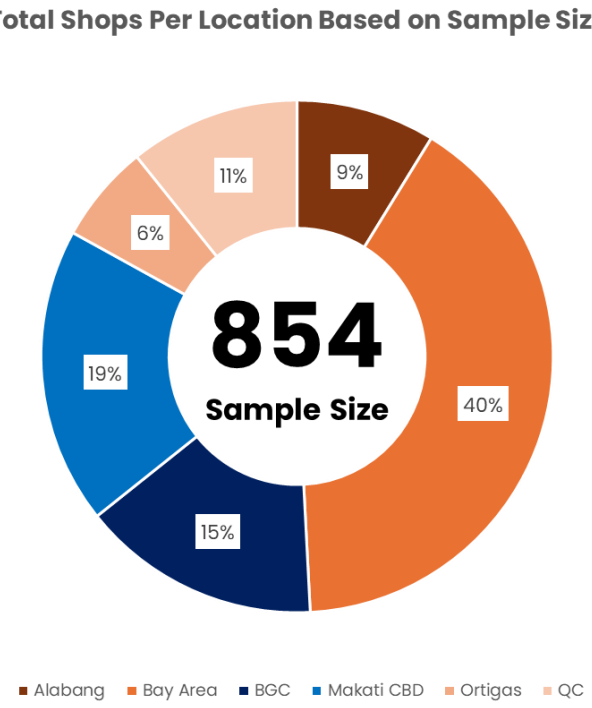
4.4.2. Metro Manila High End Support Commercial

Retail malls are generally standalone developments that offer a wide range of tenant types and expectedly receive a large volume of foot traffic. However, there are retail spaces located within office, residential, and hotel projects that serve to support the main development and the surrounding community. These support commercial spaces are commonly located at the lower floors of buildings to make these spaces accessible to a wider market, not only to the main building's occupants.

Support retail space enhances and complements the market positioning of the main building where they are located. However, consistency and alignment of positioning throughout the development will attract the actual target visitors for the retail tenants. For an office, residential, and hotel that targets high end occupiers, the corresponding support retail should be ready to reflect and reinforce the upscale character of the whole property.



Bay Area leads Metro Manila in high-end retail density, hosting 40% of total ground-floor retail shops situated within luxury and premium-grade developments. This reinforces its position as a dominant mixed-use hub, integrating residential, office, and leisure demand in one of the most dynamic growth corridors in the metro.

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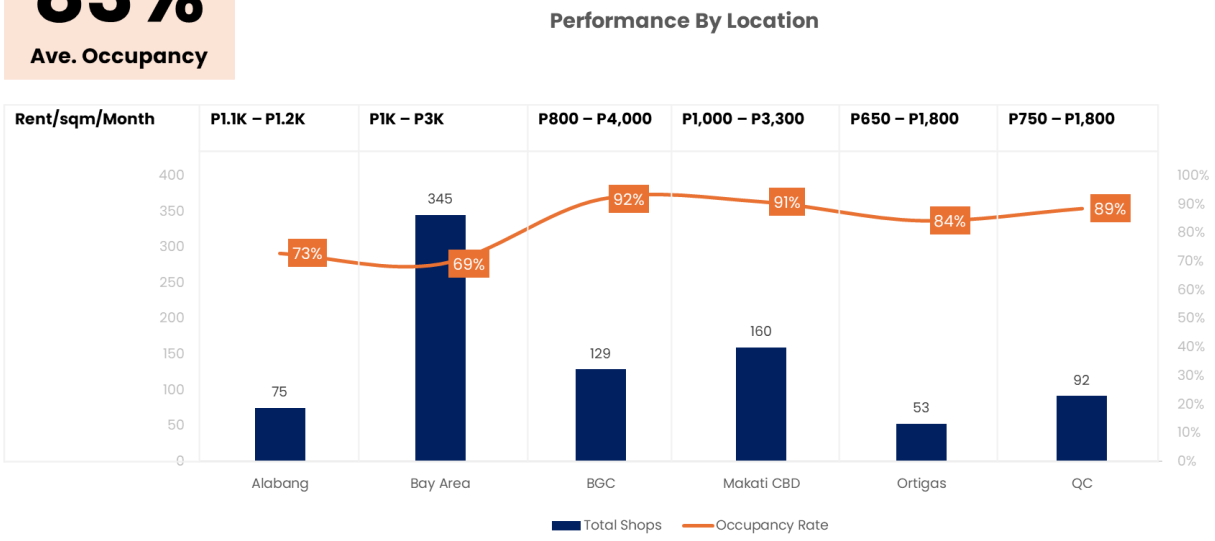
Makati CBD follows with 19%, reflecting its long-established role as a premier luxury district with a well-developed ecosystem of retail, dining, and lifestyle offerings. BGC accounts for 15%, buoyed by its walkable masterplan, affluent residential base, and thriving commercial activity.

Ortigas (6%) and Alabang (9%) offer growing retail footprints within their respective townships and mixed-use enclaves, while Quezon City, with 11%, remains an emerging node for upscale retail, supported by select high-end developments.

These figures highlight the increasing importance of integrated retail within high-end and luxury real estate—serving not only as amenities but as key drivers of foot traffic, placemaking, and overall asset value.

High-End Support Commercial Performance

83%
Ave. Occupancy



Note: based on shop unit type

High end retail spaces across Metro Manila are performing well, with an average occupancy rate of 83%. BGC (92%) and Makati CBD (91%) lead in performance, reflecting strong tenant demand in high-end commercial districts. Quezon City (89%) and Ortigas (84%) also show healthy activity.

Meanwhile, Bay Area, despite having the largest shop count, lags behind with 69% occupancy, while Alabang records a modest 73%, suggesting potential for tenant repositioning or enhanced leasing strategies.

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High-End Support Commercial Composition by Tenant Type

Retail spaces located within high-end and luxury developments across Metro Manila are predominantly food-driven, with F&B tenants accounting for 36% of total supply. This is reflective of the growing demand for experiential dining in mixed-use environments and the strategic focus of developers on lifestyle-centric placemaking.

Retail brands make up 20% of supply, anchored by a strong presence of global luxury and fashion labels such as Dior, Rimowa, Rolex, Givenchy, and Tiffany & Co. This underpins the premium positioning of these developments and their alignment with affluent demographics.

