COVER SHEET

SEC Registration Number

2 6 9 8 6

Company Name

D.M. WENCESLAO & ASSOCIATES, INCORPORATED

Principal Office (No./Street/Barangay/City/Town/Province)

15F ASEANA 3 D.MACAPAGAL BLVD. COR. ASEAN AVE., ASEANA CITY, PARANAQUE CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@dmwai.com	8854 - 5711	0917-622-4285

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
29		September 30

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
BENIGNO A. TATUNAY	info@dmwai.com	8854 - 5711	0917-622-4285

Contact Person's Address

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.

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 **September 30, 2024**

2. Commission identification number **26986**

3. BIR Tax Identification No **000-846-618-000**

4. Exact name of issuer as specified in its charter **D.M. Wenceslao & Associates, Incorporated**

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

6. Industry Classification Code: ____________ (SEC Use Only)

7. Address of issuer's principal office and postal Code
15th Floor, Aseana 3, D. Macapagal Blvd. corner Asean Ave., Aseana City, Paranaque City

8. Issuer's telephone number, including area code: **(632) 8854-5711**

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

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

As of September 30, 2024

Title of each class	Number of shares issued and outstanding and amount of debt outstanding
Capital Stock, P1 par value	3,395,864,100

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

Yes [x] No [ ]

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

Stock Exchange: **Philippine Stock Exchange**
Securities listed: **Common shares**

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [x] No [ ]

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2024 AND DECEMBER 31, 2023
(Amounts in Philippine Pesos)

	Notes		**September 30, 2024 (UNAUDITED)**		December 31, 2023 (AUDITED)
A S S E T S					
CURRENT ASSETS					
Cash and cash equivalents	7	**P**	**4,599,718,050**	P	4,855,269,205
Receivables - net	8		**3,629,998,327**		2,660,356,861
Contract asset			**1,749,692,353**		1,769,722,846
Land and land development costs	10		**11,773,300,151**		11,711,683,241
Property development costs	9		**2,553,739,714**		2,417,317,925
Other current assets	11		**1,698,331,667**		1,822,259,868
Total Current Assets			**26,004,780,262**		25,236,609,946
NON-CURRENT ASSETS					
Receivables	8		**5,393,722,489**		5,052,005,214
Contract Asset			**3,628,655**		3,628,655
Investments in associates and joint venture	12		**48,602,165**		48,693,255
Property and equipment - net	13		**338,408,799**		352,642,935
Investment properties - net	14		**21,738,108,960**		21,341,111,482
Deferred tax assets			**652,281**		328,166
Other non-current assets	16		**280,784,628**		316,128,029
Total Non-current Assets			**27,803,907,977**		27,114,537,736
TOTAL ASSETS		**P**	**53,808,688,239**	P	52,351,147,682

	Notes	September 30, 2024 (UNAUDITED)	December 31, 2023 (AUDITED)
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Loans and borrowings	17	P 175,250,000	P 325,000,000
Trade and other payables	18	3,236,160,217	3,165,553,631
Contract liability		202,564,346	187,304,069
Advances from related parties	23	3,812,199,424	3,904,277,208
Deposits and advances	19	1,334,296,803	619,125,571
Lease liabilities	15	41,665,135	38,203,429
Income tax payable		67,108,310	56,176,706
Total Current Liabilities		8,869,244,235	8,295,640,614
NON-CURRENT LIABILITIES			
Loans and borrowings	17	2,708,333,333	2,739,833,333
Deposits and advances	19	662,669,095	756,559,219
Deferred tax liabilities - net		1,321,585,703	1,340,347,076
Lease liabilities	15	487,528,452	487,528,452
Retirement benefit obligation - net		41,043,144	41,043,144
Total Non-current Liabilities		5,221,159,727	5,365,311,224
Total Liabilities		14,090,403,962	13,660,951,838
EQUITY			
Equity attributable to holders of the parent company			
Capital stock	25	3,395,864,100	3,395,864,100
Additional paid-in capital		6,964,649,807	6,964,649,807
Revaluation reserves - net		(51,259,390)	(51,259,390)
Other reserves		(275,974,845)	(275,974,845)
Retained earnings		23,538,671,514	22,551,875,613
Total equity attributable to holders of the parent company		33,571,951,186	32,585,155,285
Noncontrolling interest		6,146,333,091	6,105,040,559
Total Equity		39,718,284,277	38,690,195,844
TOTAL LIABILITIES AND EQUITY		P 53,808,688,239	P 52,351,147,682

