

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **30 September 2024**
2. Commission Identification Number: **167423** 3. BIR Tax Identification No.: **000-477-103**
4. **MEGAWORLD CORPORATION**
Exact name of issuer as specified in its charter
5. **Metro Manila, Philippines**
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. **30th Floor, Alliance Global Tower**
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City 1634
Address of issuer's principal office
8. **(632) 8894-6300/6400**
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
Common	32,558,251,872¹
Preferred	6,000,000,000
Total	38,558,251,872

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

Yes ☒ [X]

No ☐ []

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

The shares of common stock of the Company are listed on the Philippine Stock Exchange.

11. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26

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

and 141 of The Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports).

Yes [X] **No []**

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

Yes [X] **No []**

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Interim financial statements are attached as Exhibits 1 to 5 hereof and incorporated herein by reference:

Exhibit 1 - Consolidated Statements of Financial Position as of December 31, 2023
and September 30, 2024

Exhibit 2 - Consolidated Statements of Income for the periods ended September 30, 2024
and September 30, 2023

Exhibit 3 - Consolidated Statements of Changes in Equity as of September 30, 2024
and September 30, 2023

Exhibit 4 - Consolidated Statements of Cash Flow as of September 30, 2024 and
September 30, 2023

Exhibit 5 - Notes to Interim Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Please refer to Exhibit 6 hereof.

Item 3. Aging of Accounts Receivables

Please refer to Exhibit 7 hereof.

Item 4. Schedule of Financial Soundness Indicators

Please refer to Exhibit 8 hereof.

PART II – OTHER INFORMATION

The Company is not in possession of information which has not been previously reported in a report on SEC Form 17-C and with respect to which a report on SEC Form 17-C is required to be filed.

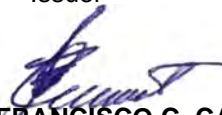
SIGNATURE

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

MEGAWORLD CORPORATION

Issuer

By:



DR. FRANCISCO C. CANUTO

Treasurer (Principal Financial Officer)

and Duly Authorized Officer

November 7, 2024

MEGAWORLD CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousand pesos)

EXHIBIT 1

	Unaudited September 30, 2024		Audited December 31, 2023	
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	P	15,846,914	P	25,115,017
Trade and other receivables - net		40,171,792		35,926,522
Contract assets		23,610,116		16,725,717
Inventories		135,297,961		134,493,092
Advances to contractors and suppliers		12,786,671		12,796,035
Prepayments and other current assets		14,764,788		13,580,397
Total Current Assets		242,478,242		238,636,780
NON-CURRENT ASSETS				
Trade and other receivables - net		33,918,800		28,758,159
Contract assets		9,740,992		8,995,733
Advances to contractors and suppliers		1,728,088		1,796,688
Advances to landowners and joint operators		8,682,649		8,160,418
Financial assets at fair value through other comprehensive income		5,490,958		5,390,622
Investments in associates -net		2,965,280		3,069,422
Investment properties - net		143,893,284		135,155,549
Property and equipment - net		7,314,062		7,273,195
Deferred tax assets - net		706,508		412,825
Other non-current assets - net		3,031,154		2,923,327
Total Non-current Assets		217,471,775		201,935,938
TOTAL ASSETS				
	P	459,950,017	P	440,572,718

	Unaudited September 30, 2024		Audited December 31, 2023	
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	P	19,082,385	P	16,625,470
Bonds and notes payable		-		11,997,992
Trade and other payables		29,786,303		26,394,004
Contract liabilities		2,256,855		1,763,383
Customers' deposits		9,552,683		9,440,842
Advances from other related parties		1,169,490		1,247,045
Income tax payable		47,104		69,134
Other current liabilities-net		8,540,080		8,837,346
Total Current Liabilities		70,434,900		76,375,216
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings		60,875,177		55,154,846
Bonds and notes payable		19,293,914		19,116,599
Contract liabilities		5,380,641		5,693,360
Customers' deposits		2,539,710		2,383,982
Deferred tax liabilities - net		16,579,929		14,587,513
Retirement benefit obligation-net		638,158		618,206
Other non-current liabilities -net		6,272,518		5,975,150
Total Non-current Liabilities		111,580,047		103,529,656
Total Liabilities		182,014,947		179,904,872
EQUITY				
Total equity attributable to the Company's shareholders		244,143,485		227,821,868
Non-controlling interests		33,791,585		32,845,978
Total Equity		277,935,070		260,667,846
TOTAL LIABILITIES AND EQUITY	P	459,950,017	P	440,572,718

MEGAWORLD CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
(In thousand pesos, except earnings per share)

EXHIBIT 2

	2024 Unaudited Jul 1 - Sep 30	2024 Unaudited Jan 1 - Sep 30	2023 Unaudited Jul 1 - Sep 30	2023 Unaudited Jan 1 - Sep 30
REVENUES AND INCOME				
Real estate sales	P 13,023,735	P 37,847,973	P 9,979,345	P 29,049,996
Rental income	4,826,845	14,155,199	4,495,813	13,294,685
Hotel operations	1,277,906	3,642,879	934,763	2,645,638
Interest and other income - net	<u>1,559,304</u>	<u>4,137,270</u>	<u>1,146,692</u>	<u>3,611,053</u>
	<u>20,687,790</u>	<u>59,783,321</u>	<u>16,556,613</u>	<u>48,601,372</u>
COSTS AND EXPENSES				
Cost of real estate sales	6,483,969	18,935,385	5,076,023	14,829,503
Cost of hotel operations	721,665	2,085,231	497,015	1,472,888
Operating expenses	5,134,421	13,911,351	3,917,511	11,694,227
Equity in net losses (earnings) of associates	(6,055)	104,142	94,799	76,524
Interest and other charges - net	961,691	5,403,851	1,721,981	4,315,849
Tax expense	<u>1,520,478</u>	<u>3,657,549</u>	<u>582,983</u>	<u>2,710,361</u>
	<u>14,816,169</u>	<u>44,097,509</u>	<u>11,890,312</u>	<u>35,099,352</u>
NET PROFIT FOR THE PERIOD	<u>P 5,871,621</u>	<u>P 15,685,812</u>	<u>P 4,666,301</u>	<u>P 13,502,020</u>
Net profit attributable to:				
Company's shareholders	P 5,174,962	P 13,727,122	P 4,144,544	P 12,021,165
Non-controlling interests	<u>696,659</u>	<u>1,958,690</u>	<u>521,757</u>	<u>1,480,855</u>
	<u>P 5,871,621</u>	<u>P 15,685,812</u>	<u>P 4,666,301</u>	<u>P 13,502,020</u>
Earnings Per Share :				
Basic	<u>P 0.162</u>	<u>P 0.436</u>	<u>P 0.133</u>	<u>P 0.389</u>
Diluted	<u>P 0.162</u>	<u>P 0.436</u>	<u>P 0.134</u>	<u>P 0.389</u>