Service-oriented tenants represent 18%, including wellness, fitness, and entertainment providers like Avignon Clinic, Kinetix+, DreamPlay, and Nisce Skin—demonstrating how these spaces support broader live-work-play ecosystems. Meanwhile, office tenants occupy just 3%, with notable examples including Concentrix, Leechiu, and Amazon, reflecting strategic co-location within retail podiums of commercial towers.

Vacancy sits at 23%, indicating available space for targeted leasing and tenant curation opportunities. The current mix highlights a distinct shift toward experience-led retail, where F&B, luxury goods, and lifestyle services converge to elevate asset value and end-user engagement in Metro Manila's most premium enclaves.

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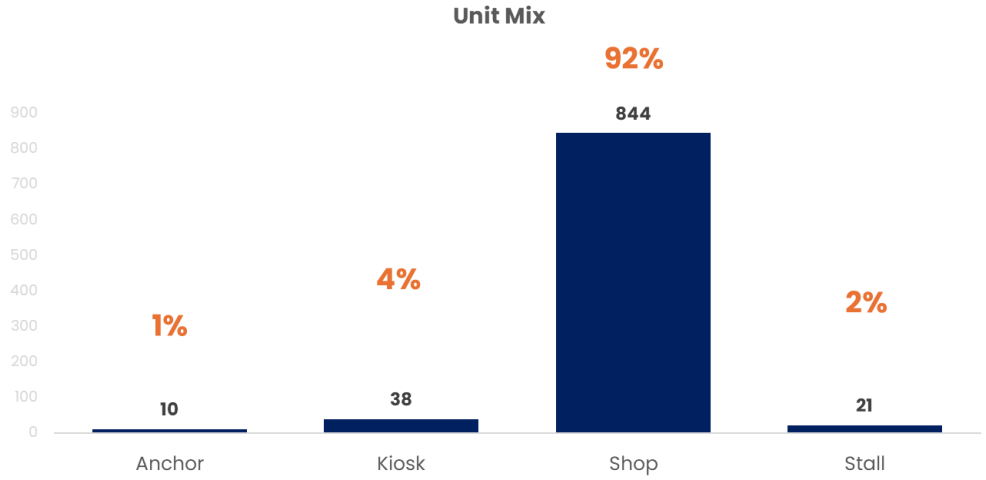
High-End Support Commercial Unit Mix and Lease Terms



Type	Rent	Size in sqm	CUSA/sqm/month	Terms
Shop (including Anchor Tenants)	P650 – P4,000/sqm/month	24 – 1,440	P100 – P200	
Kiosk	P25,000/unit/month	5 – 38	P290/month	
Stall	P9,000 – P16,000/unit/month	9 – 11		

The high-end support commercial retail landscape is heavily dominated by shops, which account for 92% of total units. This is followed by kiosks (4%), stalls (2%), and a small number of anchor tenants (1%), indicating a clear preference for traditional shopfront formats in luxury and premium developments.

In terms of leasing, anchor tenants typically enjoy longer lease durations and larger floor areas, often customized to fit flagship operations. Shops, the primary unit type, average 60 to 100 square meters with 3- to 5-year lease terms, while kiosks and stalls, being smaller in size, tend to have shorter lease durations and flexible renewal options, ideal for food carts and impulse-driven retail. Rents for kiosks are at PHP25,000 per unit per month, while stalls are typically at PHP9,000 to PHP16,000 per unit per month. This mix highlights a strong focus on curated shopping experiences, with stability from long-term tenants balanced by dynamism from smaller, short-cycle retailers.

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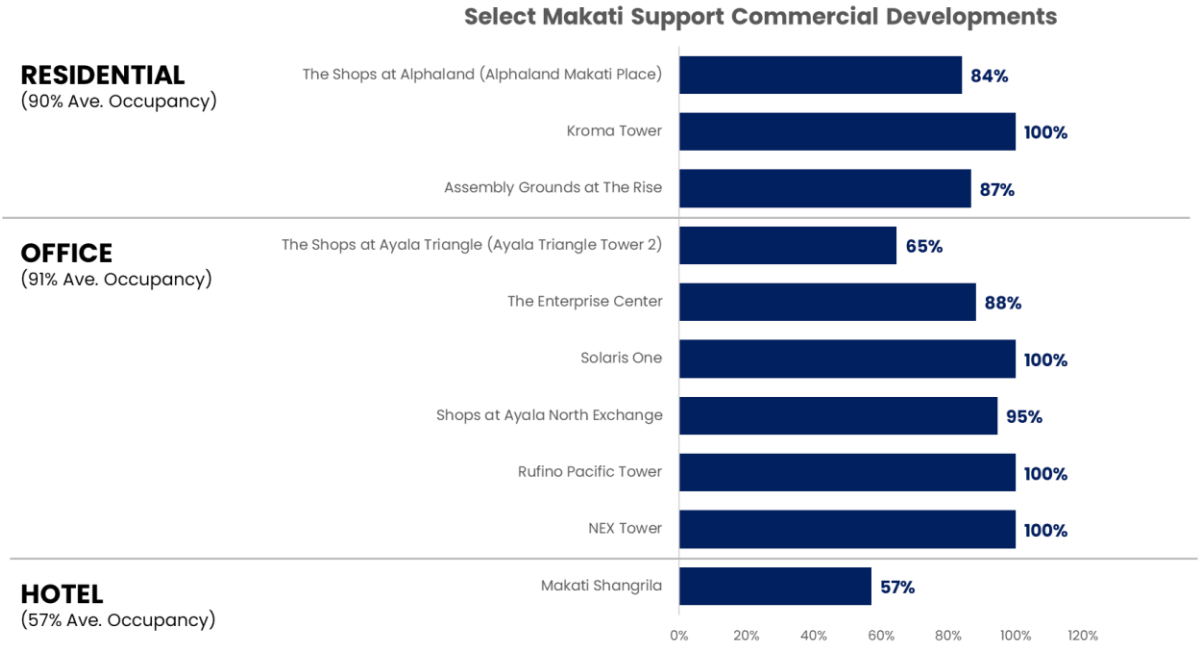
4.4.3. Makati High-End Support Commercial

Select Developments and Occupancy Rates



Based on a select sample of high-end support commercial developments in Makati, average occupancy stands at a healthy 88%, reflecting strong demand in prime-grade office environments, and high-end to luxury residential condominiums and hotels. Developments integrated with premium to luxury office towers report even higher occupancy levels of 90% to 91%, underscoring their role in enhancing tenant convenience and workplace experience.

Notably, Makati Shangri-La, the only luxury hotel in the sample with a retail component, posted a lower occupancy of 57%, attributed to expired leases pending replacement. Despite this, the overall outlook for support retail in Makati's top-tier buildings remains resilient and well-absorbed.