See Notes to Consolidated Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	July 1 to September 30, 2024	January 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2023
REVENUES					
Rentals:					
Land	14	P 341,062,065	P 1,021,030,338	P 299,376,075	P 896,061,981
Building	14	387,905,610	1,057,167,957	275,628,782	695,461,188
Other revenues		128,338,940	351,500,762	86,309,127	241,774,524
		857,306,615	2,429,699,057	661,313,984	1,833,297,693
Sale of condominium units	9	39,311,140	274,132,677	123,307,340	826,866,733
Construction contracts		1,099,275	12,481,393	11,968,558	150,729,289
		897,717,030	2,716,313,127	796,589,882	2,810,893,715
COSTS OF SERVICES AND SALES					
Rentals	20	190,562,472	516,763,678	118,650,670	353,177,183
Sale of condominium units	9, 20	1,077,379	102,941,366	51,834,057	343,620,527
Construction contracts	20	4,260,058	11,887,041	10,697,840	136,828,659
		195,899,909	631,592,085	181,182,567	833,626,369
GROSS PROFIT		701,817,121	2,084,721,042	615,407,315	1,977,267,346
OTHER OPERATING INCOME (EXPENSES)					
General and administrative	22	(162,902,416)	(428,249,636)	(166,347,997)	(427,196,009)
Selling	22	(18,790,184)	(51,405,712)	(24,246,213)	(78,464,129)
Other Operating Income	21	29,648,389	102,338,844	32,283,525	108,955,359
		(152,044,211)	(377,316,504)	(158,310,685)	(396,704,779)
OPERATING PROFIT		549,772,910	1,707,404,538	457,096,630	1,580,562,567
OTHER INCOME (CHARGES)					
Finance costs	17, 21	(46,101,437)	(147,561,909)	(18,933,096)	(44,802,100)
Finance income	7	81,557,843	187,568,254	26,911,268	76,568,978
Share in net income of associates and joint ventures		-	(90,990)	3,978,302	10,759,045
Dividend Income		1,598,841	1,598,841	519,570	1,989,574
		37,055,247	41,514,196	12,476,044	44,515,497
PROFIT BEFORE TAX		586,828,157	1,748,918,734	469,572,674	1,625,078,064
TAX EXPENSE		122,102,196	339,468,310	120,388,554	351,120,478
NET PROFIT		P 464,725,961	P 1,409,450,424	P 349,184,120	P 1,273,957,586
Net profit attributable to:					
Equity holders of the parent company		P 449,976,904	P 1,368,157,892	P 343,221,430	P 1,262,414,231
Noncontrolling interest		14,749,057	41,292,532	5,962,690	11,543,355
		P 464,725,961	P 1,409,450,424	P 349,184,120	P 1,273,957,586
TOTAL COMPREHENSIVE INCOME		P 464,725,961	P 1,409,450,424	P 349,184,120	P 1,273,957,586
Earnings Per Share - Basic and Dilu	25	P 0.13	P 0.40	P 0.10	P 0.37

See Notes to Condensed Consolidated Interim Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

		Attributable to Owners of the Parent Company								
						Retained Earnings				
	Note	Capital Stock	Additional Paid-in Capital	Revaluation Reserves - Net	Other Reserves	Unappropriated	Appropriated	Total	Noncontrolling Interest	Total Equity
Balance at January 1, 2024		P 3,395,864,100	P 6,964,649,807	(P 51,259,390)	(P 275,974,845)	P 21,351,875,613	P 1,200,000,000	P 32,585,155,285	P 6,105,040,559	P 38,690,195,844
Effect of adoption of PFRS 15 for real estate (Note 2)		-	-			(P 113,185,459)		(P 113,185,459)		(P 113,185,459)
Cash dividends declared	28	-	-	-	-	(P 268,176,532)	-	(P 268,176,532)	-	(P 268,176,532)
Total comprehensive income for the period		-	-	-	-	P 1,368,157,892	-	P 1,368,157,892	P 41,292,532	P 1,409,450,424
Balance at September 30, 2024	25	**P 3,395,864,100**	**P 6,964,649,807**	**(P 51,259,390)**	**(P 275,974,845)**	**P 22,338,671,514**	**P 1,200,000,000**	**P 33,571,951,186**	**P 6,146,333,091**	**P 39,718,284,277**
Balance at January 1, 2023		3,395,864,100	6,964,649,807	(P 38,278,610)	(P 275,974,845)	P 14,305,467,667	1,200,000,000	P 25,551,728,119	P 621,488,163	P 26,173,216,282
Cash dividends declared		-	-	-	-	(P 254,600,089)	-	(254,600,089)	-	(254,600,089)
Total comprehensive income for the period		-	-	-	-	P 1,262,414,231	-	1,262,414,231	11,543,355	1,273,957,586
Balance at September 30, 2023	25	P 3,395,864,100	P 6,964,649,807	(P 38,278,610)	(P 275,974,845)	P 15,313,281,809	P 1,200,000,000	P 26,559,542,261	P 633,031,518	P 27,192,573,779

See Notes to Condensed Consolidated Interim Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 1,748,918,734	P 1,625,078,064
Adjustments for:			
Depreciation and amortization	13,14,15	297,969,560	197,153,854
Finance costs	21	144,781,159	44,857,426
Interest income	21	(187,568,254)	(76,568,978)
Share in net losses (earnings) of associates and joint ventures		90,990	(10,759,045)
Operating profit before working capital changes		2,004,192,189	1,779,761,321
Increase in receivables		(1,311,358,741)	(500,522,877)
Decrease (Increase) in contract asset		(93,154,966)	(566,050,785)
Increase in land and land development costs		(177,084,181)	(43,757,597)
Increase in property development costs		(136,421,789)	(305,059,203)
Decrease (Increase) in other assets		1,138,126	(79,086,294)
Increase in trade and other payables		14,430,135	917,832,416
Increase (Decrease) in contract liability		15,260,277	(114,740,555)
Increase in deposits and advances		621,281,108	45,684,640
Increase in retirement benefit obligation		-	2,030,773
Cash generated from operations		938,282,158	1,136,091,839
Interest received		187,568,254	76,568,978
Net Cash From Operating Activities		1,125,850,412	1,212,660,817
CASH FLOWS FROM INVESTING ACTIVITIES			
Construction in progress and development costs of investment properties	10, 14	(653,951,032)	(1,224,594,831)
Additional advances from related parties	23	-	38,854,545
Acquisitions of property and equipment	13	(56,178,928)	(58,886,290)
Net Cash From in Investing Activities		(710,129,960)	(1,244,626,576)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	28	(268,176,532)	(254,600,089)
Repayments of interest-bearing loans and borrowings	17	(181,250,000)	(56,250,000)
Repayments of lease liabilities	15	(16,494,860)	(18,647,867)
Finance costs paid	21	(113,272,531)	(6,780,229)
Obtained (Paid) advances from related parties	23	(92,077,684)	(74,723,566)
Net Cash Used Financing Activities		(671,271,607)	(411,001,751)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(255,551,155)	(442,967,510)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		4,855,269,205	5,594,474,547
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P 4,599,718,050	P 5,151,507,037

See Notes to Consolidated Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
NOTES TO CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023
(UNAUDITED)
(With Comparative Audited Figures as of December 31, 2023)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Incorporation and Operations

D.M. Wenceslao & Associates, Incorporated (DMWAI or the Parent Company) was incorporated in the Philippines on April 7, 1965. DMWAI is presently engaged in the trade and business of general builders and contractors and related activities such as acting as specialty construction contractors, supervisors or managers in all cases of constructions, erections and works both public and private, real estate business and leasing.