MEGAWORLD CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousand pesos)

	2024 Unaudited Jul 1 - Sep 30		2024 Unaudited Jan 1 - Sep 30		2023 Unaudited Jul 1 - Sep 30		2023 Unaudited Jan 1 - Sep 30	
NET PROFIT FOR THE PERIOD	P	5,871,621	P	15,685,812	P	4,666,301	P	13,502,020
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to consolidated profit or loss:								
Fair value gains (losses) on financial assets at fair value through other comprehensive income		<u>138,360</u>	(	<u>474,817</u>)	(	<u>227,094</u>)		<u>173,609</u>
Items that will be reclassified subsequently to consolidated profit or loss:								
Unrealized gain (losses) on cash flow hedge		<u>115,220</u>		<u>59,511</u>	(	<u>16,101</u>)	(	<u>34,130</u>)
Exchange difference on translating foreign operations	(	<u>36,934</u>)	(	<u>25,052</u>)		<u>32,220</u>		<u>19,218</u>
		<u>78,286</u>		<u>34,459</u>		<u>16,119</u>	(	<u>14,912</u>)
Total Other Comprehensive Income (Loss)		<u>216,646</u>	(	<u>440,358</u>)	(	<u>210,975</u>)		<u>158,697</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	P	<u>6,088,267</u>	P	<u>15,245,454</u>	P	<u>4,455,326</u>	P	<u>13,660,717</u>
Total comprehensive income attributable to:								
Company’s shareholders		<u>5,376,796</u>		<u>13,325,851</u>		<u>3,956,198</u>		<u>12,171,222</u>
Non-controlling interests		<u>711,471</u>		<u>1,919,603</u>		<u>499,128</u>		<u>1,489,495</u>
	P	<u>6,088,267</u>	P	<u>15,245,454</u>	P	<u>4,455,326</u>	P	<u>13,660,717</u>

MEGAWORLD CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In thousand pesos)

EXHIBIT 3

	Unaudited September 30, 2024		Unaudited September 30, 2023	
CAPITAL STOCK	P	33,805,866	P	32,430,866
ADDITIONAL PAID-IN CAPITAL		18,233,481		16,995,981
TREASURY SHARES - AT COST	(	2,852,655 )	(	2,852,655)
REVALUATION RESERVES		11,363,786		10,744,801
RETAINED EARNINGS		183,593,007		167,487,296
NON-CONTROLLING INTERESTS		<u>33,791,585</u>		<u>32,675,576</u>
TOTAL EQUITY	P	<u>277,935,070</u>	P	<u>257,481,865</u>

MEGAWORLD CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousand pesos)

EXHIBIT 4

	Unaudited September 30, 2024	Unaudited September 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 19,343,361	P 16,212,381
Adjustments for:		
Depreciation and amortization	2,756,412	2,598,675
Interest and other charges	2,581,237	2,174,046
Interest and other income	(1,198,837)	(1,708,147)
Employee share options	7,753	3,105
Equity in net losses of associates	104,142	76,524
Operating profit before working capital changes	23,594,068	19,356,584
Net Changes in Operating Assets and Liabilities		
Increase in current and non-current assets	(20,926,408)	(17,756,396)
Increase in current and non-current liabilities	4,618,736	3,696,466
Cash generated from operations	7,286,396	5,296,654
Cash paid for income taxes	(1,467,399)	(1,118,153)
NET CASH FROM OPERATING ACTIVITIES	5,818,997	4,178,501
CASH FLOWS USED IN INVESTING ACTIVITIES	(8,887,292)	(5,725,929)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(6,199,808)	1,357,229
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,268,103)	(190,199)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	25,115,017	27,754,568
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	P 15,846,914	P 27,564,369

MEGAWORLD CORPORATION AND SUBSIDIARIES
(A Subsidiary of Alliance Global Group, Inc.)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(UNAUDITED)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

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

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

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

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

The Parent Company holds ownership interests in the following subsidiaries and associates:

Subsidiaries	Explanatory Notes	<u>Effective Percentage of Ownership</u>	
		<u>September 2024</u>	<u>December 2023</u>
Prestige Hotels and Resorts, Inc. (PHRI)		100%	100%
Richmonde Hotel Group International Ltd. (RHGI)		100%	100%
Eastwood Cyber One Corporation (ECOC)		100%	100%
Megaworld Cebu Properties, Inc. (MCP)		100%	100%
Megaworld Newport Property Holdings, Inc. (MNPHI)		100%	100%
Megaworld Oceantown Properties Inc. (formerly Oceantown Properties, Inc. (MOPI)		100%	100%
Luxury Global Hotels and Leisure, Inc. (LGHLI)		100%	100%
Arcovia Properties, Inc. (API)		100%	100%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership	
		September 2024	December 2023
Mactan Oceanview Properties and Holdings, Inc. (MOPHI)	(a)	100%	100%
Megaworld Cayman Islands, Inc. (MCII)	(a)	100%	100%
Piedmont Property Ventures, Inc. (PPVI)	(a)	100%	100%
Stonehaven Land, Inc. (SLI)	(a)	100%	100%
Streamwood Property, Inc. (SP)	(a)	100%	100%
Global One Integrated Business Services, Inc. (GOIBSI)		100%	100%
Luxury Global Malls, Inc. (LGMI)		100%	100%
Davao Park District Holdings, Inc. (DPDHI)		100%	100%
Belmont Newport Luxury Hotels, Inc. (BNLHI)	(g)	100%	100%
Global One Hotel Group, Inc. (GOHGI)		100%	100%
Landmark Seaside Properties, Inc. (LSPI)	(a)	100%	100%
Megaworld San Vicente Coast, Inc. (formerly: San Vicente Coast, Inc. (MSVCI)		100%	100%
Hotel Lucky Chinatown, Inc. (HLCI)		100%	100%
Savoy Hotel Manila, Inc. (SHMI)	(g)	100%	100%
Savoy Hotel Mactan, Inc. (SHM)	(g)	100%	100%
Kingsford Hotel Manila, Inc. (KHMI)	(g)	100%	100%
Agile Digital Ventures, Inc. (ADVI)		100%	100%
MREIT Fund Managers, Inc. (MFMI)	(f)	100%	100%
MREIT Property Managers, Inc. (MPMI)	(f)	100%	100%
MREIT, Inc. (MREIT)	(f)	51.33%	55.63%
Belmont Hotel Mactan Inc. (BHMI)	(g)	100%	100%
Grand Westside Hotel, Inc. (GWHI)	(k)	100%	100%
Megaworld Bacolod Properties, Inc. (MBPI)		91.55%	91.55%
Megaworld Central Properties, Inc. (MCPI)	(b)	76.55%	76.55%
Megaworld Capital Town, Inc. (MCTI)		76.28%	76.28%
Soho Café and Restaurant Group, Inc. (SCRGI)		75%	75%
La Fuerza, Inc. (LFI)		66.67%	66.67%
Megaworld-Daewoo Corporation (MDC)	(i)	60%	60%
Northwin Properties, Inc. (NWPI)		60%	60%
Gilmore Property Marketing Associates, Inc. (GPMAI)	(a, c)	52.14%	52.14%
Manila Bayshore Property Holdings, Inc. (MBPHI)	(d)	68.03%	68.03%
Megaworld Globus Asia, Inc. (MGAI)		50%	50%
Integrated Town Management Corporation (ITMC)		50%	50%
Maple Grove Land, Inc. (MGLI)		50%	50%
Megaworld Land, Inc. (MLI)		100%	100%
City Walk Building Administration, Inc. (CBAI)	(e)	100%	100%
Forbestown Commercial Center Administration, Inc. (FCCAI)	(e)	100%	100%
Paseo Center Building Administration, Inc. (PCBAI)	(e)	100%	100%
Uptown Commercial Center Administration, Inc. (UCCAI)	(e)	100%	100%
Iloilo Center Mall Administration, Inc. (ICMAI)	(e)	100%	100%
Newtown Commercial Center Administration, Inc. (NCCAI)	(e)	100%	100%
Valley Peaks Property Management, Inc. (VPPMI)	(e)	100%	100%
San Lorenzo Place Commercial Center Administration, Inc. (SLPCCAI)	(e)	100%	100%
Southwoods Lifestyle Mall Management, Inc. (SLMMI)	(e)	100%	100%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership	
		September 2024	December 2023
Cityfront Commercial Center			
Administration, Inc. (CCCAI)	(e)	100%	100%
Westside Commercial Center			
Administration Inc. (WCCAI)	(e)	100%	-
Suntrust Properties, Inc. (SPI)		100%	100%
Suntrust Ecotown Developers, Inc. (SEDI)		100%	100%
Governor's Hills Science School, Inc. (GHSSI)		100%	100%
Sunrays Property Management, Inc. (SPMI)		100%	100%
Suntrust One Shanata, Inc. (SOSI)	(a)	100%	100%
Suntrust Two Shanata, Inc. (STSI)	(a)	100%	100%
Stateland, Inc. (STLI)	(h)	98.41%	98.41%
Global-Estate Resorts, Inc. (GERI)	(m)	82.51%	82.32%
Elite Communities Property Services, Inc. (ECPSTI)	(n)	82.51%	82.32%
Southwoods Mall, Inc. (SMI)		91.09%	91.09%
Elite Club & Leisure Inc. (ECLI)	(k, n)	82.51%	82.32%
Integrated Resorts Property Management Inc. (IRPMI)	(k, n)	82.51%	82.32%
Megaworld Global-Estate, Inc. (MGEI)		89.39%	89.39%
Twin Lakes Corporation (TLC)		90.99%	90.99%
Twin Lakes Hotel, Inc. (TLHI)		90.99%	90.99%
Global-Estate Properties, Inc. (GEPI)	(n)	82.51%	82.32%
Aklan Holdings, Inc. (AHI)	(a, n)	82.51%	82.32%
Blu Sky Airways, Inc. (BSAI)	(a, n)	82.51%	82.32%
Fil-Estate Subic Development Corp. (FESDC)	(a, n)	82.51%	82.32%
Fil-Power Construction Equipment			
Leasing Corp. (FPCELC)	(a, n)	82.51%	82.32%
Golden Sun Airways, Inc. (GSAI)	(a, n)	82.51%	82.32%
La Compañia De Sta. Barbara, Inc. (LCSBI)	(n)	82.51%	82.32%
MCX Corporation (MCX)	(a, n)	82.51%	82.32%
Pioneer L-5 Realty Corp. (PLRC)	(a, n)	82.51%	82.32%
Prime Airways, Inc. (PAI)	(a, n)	82.51%	82.32%
Sto. Domingo Place Development			
Corp. (SDPDC)	(n)	82.51%	82.32%
Fil-Power Concrete Blocks Corp. (FPCBC)	(a, n)	82.51%	82.32%
Fil-Estate Industrial Park, Inc. (FEIPI)	(a)	65.03%	65.03%
Sherwood Hills Development, Inc. (SHD)		45.28%	45.28%
Global-Estate Golf and Development, Inc. (GEGDI)	(n)	82.51%	82.32%
Golforce, Inc. (Golforce)	(n)	82.51%	82.32%
Southwoods Ecocentrum Corp. (SWEC)		49.39%	49.39%
Philippine Aquatic Leisure Corp. (PALC)	(a)	49.39%	49.39%
Fil-Estate Urban Development Corp. (FEUDC)	(n)	82.51%	82.32%
Novo Sierra Holdings Corp. (NSHC)	(a, n)	82.51%	82.32%
Global Homes and Communities, Inc. (GHCI)	(a, n)	82.51%	82.32%
Savoy Hotel Boracay, Inc. (SHBI)	(n)	82.51%	82.32%
Belmont Hotel Boracay, Inc. (BHBI)	(n)	82.51%	82.32%
Oceanfront Properties, Inc. (OFPI)		41.13%	41.13%