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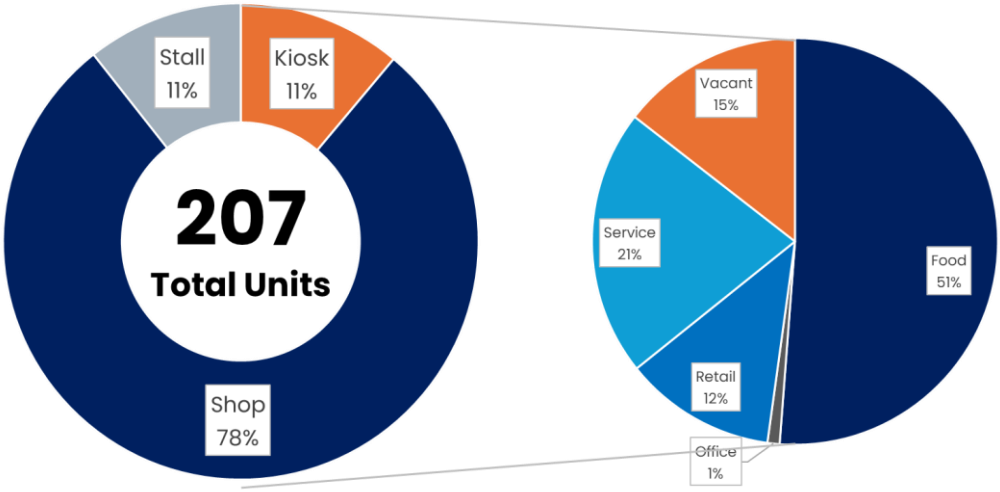
Unit Mix and Lease Terms



Type	Rent	Size in sqm	CUSA/sqm/month	Terms
Shop (including Anchor Tenants)	P1,000 – P3,300/sqm	19 - 330	P190 – P290	1 – 3 months advance, 2 – 4 months deposit, min. of 1 – 5 years contract term 5% - 10% escalation
Kiosk	P9,000 – P16,000 /unit/month	5 – 12		
Stall		9 – 11		

The data shows a total of 207 commercial units. There is a notable concentration of food establishments, accounting for 51% of the commercial space, followed by service-oriented businesses at 21%, and retail by 12%. The remaining space is divided by vacant spaces and offices.

One premium office tower, Zuellig Building, near the two Makati properties of PNB consist of food-type stalls. There is an existing shop which is Starbucks. Rents for the food stalls in Zuellig are at PHP16,000 per unit per month for a 10-square meter-sized stall.

Lease rates in Makati are on the high side, with shop rents reaching PHP3,300 per square meter per month with sizes ranging from 19 to 330 square meters. Kiosks and stalls are typically priced at around PHP9,000 per 5 to 12 square meters sized units.

In terms of operational costs, the common use service area (CUSA) charges are standardized across developments, ranging from PHP190 to PHP290 per square meter per month. Terms offer flexibility, with 1 to 3 months advance, and 2 to 4 months deposit, with a minimum contract term of 1 to 5 years. Rent escalation rates typically increase by 5% to 10% annually.

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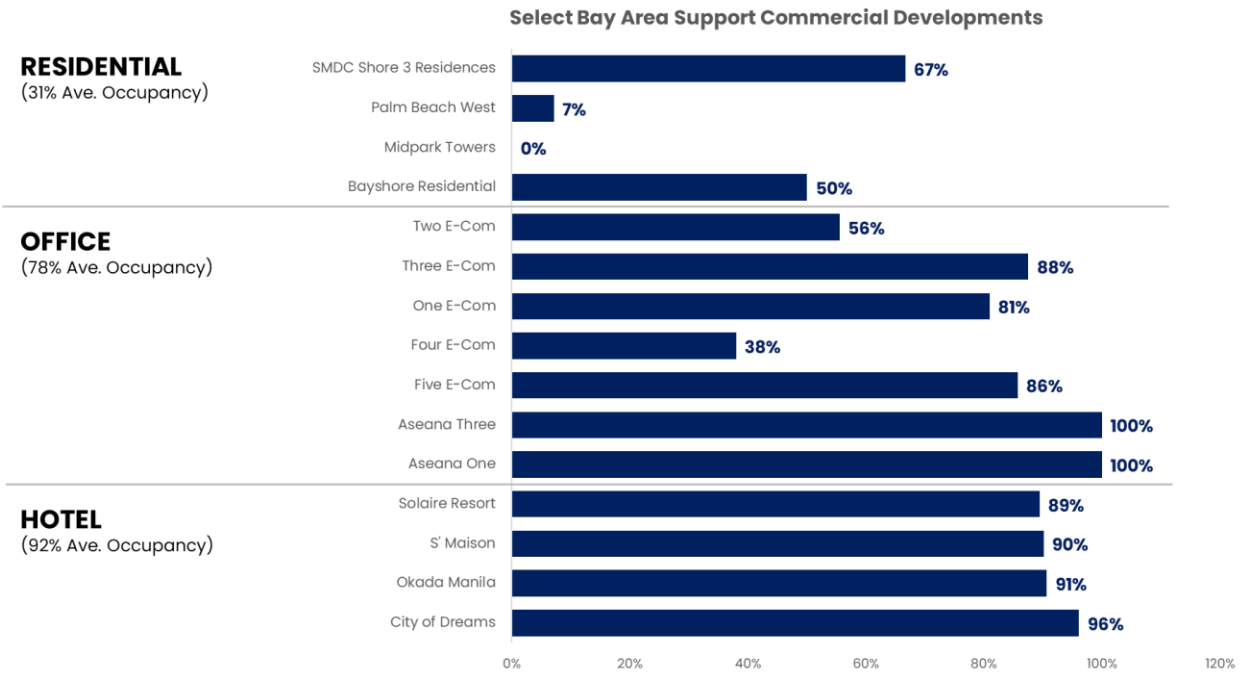
4.4.4. Bay Area High End Support Commercial

Select Developments and Occupancy Rates



The Bay Area is home to several premium to luxury hotels and integrated resorts, including Solaire, Okada Manila, City of Dreams, and S' Maison, which anchor high-performing support commercial spaces. These developments report an average occupancy of 91%, reflecting strong demand for upscale retail and lifestyle offerings.