On June 29, 2018, the Parent Company's shares of stock were listed at the Philippine Stock Exchange (PSE) (see Note 25).

DMWAI holds certain investments in entities that are either subsidiaries, associates or joint ventures and all are incorporated in the Philippines (see Notes 1.2 and 12).

DMWAI is a subsidiary of Wendel Holdings Co., Inc. (WHI or Ultimate Parent Company), a company incorporated and domiciled in the Philippines. WHI is presently engaged in raising investments either through borrowings, sale or lease of its capital assets. The effective percentage of ownership of WHI in DMWAI aggregates to 79.96% as of September 30, 2024 and December 31, 2023.

On April 24, 2020, the Parent Company's Board of Directors (BOD) approved the change of DMWAI's registered office address from 3rd Floor Aseana Powerstation Building, Pres. Macapagal Avenue, Aseana Business Park, Parañaque City to 15th Floor, Aseana 3, D. Macapagal Blvd. corner Asean Ave., Aseana City, Parañaque City. The change in registered office address was approved by the Securities and Exchange Commission (SEC) and Bureau of Internal Revenue (BIR) on January 4, 2021 and March 15, 2021. DMWAI's principal place of business is located at 15th and 16th Floor, Aseana 3 Bldg., D. Macapagal Blvd. cor. Asean Avenue, Aseana City, Parañaque City.

On November 5, 2020, the WHI's BOD approved the change of WHI's registered office from 306 E. Rodriguez Sr. Boulevard, Quezon City to 15th Floor Aseana 3, Asean Ave., cor Pres. Macapagal Blvd., Brgy. Tambo, Parañaque City. The change in WHI's registered office address was approved by the SEC on August 16, 2021 but remains pending with the BIR as of the date of the issuance of the consolidated interim financial statements.

1.2 Subsidiaries, Associates and Joint Ventures

The Parent Company holds effective ownership interests in certain subsidiaries (together with the Parent Company, collectively hereinafter referred to as the "Group"), associates, and joint ventures, that are currently operating or are established to engage in businesses related to the main business of the Parent Company, in these consolidated interim financial statements.

As of September 30, 2024 and December 31, 2023, the following summarizes the effective percentage of ownership or interest of DMWAI over these entities:

Name of Subsidiaries/Associates/Joint Ventures	Explanatory Notes	Effective Percentage of Ownership/Interest September 30, 2024	December 31, 2023
Subsidiaries:			
Direct:			
Aseana Residential Holdings Corp. (ARHC)	(a)	**100.00%**	100.00%
Aseana Holdings, Inc. (AHI)	(b)	**99.98%**	99.98%
Fabricom, Inc. (FI)	(c)	**99.98%**	99.98%
Fabricom Realty Development Corporation (FRDC)	(d)	**62.20%**	62.20%
R-1 Consortium, Inc. (R-1)	(e)	**55.45%**	55.45%
Alphaland Bay City Corporation (ABCC)	(f)	**100.00%**	100.00%
Bay Resources and Development Corporation (BRADCO)	(x)	**51.00%**	51.00%
Aseana Water Service Management Inc (AWSMI)	(z)	**75.00%**	-
Direct and Indirect:			
Portal Holdings, Inc. (PHI)	(g)	**100.00%**	100.00%
Mandaue Land Consortium, Inc. (MLCI)	(h)	**81.00%**	81.00%
Aseana I.T. Plaza, Inc. (AITPI)	(i)	**66.97%**	66.97%
SHLP BBP Realty, Inc. (SBRI)	(j)	**55.96%**	55.96%
Aseana Ground Floor Holdings Corp. (AGFHC)	(k)	**82.50%**	82.50%
Indirect:			
58 Jupiter Inc. (formerly Reine, Inc.) (58 Jupiter) – *Accounted for as Asset Acquisition*	(l)	**100.00%**	100.00%
L&B Development Corporation (LBDC) – *Accounted for as Asset Acquisition*	(m)	**100.00%**	100.00%
Boracay International Airport & Dev't Corp. (BIADC)	(n)	**99.98%**	99.98%
U-City Technologies Philippines, Inc. (UCTPI)	(o)	**99.98%**	99.98%
Aseana City Transport & Travel Corp. (ACTTC)	(p)	**99.98%**	99.98%
Aseana Gas Energy Corp. (AGEC)	(q)	**99.98%**	99.98%
Aseana Real Esate Services Management Corp. (ARESM)	(r)	**95.98%**	95.98%
Bay Area Holdings, Inc. (BAHI)	(s)	**59.98%**	59.98%
Aseana Resi Rent Corp. (ARRC)	(t)	**100.00%**	100.00%
Gallio Events, Inc. (GEI)	(y)	**99.99%**	99.99%
Associates:			
Alphaland Heavy Equipment, Corp. (AHEC)	(u)	**50.00%**	50.00%
European Resources and Technology, Inc. (ERTI)	(v)	**42.00%**	42.00%
Aseana CL, Beach and Marina Development Corporation (ACBMDC)	(w)	**36.00%**	36.00%

Notes:

(a) Established to purchase, acquire and own, hold, use, assign, transfer, mortgage, pledge, exchange or otherwise dispose of, subject to limitations imposed by law, real and personal property, including but not limited to, land, buildings, condominiums, shares of stock, bonds and other securities.