Subsidiaries	Explanatory Notes	Effective Percentage of Ownership	
		September 2024	December 2023
Empire East Land Holdings, Inc. (EELHI)		81.73%	81.73%
Eastwood Property Holdings, Inc. (EPHI)		81.73%	81.73%
Valle Verde Properties, Inc. (VVPI)	(a)	81.73%	81.73%
Sherman Oak Holdings, Inc. (SOHI)	(a)	81.73%	81.73%
Empire East Communities, Inc. (EECI)	(a)	81.73%	81.73%
20 th Century Nylon Shirt Co., Inc. (20th Century)	(a)	81.73%	81.73%
Laguna BelAir Science School, Inc. (LBASSI)	(l)	59.67%	59.67%
Sonoma Premier Land, Inc. (SPLI)	(a)	49.04%	49.04%
Pacific Coast Megacity, Inc. (PCMI)	(j)	58.53%	58.53%
Megaworld Resort Estates, Inc. (MREI)	(b, c)	51%	51%
Townsquare Development, Inc. (TDI)		30.60%	30.60%
Golden Panda-ATT Realty Corporation (GPARC)		30.60%	30.60%
Associates			
Bonifacio West Development Corporation (BWDC)		46.11%	46.11%
Palm Tree Holdings and Development Corporation (PTHDC)	(a)	40%	40%
Suntrust Resort Holdings, Inc., formerly Suntrust Home Developers, Inc. (SUN)		34%	34%
SWC Project Management Limited (SWCPML)		34%	34%
WC Project Management Limited (WCPML)		34%	34%
Suncity WC Hotel Inc. (Suncity WC)		34%	34%
GERI			
Fil-Estate Network, Inc. (FENI)	(a)	16.46%	16.46%
Fil-Estate Sales, Inc. (FESI)	(a)	16.46%	16.46%
Fil-Estate Realty and Sales Associates, Inc. (FERSAI)	(a)	16.46%	16.46%
Fil-Estate Realty Corp. (FERC)	(a)	16.46%	16.46%
Nasugbu Properties, Inc. (NPI)		11.52%	11.52%

Explanatory Notes:

- (a) These are entities which have not yet started commercial operations or are non-operating entities as at September 30, 2024.
- (b) As at September 30, 2024, the Parent Company owns 76.55% of MCPI consisting of 51% direct ownership, 18.97% indirect ownership through EELHI and 6.58% indirect ownership through MREI.
- (c) As at September 30, 2024, the Parent Company's ownership in GPMAI is at 52.14%, which consists of 38.72% and 13.42% indirect ownership from EELHI and MREI, respectively.
- (d) As at September 30, 2024, the Parent Company owns 68.03% of MBPHI, which consists of 67.43% direct ownership and 0.60% indirect ownership from TIHGL.
- (e) These were incorporated to engage in operation, maintenance, and administration of various malls and commercial centers. These companies became subsidiaries of the Parent Company through MLI, their immediate parent company.
- (f) MFMI is engaged in the business of providing fund management services to real estate investment trust (REIT) companies. MPMI is engaged in the business of providing services in relation to property management, lease management, marketing and project management. MREIT is engaged in the business of a REIT, as provided under Republic Act (R.A.) No. 9856, *The Real Estate Investment Trust Act of 2009*, including its implementing rules and regulations, and other applicable laws. As of 2023, ownership is at 55.63%. In April and June 2024, the Parent Company disposed certain no. of shares, resulting to the decrease in ownership to 51.33%.
- (g) These were incorporated to engage in owning, leasing, operation and management of hotels.
- (h) As of September 30, 2024, the effective ownership of the Company over STLI is 98.41%, consisting of 18.84% direct ownership and 79.47% indirect ownership through SPI.
- (i) The ownership structure of this entity remains at 60% owned by the Parent Company after a decrease in capital in 2021.
- (j) PCMI is a subsidiary through EELHI. In 2021, certain number of shares owned by the Ultimate Parent Company were transferred to the Parent Company, increasing the effective ownership of the Parent Company to 58.53%, which consists of 25.83% direct ownership and 32.69% indirect ownership from EELHI.

- (k) Newly incorporated subsidiaries in 2023.
- (l) LBASSI is a subsidiary through EELHI primarily engaged in operating a school for primary and secondary education. In 2022, the subsidiary ceased its operations.
- (m) In April 2024, the Parent Company acquired additional shares of GERI, increasing its ownership interest to 82.51%.
- (n) Subsidiaries of GERI. As a result of the additional investments in GERI in 2024, the Parent Company's indirect ownership interest over these subsidiaries increased in proportion to the increase in effective interest over GERI.

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

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

The Parent Company and its subsidiaries, except for entities which have not yet started commercial operations as at September 30, 2024, are presently engaged in the real estate business, hotel, condominium-hotel operations, construction, restaurant operations, business process outsourcing, educational facilities provider, property management operations, fund management operations, marketing services and e-commerce.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the audited consolidated financial statements as of and for the year ended December 31, 2023, except for the application of amendments to standards that became effective on January 1, 2024 (see note 2.2)

2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

These interim unaudited condensed consolidated financial statements for the nine months ended September 30, 2024 and 2023 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. These do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2023.

The interim unaudited condensed consolidated financial statements have been prepared using the measurement bases specified by the Philippine Financial Reporting Standards (PFRS). These interim consolidated financial statements are presented in Philippine Peso, the Group's presentation and functional currency, and all values represent absolute amounts except when otherwise indicated. Items included in the interim consolidated financial statements of the Group are measured using the Group's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

(b) SEC Financial Reporting Reliefs Availed by the Group

The Group has availed of several financial reporting reliefs granted by the SEC relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry under following Memorandum Circular (MC):

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

In accordance with MC No. 08-2021, *Amendment to SEC MC No. 14-2018, MC No. 03-2019, MC No. 04-2020, and MC No. 34-2020 to Clarify Transitory Provision*, the Group opted to avail of the following financial reliefs, with the descriptions of the implementation issues and their qualitative impacts to the consolidated financial statements, until the end of the deferment period as provided under the relevant MC.