While some residential-linked commercial such as Midpark Towers (0%) and Palm Beach West (7%) show weaker performance, overall support commercial occupancy in the Bay Area remains healthy. Mixed-use and entertainment-led projects—especially those tied to luxury hospitality—are driving robust leasing activity, reinforcing the Bay Area's position as a vibrant commercial and tourism hub.

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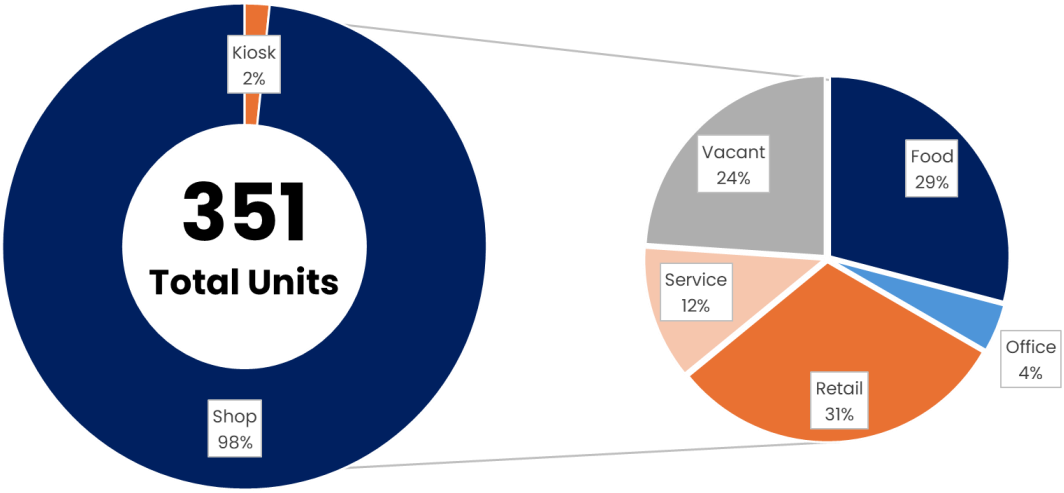
Unit Mix and Lease Terms



Type	Rent	Size in sqm	CUSA/sqm/month	Terms
Shop (including Anchor Tenants)	P1,000 – P3,100/sqm	15 - 696	P145 – P190	1 – 3 months advance, 3 – 6 months deposit, min. of 1 – 3 years contract term 5% - 10% escalation
Kiosk	P25,000/unit/month	12 - 18		

In the Bay Area, commercial support developments comprise a total of 351 units—98% are shops while the remaining are 2% kiosks. This shows a strong concentration of retail-type tenants with 31% and food-type tenants with 29%. This highlights sustained demand for consumer-driven offerings especially within the high end to luxury hotels. Service-oriented uses make up 12%, while office tenants occupy a minimal 4%. Current vacancy stands at 24%, suggesting available space for future leasing activity.

Rental rates for shops range from PHP1,000 to PHP3,100 per square meter per month, with CUSA charges between PHP145 to PHP190 per square meter per month. Kiosks lease for PHP12,000 per unit per month. Standard lease terms require 1 to 3 months advance rent, 3 to 6 months deposit, and a 1- to 3-year contract term, with 5% to 10% annual rent escalation. Overall, the structure offers flexible terms suited to a wide mix of tenants, reinforcing the Bay Area's appeal as a growing commercial destination.

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4.4.5. Retail Groups

The Philippines has several large retail groups that handle multiple brands. Foreign retailers also collaborate with these local partners as a mode of entry in the Philippine market. Major players in this market include Rustan Group (under which are Store Specialists Inc. and Rustan Coffee), Bistro Group, Moment Group, Jollibee Group, Max's Group, FooDee Global Concepts, Wildflour Hospitality Group, Tasteless Food Group. Together, these groups handle about 200 local and international brands comprised of a mix of F&B and retail shops. The Rustan Group offers a wide range of luxury retail and F&B brands. Bistro Group and Moment Group also have high end food brands in their mix.

Major Retail Groups

Rustand Group (SSI and Rustan Coffee)				
Acca Kappa	Cartier	Hogan	MakeRomm&More	Saladstop!
Alice+Olivia	Charriol	Hugo	Maje	Samsonite
Aerosoles	Clarins	JD	Marc Jacobs	Ssandro
Alo	Clarks	Jessica	Marks & Spencer	Shake Shack
Anastacia	Clinique	Jimmy Choo	Massimo Dutti	Smashbox
Anne Klein	Cortefiel	Jo Malone	Max & Co.	Springfield
American Tourister	Dashing Diva	Kate Spade	Michael Kors	Stradivarius
Armani Exchange	Diptyque	Kenneth Cole	Montblanc	Superga
McQueen	DKNY	Kenzo	Muji	Swarovski
Balenciaga	Drunk Elephant	Korres	NARS	Tod's
Bally	Dune	Kurt Geiger	Nine West	Tommy Hilfiger
Banana Republic	Estee Lauder	Lacoste	Old Navy	Tory Burch
Beauty Bar	Ferragamo	Lara Mercier	Payless	TWG
Boggi	Flying Tiger	LeSportsac	Pazzion	Venchi
Burberry	Furla	Leowe	Polo	Versace
Bally	Gap	Longchamp	Pottery Barn	west elm
Bershka	Givenchy	Lush	pottery barn kids	women's secret
Boss	Hamleys	Mac	Pull & Bear	Zara
Calvin Klein	Hermes	Macarena	Roger Vivier	Zegna
Bobbi Brown	Heybo	Maison Margiela	Saint Laurent	Starbucks Coffee
Bottega Veneta				

Bistro Group				
Siklab	Italianni's	Hard Rock Café	El Pollo Loco	the test kitchen 9780
Longhorn	Fish &n CO.	Bulgogi Brothers	My South Hall	Las Flores
Morton's	Denny's	Krazy Garlic	Randy's	Rambla
Red Lotus	TGI Fridays	Watami	Ember	Totatito
Olive Garden	Texas Roadhouse	Buffalo Wild Wings	Helm	Rumba
Secret Recipe	Modern Shanghai			

Moment Group			
Hayop	Ooma	The Mess Hall	Pancit Pancitan
Manam	Din Tai Fung	Moment Catering	Mama Nams
8 cuts	Mo Cookies	Bank Bar	

Jollibee Group				
Jollibee	Coffee Bean & tea Leaf	Highlands Coffee	Yonghe King	Rick Bayless Tortazo
Smash Burger	Chowking	Milksha	Hong Zhuang Yuan	
Tim Ho Wan	Red Ribbon	Greenwich	Mang Inasal	