(b) Established to engage in the business of owning, holding, exchanging, or otherwise disposing such items as real and personal properties, and securities such as stocks, bonds and to take part and assist in any legal matter for the purchase and sale of any securities as may be allowed by law without acting as or engaging in the business of an investment house, mutual fund or broker or dealer in securities.

(c) Established to engage in the business of importation and marketing of heavy equipment, industrial equipment or any commercial products, which may be the object of commerce for the attainment of corporate objectives. As more fully discussed in Note 28.4, the increase in the Parent Company's effective percentage ownership in FI and BAHI is a result of a deed of exchange representing a business combination that is accounted for under pooling of interest method involving entities under common control.

(d) Established to engage in housing and real estate development and selling and engaging in other related activities.

(e) Established to engage in general construction and other allied businesses including constructing, enlarging, repairing, removing, developing, or otherwise engaging in any work upon building roads, highways, manufacturing plants, bridges, airfields, piers, docks, mines, masonry and earth construction, and to make, execute, bid for and take or receive any contracts or assignment of contracts in relation thereto.

(f) ABCC was established to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartments and other structures. As more fully discussed in Note 13.2(b), ABCC became a subsidiary of DMWAI starting in 2019.

(g) DMWAI's effective interest is derived from its 40.00% direct ownership and 60.00% indirect holdings through ARHC. PHI was established to purchase, subscribe for, or otherwise acquire and own, hold, use, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property, including but not limited to, land, buildings, condominiums, shares of stock, bonds and other securities.

(h) DMWAI's effective interest is derived from its 40.00% direct ownership and 41.00% indirect holdings through AHI and R-1 which own 30.00% and 20.00%, respectively. MLCI was established to engage in general realty and other allied businesses including owning, improving, subdividing, developing, reclaiming, enlarging, repairing, constructing, exchanging, leasing and holding investment or otherwise, real estate and lands of all kinds and any buildings, houses and other structures.

(i) DMWAI's effective ownership interest is derived from its 41.98% direct ownership and 24.99% indirect holdings through PHI. AITPI was established to engage in the business of owning, using, improving, developing, selling, exchanging, leasing, and holding for investment or otherwise, real estate of all kinds, including building houses, apartments and other structures, and related activities.

(j) DMWAI's effective ownership is derived from its 29.98% direct ownership and 25.98% indirect holdings through AHI, BAHI and PHI which each owns 9.99% of SBRI. SBRI was established to engage in real estate development and engaging in other related activities.

(k) The Group obtained control over AGFHC upon initial subscription of DMWAI and AHI to the additional common shares of AGFHC resulting to 7.5% direct ownership and 75% indirect ownership through AHI. The acquisition was accounted for as pooling-of-interest method of accounting as the previous stockholders of AGFHC were the principal stockholders of the Group [see Note 3.1(k)]. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting and no restatements are made to the financial information in the consolidated financial statements for periods prior to the business combination [see Note 2.3(a)(ii)]. AGHFC was incorporated in October 22, 1999 and has started commercial operations in 2021. The assets and liabilities acquired amounting to P0.4 million and P0.6 million, respectively, were assessed by management to be not significant. AGFHC was established to purchase, acquire, own, lease except financial leasing, sell and convey real properties such as lands, buildings, factories and warehouses and machineries, equipment and other personal properties as may be necessary or incidental to the conduct of the corporate business, and to pay in cash, shares of its capital stock, debentures and other evidences of indebtedness, or other securities, as may be deemed expedient, for any business or property acquired by the corporation.

(l) 58 Jupiter was acquired in 2017 and indirectly owned through AHI [see Notes 3.1(k) and 13.4]; established to acquire by purchase, lease, donation, or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop, and hold for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances.

(m) LBDC was acquired in 2020 and indirectly owned through ARHC [see Notes 3.1(k) and 13.4]; established to engage in real estate business; to acquire by purchase, lease, donation or otherwise, use improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold investment or otherwise, real estate of all kinds, whether improved, managed, or otherwise deal in or dispose of buildings, houses, apartments, townhouses, condominiums, and other structures of whatever kind together with the appurtenances or improvements found thereon.

(n) Indirectly owned through AHI; established to build an international airport in Boracay, Municipality of Malay and/ or Carabao Island, San Jose, Romblon, Philippines.

(o) Indirectly owned through AHI; established to install and provide electronic security apparatus and products to industrial, commercial and other establishments whether public or private for the purpose of securing or protecting properties and other related services. In 2016, AHI acquired through cash consideration the entire 40.00% minority interest of the other stockholder resulting in 100.00% direct ownership by AHI in UCTPI (see Note 28.4).

(p) Indirectly owned through AHI; established to engage in the business of transportation of passengers by means of public utility vehicles for the general public and to lease out or rent its public utility vehicles for special trips.

(q) Indirectly owned through AHI; established to engage in, conduct and carry on the business of buying, selling, distributing, marketing of liquefied petroleum gas and other fuel products at wholesale or retail and to construct a reticulation network in strategically located tank to enable safe and sufficient distribution of piped gas to end users in Aseana Business Park.

(r) Indirectly owned through AHI; established to acquire and manage properties such as commercial, residential, office condominium and industrial real estate.

(s) Indirectly owned through FI; established to purchase, acquire, or otherwise own and hold, use, sell, assign, transfer, mortgage, pledge, or otherwise dispose of, real and personal property, including land, buildings, condominiums and engaging in other related activities. As more fully discussed in Note 28.4, the increase in the Parent Company's effective percentage ownership in FI and BAHI is a result of a deed of exchange representing a business combination that is accounted for under pooling of interest method involving entities under common control.

(t) Indirectly owned through AHI; established to engage in realty business, provided that it shall not solicit, accept or take investments or placements from the public, neither shall it issue investment contracts.