- (i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry (deferred until December 31, 2023)

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

As at September 30, 2024, the Group adopted the IFRIC agenda decision using the modified retrospective approach. The Group recognized the impact of the change against the beginning retained earnings and non-controlling interest in 2024 amounting to P1 billion and P48 million, respectively. The impact to the comparative accounts are increase (decrease) in: current assets amounting to (P1.4 billion), non-current assets amounting to P282 million and non-current liabilities amounting to (P67 million).

- (ii) PIC Q&A No. 2018-12-D, *Concept of the Significant Financing Component in the Contract to Sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments* (deferred until December 31, 2023)

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant.

As at September 30, 2024, the Group adopted the guidelines of the Financial Reporting Reliefs granted by the SEC. It assessed and has determined that the impact on the existing contracts is not material for the years presented and the beginning balance of retained earnings. Consequently, no adjustments have been made relative to the adoption. The Group will continue to assess new contracts to determine if the significant financing component is material and for recognition.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2023 that are Relevant to the Group

The Group adopted in 2023 the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice		
Statement 2 (Amendments):		Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	:	Definition of Accounting Estimates
PAS 12 (Amendments)	:	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements.

- (i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

- (ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Group's consolidated financial statements.
- (iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities 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). Management assessed that the application of such amendments had no significant impact on the Group's consolidated financial statements.

(b) *Effective in 2023 that is not Relevant to the Group*

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the Group's consolidated financial statements.

(c) *Effective in 2024*

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

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)

- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

(d) *Effective Subsequent to 2024 but not Adopted Early*

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing the interim condensed consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim condensed consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements as at and for the year ended December 31, 2023.

The Group performed its annual impairment test of goodwill and other intangible assets with indefinite useful life at year end and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill arising from business combination and other intangible assets is based on value-in-use calculations. The Group considers the relationship between the market capitalization of the subsidiaries and its net book value, among other factors, when reviewing for indicators of impairment. The Group's management assessed that for the nine months ended September 30, 2024 and as at December 31, 2023, goodwill arising from business combination and other intangible assets with indefinite useful life are not impaired.

4. SEGMENT INFORMATION

4.1 Business Segments

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

4.2 Segment Assets and Liabilities

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

4.3 Intersegment Transactions

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

4.4 Analysis of Segment Information

The tables presented below present revenue and profit information regarding industry segments for the nine months ended September 30, 2024 and 2023 and certain asset and liability information regarding segments as at September 30, 2024 and 2023.

	September 30, 2024			
	Sale of Goods – Real estate	Sale of Services		Total
		Rental	Hotel Operations	
TOTAL REVENUES				
Sales to external customers	P 37,847,973,300	P 14,155,199,319	P 3,642,878,798	P 55,646,051,417
Interest income on real estate sales	1,138,573,087	-	-	1,138,573,087
Intersegment sales	-	1,013,053,904	-	1,013,053,904
Total Revenues	<u>38,986,546,387</u>	<u>15,168,253,223</u>	<u>3,642,878,798</u>	<u>57,797,678,408</u>
COSTS AND OTHER OPERATING EXPENSES				
Costs of sales and services	26,417,144,781	1,768,653,881	3,123,583,375	31,309,382,037
Depreciation and amortization	269,396,187	2,236,112,841	142,550,138	2,648,059,166
	<u>26,686,540,968</u>	<u>4,004,766,722</u>	<u>3,266,133,513</u>	<u>33,957,441,203</u>
SEGMENT OPERATING PROFITS	<u>P 12,300,005,419</u>	<u>P 11,163,486,501</u>	<u>P 376,745,285</u>	<u>P 23,840,237,205</u>
ASSETS AND LIABILITIES				
Segment assets	<u>P 282,492,218,762</u>	<u>P 150,157,103,350</u>	<u>P 6,623,347,136</u>	<u>439,272,669,248</u>
Segment liabilities	<u>P 115,084,532,820</u>	<u>P 61,044,739,178</u>	<u>P 2,845,284,125</u>	<u>178,974,556,123</u>

	September 30, 2023			
	Sale of Goods –	Sale of Services		
	Real estate	Rental	Hotel Operations	Total
TOTAL REVENUES				
Sales to external customers	P 29,049,996,402	P 13,294,684,653	P 2,645,637,828	P 44,990,318,883
Interest income on real estate sales	731,320,928	-	-	731,320,928
Intersegment sales	-	454,118,912	-	454,118,912
Total Revenues	<u>29,781,317,330</u>	<u>13,748,803,565</u>	<u>2,645,637,828</u>	<u>46,175,758,723</u>
COSTS AND OTHER				
OPERATING EXPENSES				
Costs of sales and services	20,275,093,041	1,645,462,823	2,257,209,155	24,177,765,019
Depreciation and amortization	<u>234,189,926</u>	<u>2,131,587,546</u>	<u>126,933,358</u>	<u>2,492,710,830</u>
	<u>20,509,282,967</u>	<u>3,777,050,369</u>	<u>2,384,142,513</u>	<u>26,670,475,849</u>
SEGMENT OPERATING				
PROFITS	<u>P 9,272,034,363</u>	<u>P 9,971,753,196</u>	<u>P 261,495,315</u>	<u>P 19,505,282,874</u>
ASSETS AND LIABILITIES				
Segment assets	<u>P 266,553,780,613</u>	<u>P 142,514,207,648</u>	<u>P 5,640,605,364</u>	<u>P 414,708,593,625</u>
Segment liabilities	<u>P 118,752,061,231</u>	<u>P 49,470,725,914</u>	<u>P 1,712,117,563</u>	<u>P 169,934,904,708</u>

4.5 Reconciliations

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

	September 30, 2024	September 30, 2023
Revenues		
Total segment revenues	P 57,797,678,408	P 46,175,758,723
Unallocated interest and other income	2,998,696,446	2,879,732,306
Elimination of intersegment sales	(1,013,053,904)	(454,118,912)
Revenues as reported in profit or loss	<u>P 59,783,320,950</u>	<u>P 48,601,372,117</u>
Profit or loss		
Segment operating profit	P 23,840,237,205	P 19,505,282,874
Unallocated interest and other income	2,998,696,446	2,879,732,306
Unallocated interest and other charges	(5,403,851,054)	(4,315,848,808)
Equity share in net earnings (losses)	(104,141,835)	(76,523,882)
Other unallocated expenses	(1,987,579,483)	(1,780,261,553)
Profit before tax as reported in profit or loss	<u>P 19,343,361,279</u>	<u>P 16,212,380,937</u>