Max's Group				
Max's	Jamba Juice	Dencio's	Kabisera	Sizzlin' Steak
Pancake House	Yellow Cab Pizza	Max's Bakery	Le Coeur De France	All About Chicken
Krispy Kreme	Teriyaki Boy	Maple	Singkit	

FooDee Global Brands

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Mesa	Pound Flatterie	Inihaw Express	Cerverseria	Cork
Kam's Roast	Bench Café	Handaan Express	Kain	Food District Signatures
Hawker Chan	Sunnies Café	Kain	Mangan	on 5th
Llaollao	Chin's Express	Seoul Good Korean Grill	Terraza Martinez	

Wildflour Hospitality Group		
Wildflour	Farmacy	Kei Maki
George and Onnie's	Pizza Sisters	Wildflour Pantry
Osteria Antica	Pink's	Wildflour To-go

Tasteless Food Group		
Hanamaruken	PizzaExpress	Bored and Hungry
Scout's Honor	Your Local	
The Matcha Tokyo	Gatsuman	

To maximize the retail area leased, the strategic approach is to partner with these large retail groups which are capable of bringing in multiple brands. These groups offer a curated mix of tenants that can be tailored to meet the building's target market segment. They can bring in brands for the mass market or high-end customers and have the ability to occupy larger footprints with tenants that have complementary concepts. This approach can simplify leasing, promote brand consistency, while providing diverse offerings within the retail space.

As discussed in previous sections, majority of support commercial space is dedicated to F&B offerings. They serve as amenities for employees, residents, or guests of the main portion of the building, offering convenience and opportunities for social engagement. F&B tenants consistently drive foot traffic and contribute to the enlivening the experience in the retail environment. Their presence not only fulfills daily needs of the community but can also enhance the overall appeal of the building as a lifestyle destination.

4.4.6. High End Support Commercial as Destination Retail

In contrast to traditional convenience-oriented commercial support space, destination retail focuses on attracting visitors from the outside because of unique tenants and/or the complementary tenant mix that allow high-quality experiences—which encourages longer and repeat visits.

Destination retail aligns with the expectations of tenants being in a prestige property—a building geared toward high-end tenancy, and it further reinforces the building's branding. Destination retail tenants have the ability to foster engagement, build community, and differentiate the property makes them valuable components of a strategic retail mix.

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Ultimately, positioning the support commercial as destination retail not only enhances a building's viability but also adds character to the building, draws a wider crowd, and gives tenants and visitors more reasons to stay, return, and connect with and within the space.

5. Overall Assessment and Recommendations

5.1. Sectoral Insights

5.1.1. Office Market

The Metro Manila office market recorded a vacancy rate of 17% in the first half of 2025, amounting to approximately 2.7 million square meters of vacant leasable space. Despite this, the market experienced a strong demand take-up of 581,000 square meters with BGC, Ortigas, and Quezon City contributing significant demand with 146,000 square meters, 126,000 square meters, and 102,000 square meters respectively. Bay Area and Makati experienced 78,000 square meters and 76,000 square meters of demand respectively. The POGO event has been a catalyst to accelerated migration with the surge of new buildings especially in 2019. In the same way, POGO exits has led to increased vacancies especially in older buildings prompting a shift towards newer, more modern office spaces.

Majority of vacated spaces are relocation which shows that flight-to-quality buildings will continue to be a trend and older buildings will be forced to replan and redevelop. Entering the post-pandemic market, office space leasing with a forecasted take-up of 1.9 million square meters will result to diminishing supply of office space over the next 3 years, where 2028 is expected to achieve a significant reduction in vacancy rates approaching single digit levels, indicating a shift towards a landlord-favorable market.

Makati and Bay Area are top locations in terms of demand for premium office buildings in Metro Manila, with a logged absorption of 24,000 square meters and 14,000 square meters respectively.

Makati Office Market

Makati remains the benchmark for prime office space in Metro Manila, commanding the highest transacted rental rates of PHP1,200 to PHP1,800 per square meter. Its position as the country's premier CBD is solidified by its low vacancy of 15%, and other factors such as its highly developed urban environment, excellent infrastructure, and a deep pool of multinational occupiers. Its stability, prestige, and long-term demand fundamentals continue to support resilient capital values and investor confidence.

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Bay Area Office Market

The Bay Area is poised to become the next CORE CBD, following the developmental trajectory of BGC and Makati. Despite its higher vacancy of 27%, its competitive rental rates ranging from PHP400 to PHP750 per square meter can be an attractive entry point for tenants and investors alike. It is emerging as Metro Manila's newest and fastest-growing commercial and lifestyle business district, rivaling BGC in potential but with first-mover advantage still intact. It is home to major developers such as SMDC, Federal Land, Ayala Land, and Megaworld. The location is also backed by billions in private and public investment, where it is rapidly transforming into a world-class hub for commerce, tourism, entertainment, and upscale living. With its strategic location, ongoing infrastructure boom, and rising land values, the Bay Area offers prime first-mover opportunities for institutional investors, developers, and corporate locators.

Demand and Timing

Makati

MAKATI	DECEMBER 2024	2025	2026	2027	2028	2029	2030
Pipeline Vacancy (excluding pre-pandemic)	-	5,484	78,210	-	-	60,000	85,020
Add: Previous Year's Vacancy	-	478,757	470,501	434,035	336,035	238,035	237,535
Add: Vacated Spaces (Contractions)	-	100,000	100,000	100,000	100,000	100,000	100,000
TOTAL VACANT SUPPLY	478,757	584,241	648,711	534,035	436,035	398,035	422,555
Less: Total Annual Demand	-	198,000	198,000	198,000	198,000	198,000	198,000
Total Oversupply	478,757	386,241	450,711	336,035	238,035	200,035	224,555
New Completions for the Year (Pipeline Gross Leasable Area)	-	7,714	80,292	-	-	195,000	170,040
Cumulative Supply (Gross Leasable Area)	3,824,525	3,832,239	3,912,531	3,912,531	3,912,531	4,107,531	4,227,571
Vacancy Rate	13%	10%	12%	9%	6%	5%	5%

Pipeline vacancy in Makati is expected to reach a single-digit level of 9% by 2027, reflecting sustained demand growth of 198,000 square meters and controlled supply expansion through the forecast period. The prime location of the two sites: (1) PNB Makati Center and the (2) Buendia corner Paseo de Roxas property within Metro Manila's most prestigious business address, together with the positive market data, strengthens the rationale for designating prime office use for both properties in 2027—where there is a more landlord-favorable market with office rent projected to be at PHP2,400 per square meter during this time.