(u) Indirectly owned through FI; established to purchase, import, or otherwise acquire, lease, sell, distribute, market, convey or otherwise dispose heavy equipment, machinery and related implements. As of December 31, 2021, AHEC is currently in the process of liquidation (see Note 13.1).

(v) Established to engage in collecting, segregating, recycling, composting, filling, disposing, treating or otherwise managing household, industrial and other kinds of garbage for local, or other government units and private persons and firms as well as extended guidance and education for proper waste management.

(w) DMWAI's effective interest is derived from its 10.00% direct ownership and 26.00% indirect holdings through AHI. ACBMDC was established to engage in real estate business with marinas, cruise liner facilities and beach resorts in all its aspects; to acquire, rent or otherwise deal in and dispose of all kinds or real estate objects, involving commercial, industrial, urban, residential or other kinds of real property.

(x) BRADCO was established to acquire, develop and market real estate properties [see Note 13.2(a)].

(y) GEI, an entity incorporated in 2023, is indirectly owned through AHI; was established to manage, operate and lease events facilities to engage in and carry on the business of events management.

(z) AWSMI was established to construct, build, maintain and operate, own or hold, by purchase or otherwise, lease, rent or in any other manner lawfully acquired, by itself or through subsidiary or affiliate, pipelines, mains, water treatment and sewerage treatment.

As of September 30, 2024, FRDC, R-1, MLCI, AITPI, SBRI, BIADC, AGEC and ACBMDC have not yet started commercial operations.

1.3 Business Segments

The Group's operating businesses are recognized and managed separately according to the nature of services provided (primary segments) and the different markets served (secondary segments) with a segment representing a strategic business unit. The Group's business segments follow:

(a) *Rentals* – refers to leasing of real estate properties, including land and building and other structures.

(b) *Construction* – principally refers to general construction business which involves site development, earthworks, structural and civil works, masonry works, architectural finishes, electrical works, plumbing and sanitary works, fire protection works and mechanical works.

(c) *Sale of Land and Condominium Units* – involve the development and sale of industrial and other parcels of land and residential condominium units. The Group has not identified any segment based on geographical location (see Note 4.4).

1.4 Approval of Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements of the Group as of and for the nine months ended September 30, 2024 (including the comparatives as of December 31, 2023 and for the nine months ended September 30, 2023) were approved and authorized for issue by the Parent Company's Chief Executive Officer (CEO) on November 12, 2024.

2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(a) *Statement of Compliance with Philippine Financial Reporting Standard*

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) in response to the COVID-19 pandemic. The financial reporting reliefs availed of by the Group are disclosed in detail in the succeeding pages. PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *Adoption of PIC Q and A No. 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q and A 2020-02 and 2020-04*

The provision of the PIC includes assessing the financing component in the Contract to Sell and changing the treatment of cost land in the computation of percentage of completion (POC).

The Group followed the allowed modified retrospective approach resulting to the adjustment of the beginning balance of retained earnings in 2024. The adjustment on the beginning balance of retained earnings amounted to P113.2 million.

As of the September 30, 2024, the Group has assessed that the impact of the adoption of PIC Q&A that relates to the significant financing component of contracts to sell and the exclusion of the cost of land on the computation of POC is not material.

(c) *Presentation of Consolidated Financial Statements*

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements.* The Group presents a consolidated statement of comprehensive income separate from the consolidated statement of income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

(d) *Functional and Presentation Currency*

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the Group's last annual consolidated financial statements as of and for the year ended December 31, 2023.

4. SEGMENT REPORTING

4.1 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, receivables, contract asset, land and land development cost, property development costs, property and equipment, and investment properties. 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 loans and borrowings, trade and other payables, contract liability and deposits and advances. Segment assets and liabilities do not include deferred taxes.

4.2 Intersegment Transactions

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

4.3 Analysis of Segment Information

Segment information is analyzed as follows for the nine months ended September 30, 2024 and 2023 (in thousands):

	Rentals		Construction		Sale of Land and Condominium Units		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
REVENUES								
Sales to external customers	**P 2,429,699**	P 1,833,298	**P 12,481**	P 150,729	**P 274,133**	P 826,867	**P 2,716,313**	P 2,810,894
Intersegment sales	**134,512**	130,900	**22,041**	12,341	**-**	-	**156,553**	143,241
Total revenues	**2,564,211**	1,964,198	**34,522**	163,070	**274,133**	826,867	**2,872,866**	2,954,135
COSTS AND OTHER OPERATING EXPENSES								
Cost of sales and services excluding depreciation and amortization	**255,965**	186,069	**11,887**	136,530	**102,941**	343,621	**370,793**	666,220
Depreciation and and amortization	**257,219**	165,998	**-**	298	**-**	-	**257,219**	166,296
Other expenses (income) – net	**138,599**	172,106	**1,926**	6,345	**38,389**	8,722	**178,914**	187,173
	651,783	524,173	**13,513**	143,173	**141,330**	352,343	**806,926**	1,019,689
SEGMENT OPERATING PROFIT	**P 1,912,428**	P 1,440,025	**P 20,709**	P 19,897	**P 132,8033**	P 474,524	**P 2,065,940**	P 1,934,446

Segment assets and liabilities are allocated to each segment as follows (in thousands):

	Rentals		Construction		Sale of Land and Condominium Units		Total	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities	Total Assets	Total Liabilities	Total Assets	Total Liabilities
September 30, 2024	**P 35,486,024**	**P 14,238,188**	**P 5,239,369**	**P 401,753**	**P 20,521,155**	**P 4,246,047**	**P 61,246,548**	**P 18,885,988**
December 31, 2023	33,459,594	13,286,832	5,192,629	543,975	19,999,458	3,272,303	58,651,681	17,103,110

Currently, the Group's operation is concentrated in one location; hence, it has no geographical segment (see Note 4.1).