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Assets		
Segment assets	P 439,272,669,248	P 414,708,593,625
Investments in associates	2,965,280,489	3,061,659,320
Financial assets at fair value through other comprehensive income	5,490,957,767	5,441,448,989
Advances to other related parties	6,304,113,167	6,620,162,410
Other unallocated assets	<u>5,916,997,005</u>	<u>3,526,708,912</u>
Total assets reported in the consolidated statements of financial position	<u>P 459,950,017,676</u>	<u>P 433,358,573,256</u>
Liabilities		
Segment liabilities	P 178,974,556,123	P 169,934,904,708
Advances from associates and other related parties	1,169,490,375	1,474,491,672
Other unallocated liabilities	<u>1,870,900,924</u>	<u>4,467,311,645</u>
Total liabilities reported in the consolidated statements of financial position	<u>P 182,014,947,422</u>	<u>P 175,876,708,025</u>

5. EARNINGS PER SHARE

Earnings per share (EPS) amounts were computed as follows:

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Net profit attributable to Company's Shareholders	P 13,727,122,608	P 12,021,164,777
Computed dividends on cumulative preferred shares series "A"	(449,180)	(448,767)
Profit available to Company's common shareholders	<u>P 13,726,673,428</u>	<u>P 12,020,716,010</u>
Divided by weighted average number of outstanding common shares	<u>31,489,365,011</u>	<u>30,894,891,678</u>
Basic EPS	<u>P 0.436</u>	<u>P 0.389</u>
Divided by weighted average number of outstanding common shares and potential dilutive shares	<u>31,489,365,011</u>	<u>30,913,628,843</u>
Diluted EPS ¹	<u>P 0.436</u>	<u>P 0.389</u>

¹The Company has no diluted shares for the third quarter of 2024 as the average market price of stock option is lower than the exercise price.

6. COMMITMENTS AND CONTINGENCIES

There are commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying interim condensed consolidated financial statements. The management of the Group is of the opinion, that losses, if any, from these items will not have any material effect on its consolidated financial statements.

In addition, there are no material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

7. SEASONAL FLUCTUATIONS

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

8. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial instruments such as cash and cash equivalents, financial assets at fair value through other comprehensive income (FVOCI), interest-bearing loans and borrowings, bonds payable, trade receivables and payables which arise directly from the Group's business operations. The financial liabilities were issued to raise funds for the Group's capital expenditures.

Exposure to currency, interest rate, credit, liquidity and equity risk arises in the ordinary course of the Group's business activities. The main objective of the Group's risk management is to identify, monitor, and minimize those risks and to provide cost with a degree of certainty.

The Group does not actively engage in the trading of financial assets for speculative purposes.

8.1 Foreign Currency Sensitivity

Most of the Group's transactions are carried out in Philippine peso, its functional currency. Exposures to currency exchange rates arise mainly from the Group's U.S. dollar-denominated cash and cash equivalents, loans and bonds payable which have been used to fund new projects and for general corporate purposes.

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions and mainly affect consolidated profit or loss of the Group. There are no material exposures on foreign exchange rate that affect the Group's consolidated other comprehensive income (loss).

8.2 Interest Rate Sensitivity

The Group's interest risk management policy is to minimize interest rate and cash flow risk exposures to changes in interest rates. The Group maintains a debt portfolio unit of both fixed and floating interest rates. Most long-term borrowings are subject to fixed interest rate while other financial assets are subject to variable interest rates.

The Group manages its interest risk by leveraging the fixed interest rate debt obligations over the floating interest rate debt obligations in its debt portfolio.

8.3 Credit Risk

The Group's credit risk is attributable to trade receivables, rental receivables and other financial assets. The Group maintains defined credit policies and continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

8.4 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week, as well as on the basis of a rolling 30-day projection. Long-term needs for a nine-month and a one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day period. Excess cash are invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

8.5 Other Price Risk Sensitivity

The Group's market price risk arises from its financial assets at FVOCI carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

The investments in listed equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

9. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

9.1 Carrying Amounts and Fair Values by Category

The carrying values and fair values of the categories of financial assets and liabilities presented in the consolidated statements of financial position are shown below.

	September 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets				
At amortized cost:				
Cash and cash equivalents	P 15,846,914,239	P 15,846,914,239	P 25,115,017,234	P 25,115,017,234
Trade and other receivables - net	74,090,591,926	73,024,517,055	64,684,680,752	63,994,382,334
Guarantee and other deposits	930,219,387	930,219,387	890,420,128	890,420,128
	<u>P 90,867,725,553</u>	<u>P 89,801,650,682</u>	<u>P 90,690,118,114</u>	<u>P 89,999,819,696</u>
Financial assets at FVTPL –				
Derivative assets	<u>P 199,950,083</u>	<u>P 199,950,083</u>	<u>P 62,038,593</u>	<u>P 62,038,593</u>
Financial assets at FVOCI –				
Equity securities	<u>P 5,490,957,767</u>	<u>P 5,490,957,767</u>	<u>P 5,390,622,368</u>	<u>P 5,390,622,368</u>
Financial Liabilities				
At amortized cost:				
Interest-bearing loans and borrowings	P 79,957,562,143	P 79,466,710,173	P 71,780,316,218	P 70,784,042,923
Bonds and notes payable	19,293,914,216	18,506,266,893	31,114,591,251	30,360,173,852
Trade and other payables	29,786,303,052	28,789,798,879	26,394,004,577	26,156,848,944
Advances from other related parties	1,169,490,375	1,169,490,375	1,247,044,914	1,247,044,914
Other liabilities	1,034,525,295	1,034,525,295	2,551,442,556	2,551,442,556
	<u>P 131,241,795,081</u>	<u>P 128,966,791,615</u>	<u>P 133,087,399,516</u>	<u>P 131,099,553,189</u>

9.2 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset based of the instrument. When the Parent company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

10. OTHER MATTERS

10.1 Increase in Authorized Capital Stock

The BOD and stockholders approved in their meetings dated March 25, 2024 and May 13, 2024, respectively, the increase in the authorized capital stock (ACS) of 5.5 billion shares with par value of P1 per share. On July 29, 2024, the SEC approved the P5.5 billion increase in ACS. As at August 1, 2024, 1.375 billion shares were subscribed and paid by AGI at the price of P1.90 per share for a total subscription price of P2.6 billion.