This is further solidified by the low vacancy exhibited by prime office buildings in Makati such as Ayala Triangle Gardens Tower 2 with 1% vacancy and Zuellig Building with 3% vacancy. Grade A buildings near the sites are also experiencing low vacancy, such as Citibank Tower in Paseo de Roxas with 2% vacancy and NEX Tower along Ayala Avenue with 8% vacancy.

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Bay Area

BAY AREA	DECEMBER 2024	2025	2026	2027	2028	2029	2030
Pipeline Vacancy (excluding pre-pandemic)	-	56,376	66,135	-	-	-	-
Add: Previous Year's Vacancy	-	429,577	473,898	441,898	351,898	261,898	171,898
Add: Vacated Spaces (Contractions)	-	200,000	10,000	10,000	10,000	10,000	10,000
TOTAL VACANT SUPPLY	429,577	685,953	550,033	441,898	361,898	271,898	181,898
Less: Total Annual Demand	-	200,000	100,000	100,000	100,000	100,000	100,000
Total Oversupply	429,577	485,953	450,033	351,898	261,898	171,898	81,898
New Completions for the Year (Pipeline Gross Leasable Area)	-	56,376	76,544	-	-	-	-
Cumulative Supply (Gross Leasable Area)	1,960,750	2,017,126	20,923,670	2,093,670	2,093,670	2,093,670	2,093,670
Vacancy Rate	22%	24%	21%	17%	13%	8%	4%

Based on the figure above, the Bay Area is projected to reach single digit vacancy of 8% by year 2029, assuming office demand of 100,000 square meters remain constant until 2030. The strategic location of the site—the PNB Financial Center in Pasay city, is poised to become the next hotspot for prime office space in the Bay Area starting in 2029, when the market leans into a more landlord-favorable market with office rent projected to be at PHP1,400 per square meter at that time.

The immediate area already demonstrates strong leasing performance among Grade A assets:

- NexGen Tower in Central Business Park Island 1 is fully leased
- 8912 Asean Avenue, in Island 2, reports a low 4% vacancy, reinforcing sustained tenant interest in quality office stock within this precinct.

5.1.2. Residential Market

Metro Manila currently has 79,400 units of unsold inventory which translates to 31 months supply. A significant portion is concentrated in Quezon City, Ortigas, and the Bay Area, locations notably affected by the POGO exit. However, Makati and BGC/Taguig are doing well with relatively low unsold inventory, together comprising 7% of remaining units. Makati's remaining supply is set to be absorbed in 15 months.

Makati and Bay Area are home to the highest priced luxury units, ranging from PHP472,000 to PHP893,000 per square meter for Makati and PHP638,000 to PHP1,000,000 per square meter for Bay Area. Luxury units in these two areas post steady sales take-up per month, owing to Makati's position as a premier business district. On the other hand, Bay Area, while not recognized as a prime district, has close proximity to Manila Bay and resort-casino areas catered to HNWI, indicating a strong position for leisurely lifestyles.

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The market fundamentals show an opportunity to tap into the luxury segment of the Makati and Bay Area markets. While Metro Manila faces an oversupply three years of inventory, the luxury segment demonstrates resilience with largely stable sales levels even during periods with apparent sales slowdown in other segments.

The subject properties in Makati CBD along Ayala Avenue, at the corner of Senator Gil Puyat Avenue and Paseo de Roxas, as well as the property in Pasay along Diosdado Macapagal Boulevard are premium properties with the potential to be constructed with luxury residential condominium developments.

The Makati CBD properties can capitalize on their location being the in the premier business district, targeting HNWI, families living in prime villages of Makati, and executives working in Makati or BGC.

While Bay Area can position its luxury condominium project as a leisure development, targeting HNWI, rich retirees, executives or expats who want a leisurely lifestyle.

Makati Residential Market

Makati CBD is still considered the prime business districts, likely owing to the forward-thinking vision of its planners more than half a century ago. The business district is positioned virtually across the street from likewise prime villages, and it offers a healthy mix of office, retail, residential, and institutional developments. It also features modern infrastructure that promotes the smooth circulation of vehicles as well as pedestrians. However, Makati CBD's strength also stems from the commitment of its stakeholders to keeping the district up to date with the evolving needs of its residents, locators, and visitors. New infrastructure projects are currently underway to ease travel to and from the city, such as the subway project. Additionally, there are redevelopment and revitalization projects being implemented or in the planning stage—including the planned revisions to development restrictions on Makati CBD lots—to maintain the CBD's position as the premium business district in the country.

Being the prime business district makes Makati CBD the ideal choice for luxury condominium development. The strategic location, superior infrastructure, evolving landscape, and the prestige it offers matches the needs of the luxury target market. Potential buyers include HNWI, families of prime village property owners, and executives working in Makati or BGC.

Bay Area Residential Market

The Bay Area's traditional selling point is the view of Manila Bay, particularly the Manila Bay sunset. But with the influx of locators and the growth of new districts in the area created new value propositions.

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Bay Area is near resort-casino areas that cater to HNWI, indicating a strong position for leisurely lifestyles. This matches the profile of potential buyers of luxury residential units. The proximity of the area to the airport also makes it an attractive for foreigners looking for luxury properties, off the hyper-busy business districts, with a view of the bay, and near resort-casino hotels that target the same market segment.

Luxury Condominium Demand and Timing

	Park Central	The Estate	Eluria	Edades West	Park Villas	Banyan Tree Residences
City	Makati	Makati	Makati	Makati	Makati	Bay Area
Developer	Ayala Land Premier	SMDC-Federal Land	Arthaland	Rockwell Land	Ayala Land Premier	Banyan Tree Group
Launch Date	2016	2018	2022	2022	2024	2022
Turnover Date	North: 2027 South: 2028	2026	2027	2028	2030	2027
Unit Sizes (sqm)	2BR: 138 – 240 3BR: 224 – 335 4BR: 401 – 1,635	2BR: 151 3BR: 180 - 225 Sub-Penthouse: 381 - 465 Upper Penthouse: 611 – 759	3BR: 288 – 294 5BR: 570 - 580	2BR: 100 – 137 3BR: 161 – 373 3BR Penthouse: 383 - 483	4BR: 610	2BR: 134 – 213 3BR: 208 – 448 Penthouse: 888
Total Units	South: 281 North: 250	188	37	217	45	245
Remaining Inventory	South: 1 North: 3	60	16	22	27	183
% Sold	99%	68%	56%	90%	40%	25%
Price/sqm Range (PHP)	658K – 798K	600K – 703K	472K – 622K	607K – 680K	852K – 893K	638K – 1M
Take-up/month	South: 2 North: 2	2	1	6	1	1

Demand for luxury properties remained steady over the course of the pandemic and post-pandemic, even as the other residential condominium income segments suffered fluctuating

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sales. Based on the select developments in the preceding table, single-figure monthly take-up for luxury projects is normal, as these developments are not high density.