Rental revenues from a single lessee account for 20.27% and 19.59% of the consolidated revenues for the nine months ended September 30, 2024 and 2023, respectively.

Rentals segment assets include certain real estate assets (i.e., parcels of land) held as investment properties for capital appreciation or future lease.

4.4 Reconciliations

The total segment balances presented for the Group's operating segments reconciled to the Group's consolidated balances as presented in the condensed interim consolidated financial statements are as follows (in thousands):

	September 30, 2024 (Unaudited)	September 30 2023 (Unaudited)
Revenues		
Total segment revenues	**P 2,872,866**	P 2,954,135
Elimination of intersegment revenues	**(156,553)**	(143,241)
Revenues as reported in the condensed consolidated statements of comprehensive income	**P 2,716,313**	P 2,810,894
Profit or loss		
Segment operating profit	**P 2,065,940**	P 1,934,446
Elimination of intersegment revenues	**(156,553)**	(143,241)
Other unallocated expenses	**(201,982)**	(210,642)
Operating profit as reported in the condensed consolidated statements of comprehensive income	**P 1,707,405**	P 1,580,563
Finance costs	**(147,562)**	(44,802)
Finance income	**187,568**	76,569
Share in net income of associates and joint ventures	**(91)**	10,759
Dividend income	**-**	1,989
Profit before tax as reported in the condensed consolidated statements of comprehensive income	**P 1,748,919**	P 1,625,078

		September 30, 2024 (Unaudited)		December 31, 2023 (Audited)
Assets				
Segment assets	**P**	**61,246,548**	P	58,651,681
Deferred tax assets – net		**652**		328
Other unallocated assets**		**7,359,883**		7,347,839
Elimination of intercompany accounts	**(**	**14,798,395)**	(	13,648,700)
Total assets reported in the condensed consolidated statements of financial position	**P**	**53,808,688**	P	52,351,148
Liabilities				
Segment liabilities	**P**	**18,885,987**	P	17,103,110
Deferred tax liabilities – net		**1,321,586**		1,340,347
Other unallocated liabilities**		**679,103**		680,715
Elimination of intercompany accounts	**(**	**6,796,272)**	(	5,463,220)
Total liabilities as reported in the condensed consolidated statements of financial position	**P**	**14,090,404**	P	13,660,952

***Other unallocated assets and liabilities mostly pertain to intercompany advances to and/or from related parties not eliminated in the consolidation.*

5. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to risk in relation to its operating, investing, and financial activities, and the business environment in which it operates. Generally, the Group's objectives in risk management are to ensure that it identifies, measures, monitors, and controls the various risks that arise from its business activities and that it adheres strictly to the policies, procedures, and control systems which are established to address these risks. In managing financial instruments, the Group is exposed to financial risk such as market risk (including foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), liquidity risk and credit risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; hence, they should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2023.

There have been no significant changes in the risk management structure of the Group or in any risk management policies since the previous annual period.

6. FAIR VALUE MEASUREMENT AND DISCLOSURES

6.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, 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 an 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 value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

6.2 Financial Instruments Measurement at Fair Value

The Group's financial assets at fair value through other comprehensive income (FVOCI) include proprietary golf club shares, which are categorized within Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period. Moreover, equity security held in a private company is included in Level 3 since its market value is not quoted in an active market, hence, measured using the market approach by reference to the fair value of a comparable instrument adjusted for inputs (i.e., financial forecast of cash flows or profit or loss) internally developed by management to consider the differences in corporate profile and historical performance of the entity. As of September 30, 2024 and December 31, 2023, the Group's financial assets measured at FVOCI amounted to P42.0 million and 43.1 million, respectively (see Note 16).

The Group has no financial liabilities measured at fair value as of September 30, 2024 and December 31, 2023.

There were no transfers between Levels 1, 2 and 3 instruments in both periods.

6.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The tables below summarize the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the condensed consolidated statements of financial position but for which fair value is required to be disclosed.

		September 30, 2024 (Unaudited)			
	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and cash equivalents	7	P 4,599,718,050	P -	P -	P 4,599,718,050
Receivables – net	8	-	-	8,707,534,212	8,707,534,212
Refundable deposits *(presented as part of Other Non-current Assets)*	16	-	-	59,458,055	59,458,055
		P 4,599,718,050	**P -**	**P 8,766,992,267**	**P 13,366,710,317**
Financial Liabilities					
Loans and borrowings	17	P -	P -	P 2,876,407,250	P 2,876,407,250
Trade and other payables	18	-	-	2,247,026,640	2,247,026,640
Advances from and due to related parties	23.2	-	-	3,812,199,424	3,812,199,424
Rental deposits	19	-	-	360,111,505	360,111,505
Construction bond	19	-	-	22,192,158	22,192,158
Lease liability	15.2	-	-	529,193,587	529,193,587
		P -	**P -**	**P 9,847,130,564**	**P 9,847,130,564**

		December 31, 2023 (Audited)			
		Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and cash equivalents	7	P 4,855,269,205	P -	P -	P 4,855,269,205
Receivables – net		-	-	7,356,256,492	7,356,256,492
Refundable deposits *(presented as part of Other Non-current Assets)*	8 16	-	-	59,335,674	59,335,674
		P 4,855,269,205	P -	P 7,415,592,166	P 12,270,861,371
Financial Liabilities					
Loans and borrowings	17	P -	P -	P 3,056,231,595	P 3,056,231,595
Trade and other payables	18	-	-	2,223,274,069	2,223,274,069
Advances from and due to related parties	23.2	-	-	3,904,277,208	3,904,277,208
Rental deposits	19	-	-	519,335,395	519,335,395
Construction bond	19	-	-	46,729,385	46,729,385
Lease liabilities	15.2	-	-	525,731,881	525,731,881
		P -	P -	**P 10,275,579,533**	**P 10,275,579,533**

The fair values of financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

6.4 Fair Value Disclosures for Investment Properties Carried at Cost

The table below shows the levels within the hierarchy of non-financial assets that are not measured at fair value but for which fair values are disclosed as of September 30, 2024 and December 31, 2023.