10.2 Property-for- Shares Swap

On May 10, 2024, the BOD of the Company approved the subscription of 926,162,000 common shares in MREIT, for a total subscription price of Php13.15 billion to be paid by way of transfer of six grade A buildings located in PEZA-registered zones.

On October 10, 2024, the SEC issued confirmation of the valuation of the property-for-share swap transaction between the Company and MREIT, dated 09 October 2024. Accordingly, the Company's direct ownership increased to 63.44% of the total issued and outstanding capital stock of MREIT.

10.3 Cash Dividends

On October 21, 2024, the BOD of the Company declared cash dividends of Php0.08 per share on its outstanding common shares. This will be payable on November 18, 2024.

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

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

Review of September 30, 2024 versus September 30, 2023

Megaworld, the country's leading township developer, achieved a net income of Php 15.69 billion in the third quarter of 2024, up by 16.17% from Php 13.50 billion in the same period last year. Net income attributable to the parent company stood at Php 13.73 billion, marking a 14.19% growth from prior year.

The Group's consolidated revenues soared by an impressive 23.01% to Php 59.78 billion in the third quarter of 2024 from Php 48.60 billion in the same period last year. Core revenues amounted to Php 55.65 billion, resulting from strong property sales and sustained growth in leasing and hotel income, 23.68% higher than the Php 44.99 billion revenues of the same period last year.

Development. The bulk of Megaworld's consolidated revenues were derived from various product portfolios, with a significant 63.31% of total revenues arising from the sale of condominium units and commercial lots. Notably, real estate sales exhibited robust growth, with a year-on-year increase of 30.29%, reaching a total of Php 37.85 billion in the third quarter compared to the previous year's figure of Php 29.05 billion. This surge was largely attributed to increased construction activities throughout the year. A significant portion of the Group's registered sales was attributed to several key projects, including: Vion Tower, Sunny Coast Residential Resort, Park Mckinley West and Park Mckinley West Towers C & D, Arden Botanical Village, Manhattan Plaza Tower 2, One Uptown Residence, Uptown Arts Residences, Belmont Hotel Iloilo, Uptown Ritz Residence, The Pinnacle, The Palladium, Arden Westpark Village, Forbes Hill, La Victoria Global Residences, The Florence, Grand Westside Hotel, Eastwood Global Plaza Luxury Residence, Bayshore Residential Resort 2 Phase 2, Uptown Parksuites Tower 2, Mactan Belmont Luxury Hotel, Maple Grove Park Village, One Eastwood Avenue Tower 2, Gentry Manor, 18 Avenue De Triomphe, Eastwood Le Grand Tower 2 and One Manhattan.

Leasing. The Group's rental businesses, consisting of office and lifestyle mall leasing, yielded an increase of 6.47%, from the previous year's Php 13.29 billion to Php 14.16 billion in the third quarter of 2024, thereby contributing 23.68% of the total consolidated revenues.

Hotel Operations. The Group's revenues attributable to hotel operations posted a milestone growth of 37.69%, soared to Php 3.64 billion in the third quarter of 2024 compared to Php 2.65 billion from the same period last year.

Total costs and expenses amounted to Php 44.10 billion, an increase of 25.64% from Php 35.10 billion in the same period last year. Interest and other charges – net increased by 25.21%, amounting to Php 5.40 billion this year from Php 4.32 billion in third quarter of 2023. Tax expense in 2024 amounting to Php 3.66 billion resulted in an increase of 34.95% from 2023 reported amount of Php 2.71 billion.

There were no seasonal aspects that had a material effect on the financial condition or financial performance of the Group. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales or revenues or income from continuing operations. The Group is not aware of events that will cause material change in the relationship between costs and revenues.

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

Financial Condition

The Group maintains a prudent financial policy as it engages in a more competitive and challenging environment. The Group's Statements of Financial Position reflects stable financial growth. Total resources as at September 30, 2024 amounted to Php 459.95 billion, posting an increase of 4.40% compared to Php 440.57 billion as at December 31, 2023.

The Group shows steady liquid position as at September 30, 2024 as reflected in its current assets at Php 242.48 billion as against its current obligations at Php 70.43 billion. Current assets posted an increase of 1.61% from December 31, 2023 balance of Php 238.64 billion. Current obligations reflected a decrease of 7.78% from December 31, 2023 balance of Php 76.38 billion.

Cash and cash equivalents decreased by 36.90% from Php 25.12 billion in 2023 to Php 15.85 billion as at September 30, 2024. Current and non-current trade and other receivables – net increased by 14.54%, amounting to Php 74.09 billion as at September 30, 2024 compared to Php 64.68 billion as at December 31, 2023. Contract assets increased by 29.66%, amounting to Php 33.35 billion as at September 30, 2024 compared to Php 25.72 billion as at December 31, 2023. Inventories increased by 0.60% from Php 134.49 billion in 2023 to Php 135.30 billion as at September 30, 2024. This includes raw land for residential development and property development cost reclassified due to adoption of PFRS 15 and PIC Q&As 2018-11, 2018-15 and 2018-12. Investment properties – net increased by 6.46% amounting to Php 143.89 billion in September 30, 2024 from Php 135.16 billion in December 31, 2023. This includes raw land and property development cost for office and commercial development reclassified due to adoption of PIC Q&As 2018-11, 2018-15 and 2018-12.

Trade and other payables amounted to Php 29.79 billion and Php 26.39 billion as at September 30, 2024 and December 31, 2023, respectively, reflecting an increase of 12.85%. Contract liabilities increased by 2.42%, amounting to Php 7.64 billion as at September 30, 2024 compared to Php 7.46 billion as at December 31, 2023. Total current and non-current customers' deposits as at September 30, 2024 amounted to Php 12.09 billion compared to Php 11.82 billion as at December 31, 2023 with 2.26% increase.