The ideal timing for developing a new luxury residential project is two years down the line. Metro Manila luxury condominiums presently have about two years remaining inventory, which means the market may have underserved demand by that time, provided there is no high volume of luxury developments launched during the period. Meanwhile, new luxury unit pricing can go as high as PHP893,000 per square meter for Makati CBD and PHP1,000,000 per square meter in the Bay Area in today's rates.

5.1.3. Hotel Market

Makati Hotel Market

Makati City Pipeline				
Developments	**Number of Keys**	**Segment**	**Accommodation Type**	**Opening Year**
Somerset Valero Makati	182	Upscale (PHP5,700 – PHP7,500)	Hotel	Q4 2025
Canopy by Hilton	400	Upscale (PHP5,700 - PHP7,500)	Hotel	2026
Mandarin Oriental Manila Makati City	276	Luxury (>PHP11,000)	Hotel	2026
Moxy Circuit Makati	260	Upper Midscale (PHP4,700 - PHP5,700)	Hotel	2026
Radisson Serviced Apartments Salcedo Makati	162	Upscale (PHP5,700 to PHP7,500)	Serviced Apartments	2026
Citadines Leviste Makati	244	Upscale (PHP5,700 to PHP7,500)	Serviced Apartments	2028

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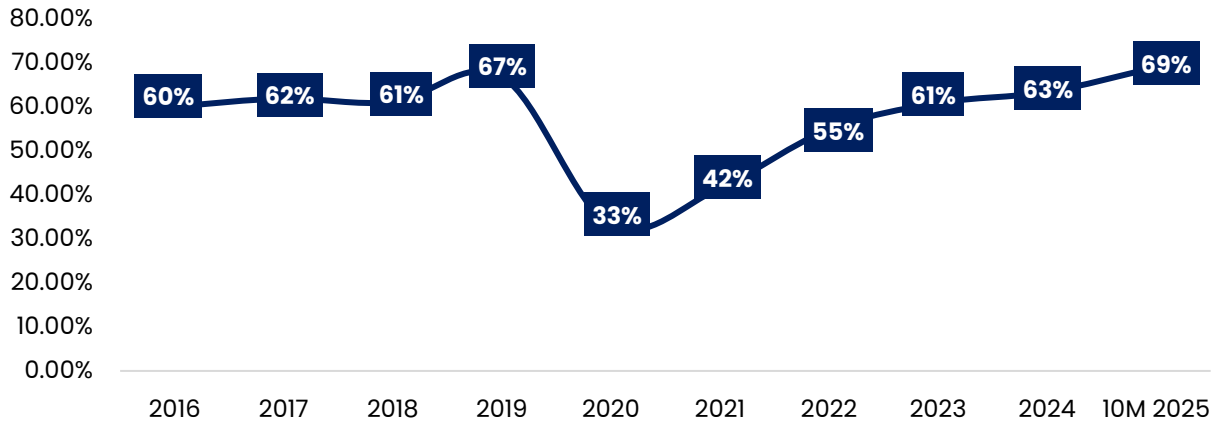
Despite Makati City's existing concentration of upscale hotels, developers continue to reinforce its reputation as a premier hospitality hub, with most of the upcoming hotel projects in the pipeline falling within the upscale to luxury segments. This sustained interest reflects the city's enduring appeal as a CBD and a high-value destination for both business and leisure travelers.

Historical Average Occupancy Rates of Luxury Hotels in Makati City



The luxury hotel segment has demonstrated robust performance, with occupancy rates as of October 2025 already exceeding pre-pandemic levels. This recovery has been driven by the resurgence of the MICE sector, a steady increase in overnight stays, and Makati's established role as a prime hub for corporate headquarters, consulates, and embassies. Looking ahead, the projected growth in domestic tourism, continued expansion of both local and international MICE activity, and the return of foreign visitors—supported by streamlined visa processes and improved air connectivity—are expected to further strengthen demand.

The case for further upscale and luxury hotel development remains compelling, even with several existing hotels in the area. Makati's strategic location, premium positioning, and high-spending visitor profile enable new hotels, especially those within the CBD—to command strong average daily rates (ADR) and maintain high occupancy. Additionally, while there are over 1,000 keys in the pipeline, nearly half (39%) are in the form of serviced apartments, which cater to a slightly different market, typically long-staying guests and business travelers seeking residential-style accommodations. This leaves room for new, well-branded upscale and luxury hotels to serve the growing demand for high-end short-stay options, particularly from corporate, MICE, and affluent leisure segments.

The ideal opening window for new upscale to luxury hotels in Makati City is between 2027 and 2029. This timeline aligns with the projected full recovery and growth of key demand drivers such as corporate travel, international tourism, and the MICE sector, all of which are expected to peak within the next three to five years. By entering the market after the current pipeline of

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over 1,000 keys, many of which are set to open between 2025 and 2026, new developments can avoid near-term saturation and benefit from stabilized occupancy and rate levels.

Bay Area

Bay Area Pipeline				
Developments	**Number of Keys**	**Segment**	**Accommodation Type**	**Opening Year**
Ascott DD Meridia Park Manila	**350**	**Upper Upscale (PHP7,500 to PHP11,000)**	**Serviced Apartments**	**2026**
The Narra Palm Hotel and Villa	**157**	**Luxury (>PHP11,000)**	**Hotel**	**TBA**

With the closure of Sofitel Philippine Plaza, a clear gap has emerged in the upscale to luxury hotel market in Pasay City, an area long known for its strategic proximity to major convention centers and event venues such as the Cultural Center of the Philippines (CCP), Philippine International Convention Center (PICC), World Trade Center Metro Manila, and SMX Convention Center.