	Note	Level 1	Level 2	Level 3	Total
September 30, 2024 and December 31, 2023					
Land		P -	P147,197,566,561	P -	P147,197,566,561
Buildings and improvements		-	-	19,870,664,514	19,870,664,514
Construction in progress		-	-	492,798,052	492,798,052
	14	**P -**	**P147,197,566,561**	**P 20,363,462,566**	**P167,561,029,127**

The above fair value information is determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's investment properties is their current use.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash on hand and in banks	**P 2,156,914,003**	P 2,896,980,852
Short-term placements	**2,442,804,047**	1,958,288,353
	P 4,599,718,050	P 4,855,269,205

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for varying periods of between 30 to 90 days and earn effective interest ranging from 5.875% to 6.125% during the nine months ended September 30, 2024 and 5.75% to 6.1% during the nine months ended September 30, 2023. Interest income from cash in banks and short-term placements amounting to P86.6 million and P76.6 million in 2024 and 2023, respectively, is presented as Finance Income in the consolidated statements of comprehensive income.

8. RECEIVABLES

This account is composed of the following:

	Note	**September 30, 2024 (Unaudited)**	December 31, 2023 (Audited)
Current:			
Rental receivables		**P 2,000,013,404**	P 1,026,761,565
Advances to:			
Related parties	23.1	**781,942,120**	757,567,470
Suppliers		**316,186,604**	329,320,824
Officers and employees		**12,311,992**	12,754,583
Contracts receivables		**567,371,866**	586,435,429
Retention receivables		**2,032,716**	2,275,243
Others		**32,189,967**	26,774,872
		3,712,048,669	2,741,889,986
Allowance for impairment		**(82,050,342)**	(81,533,125)
		3,629,998,327	2,660,356,861
Non-current:			
Rental receivables		**5,393,722,489**	5,052,005,214
		P 9,023,720,816	P 7,712,362,075

Receivables that are past due but not impaired as at the end of the nine months reporting period are shown below:

	September 30, 2024	December 31, 2023
Not more than three months	**P 335,567,117**	P 259,324,520
More than three months but not more than one year	**20,505,821**	1,484,176
More than one year	**629,685,743**	604,071,317
	P 985,758,681	P 864,880,013

9. PROPERTY DEVELOPMENT COSTS AND REAL ESTATE TRANSACTIONS

The Group capitalized certain costs as property development costs representing properties under development and construction. Costs incurred comprise of actual costs of land, construction and related engineering, architectural and other consultancy fees related to the development of its residential condominium projects, "MidPark Towers" and "One Parq Suites", all of which are located in Aseana City, 1702 Parañaque City, Metro Manila. It also includes certain parcels of land which will be developed for the Group's other residential projects.

The accumulated balance of Property Development Costs as presented in the condensed consolidated statements of financial position as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
MidPark Towers	**P 2,091,098,652**	P 1,955,296,038
One Parq Suites	**263,725,397**	263,106,222
Raw Land	**198,915,665**	198,915,665
	P 2,553,739,714	P 2,417,317,925

Cost of condominium units sold amounted to P102.9 million and P343.6 million for the nine months ended September 30, 2024 and 2023, respectively (see Note 20.3).

Percentage of completion of MidPark Towers as at September 30, 2024 and 2023 is 85.02% and 67.3%, respectively.

10. LAND AND LAND DEVELOPMENT COSTS

This account pertains to the cost of land available for sale located in Aseana Business Park, Parañaque City; Ciudad Nuevo Park, Cavite City; and Woodridge Garden Village, Zamboanga City with a total lot area of 222,323 as of September 30, 2024 and December 31, 2023.

The analysis of the movements of the balance of Land and Land Development Costs is as follows:

	Note	**September 30, 2024 (Unaudited)**	December 31, 2023 (Audited)
Balance at beginning of year		**P 11,711,683,241**	P 1,703,931,615
Effect of consolidation of a subsidiary	12.2	**-**	9,886,296,749
Development costs during the year		**61,616,910**	121,454,877
Balance at end of period		**P 11,773,300,151**	P11,711,683,241

Management has estimated that the net realizable value of Land and Land Development Costs is higher than its carrying value as of September 30, 2024 and December 31, 2023. As of September 30, 2024 and December 31, 2023, certain portion of the parcels of land owned by the Group with a total lot area of 2,777 and carrying amount of P52.9 million, is used as collateral to secure certain peso denominated interest-bearing loans (see Note 17). The loans do not contain any restriction on the sale of the land except that the mortgage is annotated in the titles of the said properties.

11. OTHER CURRENT ASSETS

This account consists of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Deferred input value added tax (VAT)	**P 762,718,555**	P 751,960,707
Input VAT	**679,184,275**	766,385,690
Prepayments	**95,820,496**	139,221,266
Contract acquisition costs	**54,597,762**	53,307,368
Financial assets at FVTPL	**22,489,288**	57,099,288
Creditable withholding tax	**83,521,291**	54,285,549
	P 1,698,331,667	P 1,822,259,868

12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

12.1 Investments in Associates

The movements in the carrying amount of investments in associates, which is accounted for under the equity method in the condensed consolidated financial statements of the Group, are shown below.