The interest-bearing loans and borrowings current and non-current amounted to Php 79.96 billion and Php 71.78 billion for September 30, 2024 and December 31, 2023, respectively, reflecting an increase of 11.39%. Bonds payable decreased by 37.99%, amounting to Php 19.29 billion as at September 30, 2024 compared to Php 31.11 billion as at December 31, 2023.

Total other liabilities amounted to Php 14.81 billion in both periods ending September 30, 2024 and December 31, 2023.

Total Equity (including non-controlling interests) increased by 6.62% from Php 260.67 billion as at December 31, 2023 to Php 277.94 billion as at September 30, 2024.

The top five (5) key performance indicators of the Group are shown below:

	September 30, 2024	December 31, 2023
Current Ratio *1	3.44:1.00	3.12:1.00
Debt to Equity Ratio *2	0.36:1.00	0.39:1.00
Net Debt to Equity Ratio *3	0.30:1.00	0.30:1.00

	September 30, 2024	September 30, 2023
Return on Assets *4	3.48%	3.20%
Return on Equity *5	5.82%	5.54%

**1 – Current Assets / Current Liabilities*

**2 – Total Debt / Equity (Total debt includes interest bearing loans and borrowings and bonds payable)*

**3 – Net Debt / Equity (Net debt is total debt less cash and cash equivalents)*

**4 – Net Profit / Average Total Assets*

**5 – Net Profit / Average Equity (Computed using figures attributable only to parent company shareholders)*

With its strong financial position, the Group will continue investing in and pursuing expansion activities as it focuses on identifying new markets, maintaining established markets, and tapping business opportunities.

Material Changes in the Year 2024 Financial Statements

(Increase/decrease of 5% or more versus December 31, 2023)

Statements of Financial Position

36.90% decrease in cash and cash equivalents

Mainly due to capital expenditure and operating activities for business expansion

14.54% increase in trade and other receivables – net

Pertains mainly to receivables from sales and rental during the period

29.66% increase in contract assets

Represents excess of progress of work over the right to an amount of consideration

7.83% increase in prepayments and other assets – net

Due to higher other current assets

6.40% increase in advances to landowners and joint operators

Due to advances made to landowners

6.46% increase in investment properties – net

Mainly due to acquisition of raw land and costs of completed and on-going developments of properties intended for lease

71.14% increase in deferred tax assets - net

Due to higher deferred tax assets on taxable temporary differences

11.39% increase in interest-bearing loans and borrowings

Due to availment of new loans

37.99% decrease in bonds and notes payable

Due to maturity of peso bonds

12.85% increase in trade and other payable

Due to higher payables to suppliers and contractors

6.22% decrease in advances from other related parties

Due to payment of advances from related parties

31.87% decrease in income tax payable

Due to payment of prior period income tax due

13.66% increase in deferred tax liabilities – net

Pertains to tax effects of taxable and deductible temporary differences

6.62% increase in equity

Due to the group's continuous profitability

(Increase/decrease of 5% or more versus September 30, 2023)

Statements of Income

30.29% increase in real estate sales

Higher sales bookings resulting from increase in percentage of project completion due to acceleration of construction activities and additional sales from new projects

6.47% increase in rental income

Increase in rental driven by higher tenant sales, new leases, escalation and improved occupancy rates

37.69% increase in hotel operations

The surge in hotel operations was driven by the growth in MICE activities and local tourism, supported by robust hotel bookings and increase in food and beverage revenues

14.57% increase in interest and other income – net

Includes other income recognized for the current period

27.69% increase in cost of real estate sales

Higher sales bookings resulting from accelerated project completion rate

41.57% increase in cost of hotel operations

Directly related to the increase in hotel revenue

18.96% increase in operating expenses

Mainly due to increase in selling, administrative and other miscellaneous expenses

36.09% increase in equity share in net losses of associates

Due to incurred losses of an associate

25.21% increase in interest and other charges - net

Primarily due to higher finance costs and other charges incurred during the period

34.95% increase in income tax expense

Due to higher taxable income

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

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in increasing or decreasing the Group's liquidity in any material way. The Group does not anticipate having any cash flow or liquidity problems. The Group is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

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

The Group has no unusual nature of transactions or events that affects assets, liabilities, equity, net income, or cash flows.

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group.

There were no known material events subsequent to the end of the period that have not been reflected in the Group's Financial Statements as at third quarter of 2024.

There were no changes in estimates of amount reported in the current financial year or changes in estimates of amounts reported in prior financial years.

There was no contingent liability reflected in the most recent annual financial statement, the same in the consolidated financial statements as at third quarter of 2024.

There are no commitments, guarantees and contingent liabilities that arise in the normal course of operations of the Group which are not reflected in the accompanying consolidated financial statements.

There were no other material issuances, repurchases or repayments of debt and equity securities.

MEGAWORLD CORPORATION AND SUBSIDIARIES

EXHIBIT 7

Aging of Accounts Receivables
September 30, 2024
(In thousand pesos)

	TOTAL	CURRENT/ NOT YET DUE	1-3 Months	4-6 Months	7 Months - 1 Year	Above 1 Year	Past due accounts & items in Litigation
Type of Receivables:							
a. Trade and other receivables	<u>74,090,592</u>	<u>70,138,124</u>	<u>1,280,704</u>	<u>900,109</u>	<u>1,296,093</u>	<u>475,562</u>	<u>-</u>

MEGAWORLD CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
September 30, 2024 and December 31, 2023

EXHIBIT 8

Ratio	Formula	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Current ratio	Current assets / Current liabilities	3.44	3.12
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less inventories)	1.52	1.36
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings and bonds and notes payable)	0.36	0.39
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.65	1.69
			<u>September 30, 2023</u>
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds and notes payable)	0.25	0.22
Interest rate coverage ratio	EBIT / Total Interest (Total interest includes interest expense and capitalized interest)	4.62	4.63
Return on equity	Net profit attributable to Company's shareholders / Average total equity attributable to the Company's shareholders	0.06	0.06
Return on assets	Net profit/ Average total assets	0.03	0.03
Net profit margin	Net profit / Total revenues	0.26	0.28