This location advantage makes the project site uniquely positioned to cater to high-volume demand from the MICE sector and large-scale events. In 2024, Pasay recorded the fifth highest number of overnight stays in Metro Manila, underscoring sustained demand for quality accommodations. The strong performance of Sofitel during its years of operation further demonstrates that a well-positioned upscale hotel especially one offering premium amenities and unobstructed views can achieve high occupancy and command elevated room rates in this market. Given the area's appeal to business, government, and leisure travelers attending events, an upscale to luxury hotel is the most appropriate segment for the site. It offers the service level, design quality, and brand recognition that align with the expectations of high-value guests drawn to the area.

A targeted opening in 2028 would be ideal, aligning with the estimated completion of major convention center expansions and capturing renewed demand from both international and domestic markets as Pasay City reaffirms its role as a premier event and hospitality destination.

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5.1.4. Support Commercial Market

The high-end support commercial retail market across Metro Manila continues to demonstrate resilience, with average occupancy at 84%, driven by steady demand for premium dining, shopping, and lifestyle experiences. Locations such as Makati CBD and the Bay Area are notable standouts.

Makati, with its established luxury ecosystem, maintains one of the highest occupancy rates at 91%, reflecting strong alignment between retail offerings and affluent resident and office populations. Meanwhile, the Bay Area, despite a larger supply base, is evolving into a vibrant retail destination, supported by growing residential density and large-format mall anchors.

The tenant mix remains experience-led, dominated by F&B (36%) and retail brands (20%), including both international luxury names and curated local concepts. These formats cater to a discerning market segment and enhance the value proposition of integrated, high-end mixed-use developments. As urban lifestyles continue to shift post-pandemic, demand for well-located, amenity-rich retail spaces in luxury environments is expected to remain robust particularly in districts that offer strong foot traffic, connectivity, and brand synergy.

Makati High-End Retail Market

The high-end commercial/retail market in Makati is mostly located within premium grade office buildings, showing high occupancy of 91%. Tenants identified in these buildings are there to provide needs and services to employees of Philippine headquarters of multinational companies and It-BPM tenants occupying top floors.

Tenants are mostly F&B types, that are quick and easy to save time for employees going out for lunch or for grabbing food and drinks on the go. We have the staple sit-down fast food concepts such as those from the Jollibee Group and Max's Group, while we have Rustan Group, Wildflour Hospitality Group, Moment and Bistro Group, for the upper mid to high-end concepts.

Retail support for residential condominium buildings also doing well at 90% occupancy, spread across three high-end developments: Alphaland Makati Place, Kroma Tower, and the Assembly Grounds at The Rise. Tenants are mostly food and service concepts that draw in foot traffic to these developments, that aid in the appeal for future buyers and investors. These tenants are mostly high-end, foreign restaurant brands, and health/wellness-oriented tenants that typically target a premium-lifestyle driven market.

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Bay Area Retail Market

In contrast to Makati, the high-end commercial/retail market in the Bay Area is experiencing better occupancy within hotel developments. Despite more spaces present within premium grade office buildings, those that are located within hotel developments are performing well, with an average occupancy rate of 92% compared to those within office buildings that are only experiencing an occupancy rate of 78%.

This shows that the Bay Area is still a prime location for leisure and entertainment, and that these tenants are more luxury brands that can be classified as anchors to attract specific, high-end customers, and adds to the overall experience of guests staying within these luxury hotel developments. We have luxury retail brands such as Rolex, Cartier, Dior, Tiffany and Co., Gucci, Yves Saint Laurent and more.

Market Trends and Drivers

"Destination" Food and Retail Type Tenants

Developers and landlords are now prioritizing commercial-retail tenants that drive non-resident and non-employee foot traffic, whilst also elevating the perceived value of these developments that often support its premium lease rates. Some examples include curated restaurant and retail rows such as: The Assembly Grounds at The Rise in Makati, and those within Solaire Resort and Okada Manila in the Bay Area.

Tourism and Entertainment-Fueled Market

The Bay Area as a core CBD location for tourism and leisure activities anchored by its integrated resort-casino complexes and convention and entertainment venues creates consistent visitor demand for premium F&B, retail, and service tenants that add to the overall experience of being in the "Entertainment City" of Metro Manila.

5.2. Overall Considerations for Luxury Developments

Luxury real estate projects—whether prime office buildings, luxury residential condominiums, luxury hotels, or high-end retail—represent compelling opportunities in Metro Manila's evolving property landscape. These developments cater to HNWIs and institutional investors seeking exclusivity, prestige, and long-term value. However, success in this segment requires careful attention to strategic considerations beyond location and pricing.

One key challenge is the market saturation in adjacent high-end segments, which can dilute pricing power and slow absorption if projects lack a distinct value proposition. While luxury

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buyers are generally less sensitive to interest rate movements, prolonged macroeconomic volatility my influence liquidity and discretionary spending. Regulatory changes, like adjustments in zoning, FAR, or taxation, can also affect project feasibility and timelines, emphasizing the need for proactive compliance and planning. Brand positioning is critical—luxury buyers prioritize prestige and experience, and developments without strong branding or differentiation risk slower take-up and diminished investor confidence. Operational factors, including rising construction costs and supply chain disruptions, can impact delivery schedules and margins, while demand concentration—such as reliance on foreign buyers or MICE-driven hotel demand—introduces cyclical exposure.

To address these considerations and strengthen competitive advantage, luxury projects should integrate strategies that improve overall experience and align with global best practices. Branded partnerships with leading hospitality or lifestyle brands can enhance prestige and pricing power. Incorporating curated wellness amenities, art spaces, and destination dining concepts creates lifestyle ecosystems that resonate with discerning buyers. Sustainability leadership through LEED or WELL certifications and smart building technologies not only meets ESG standards but also attracts institutional investors. Ultra-exclusive configurations—such as limited inventory, private elevators, and bespoke interiors—reinforce scarcity and exclusivity. Mixed-use synergy, connecting luxury residential, office, retail, and hospitality components, enhances convenience and long-term value creation, while technology integration through smart home systems and digital leasing platforms improves operational efficiency.

By incorporating these strategies, projects can be positioned as future-ready investments that combined prestige, sustainability, and experiential living—ensuring resilience against market shifts and delivering enduring value in a competitive environment.

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6. Disclaimer and Limiting Conditions

This Final Report is prepared only for PNB Holdings Corporation (PHC) for the specific purpose of providing an analysis of the macroeconomic conditions, real estate market performance, and strategic opportunities in Metro Manila, with a focus on the Makati BD and Bay Area. It aims to support PHC's growth strategy as it positions for public listing. The discussions and analyses contained herein are based on information available at the time of preparation and remain subject to change and verification.

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