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Acquisition costs	**P 56,913,213**	P 56,913,213
Accumulated share in net losses:		
Balance at beginning of period	**(8,219,958)**	(8,128,968)
Share in net losses	**(91,090)**	(90,990)
Balance at end of period	**(8,311,048)**	(8,219,958)
	P 48,602,165	P 48,693,255

12.2 Investments in Joint Venture

On February 15, 1992, the Parent Company entered into a joint venture agreement with the Armed Forces of the Philippines Retirement and Separation Benefits System (AFPRSBS) to form BRADCO, a joint venture. Until December 11, 2023, the Parent Company and AFPRSBS each owns 50% interest in the joint venture and both exercise joint control over BRADCO.

The movements in the carrying amount of investments in BRADCO as of December 31, 2023, which is accounted for under the equity method in the condensed consolidated financial statements of the Group, is shown below.

	December 31, 2023 (Audited)
Acquisition costs	P 2,000,000
Accumulated share in net income:	
Balance at beginning of period	77,844,766
Dividend received	(17,494,676)
Share in net income	11,296,893
Balance at end of period	71,646,983
Effect of consolidation of a subsidiary	(73,646,983)
	P -

On December 11, 2023, the Group executed a Share Subscription Agreement with BRADCO to acquire additional new common shares representing 1% of the total outstanding capital of BRADCO for a total consideration or P232.2 million increasing the Group's ownership interest from 50% to 51%. As a result of the acquisition, the Group obtained controlling interest over BRADCO.

13. PROPERTY AND EQUIPMENT

The gross carrying amounts and the accumulated depreciation and amortization of property and equipment at the beginning and end of the nine months ended September 30, 2024 and the year ended December 31, 2023 are shown below.

	Land	Land Improvements	Leasehold Improvements	Machinery and Construction Equipment	Transportation Equipment	Furniture and Office Equipment	Other Equipment	Building and Improvements	Total
September 30, 2024									
Cost	P 9,291,800	P114,447,587	P 89,012,891	P 524,992,709	P106,322,629	P 189,518,322	P 16,333,938	P 239,649,209	P 1,289,569,085
Accumulated depreciation and amortization	-	(86,972,989)	(82,366,242)	(500,414,525)	(78,281,857)	(136,362,213)	(14,838,465)	(51,923,995)	(951,160,286)
Net carrying amount	**P 9,291,800**	**P 27,474,598**	**P 6,646,649**	**P 24,578,184**	**P 28,040,772**	**P 53,156,109**	**P 1,495,473**	**P 187,725,214**	**P 338,408,799**
December 31, 2023									
Cost	P 9,291,800	P 112,935,562	P 76,347,570	P 512,147,620	P 94,169,361	P 190,516,495	P 16,177,538	P 239,649,209	P1,251,235,155
Accumulated depreciation and amortization	-	(70,990,670)	(70,243,245)	(495,232,656)	(70,347,268)	(131,248,083)	(14,597,533)	(45,932,765)	(898,592,220)
Net carrying amount	P 9,291,800	P 41,944,892	P 6,104,325	P 16,914,964	P 23,822,093	P 59,268,412	P 1,580,005	P 193,716,444	P 352,642,935
January 01, 2023									
Cost	P 9,291,800	P 4,034,354	P 38,370,564	P 510,482,441	P 89,867,504	P 167,504,485	P 25,247,008	P 239,649,209	P1,084,447,365
Accumulated depreciation and amortization	-	(3,700,608)	(34,489,711)	(479,114,861)	(54,568,932)	(121,550,844)	(22,841,379)	(37,944,458)	(754,210,793)
Net carrying amount	P 9,291,800	P 333,746	P 3,880,853	P 31,367,580	P 35,298,572	P 45,953,641	P 2,405,629	P 201,704,751	P 330,236,572

A reconciliation of the carrying amounts at the beginning and end of tphe nine months ended September 30, 2024 and the year ended December 31, 2023 of property and equipment is shown below.

	Land	**Land Improvements**	**Leasehold Improvements**	**Machinery and Construction Equipment**	**Transportation Equipment**	**Furniture and Office Equipment**	**Other Equipment**	**Building and Improvements**	**Total**
Balance at January 1, 2024, net of accumulated depreciation and amortization	P 9,291,800	P 41,944,892	P 6,104,325	P 16,914,964	P 23,822,093	P 59,268,412	P 1,580,005	P 193,716,444	P 352,642,935
Additions	-	1,512,025	12,665,322	12,845,089	12,153,268	(998,173)	156,400	-	38,333,931
Depreciation and amortization charges for the period	-	(15,982,319)	(12,122,998)	(5,181,869)	(7,934,589)	(5,114,130)	(240,932)	(5,991,230)	(52,568,067)
Balance at September 30, 2024, net of accumulated depreciation and amortization	**P 9,291,800**	**P 27,474,598**	**P 6,646,649**	**P 24,578,184**	**P 28,040,772**	**P 53,156,109**	**P 1,495,473**	**P 187,725,214**	**P 338,408,799**
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 9,291,800	P 333,746	P 3,880,853	P 31,367,580	P 35,298,572	P 45,953,641	P 2,405,629	P 201,704,751	P 330,236,572
Additions	-	-	34,389,966	1,665,179	4,021,857	13,116,529	-	-	52,704,404
Effect of consolidation of a subsidiary	-	41,875,909	847,050	-	-	215,398	-	-	42,938,358
Depreciation and amortization charges for the year	-	(264,763)	(33,013,544)	(16,117,795)	(15,498,336)	(17,157)	(336,497)	(7,988,307)	(73,236,399)
Balance at December 31, 2023, net of accumulated depreciation and amortization	P 9,291,800	P 41,944,892	P 6,104,325	P 16,914,964	P 23,822,093	P 59,268,412	P 1,580,005	P 193,716,444	P 352,642,935

The amount of depreciation and amortization is allocated as follows:

	Note	**September 30, 2024 (Unaudited)**	December 31, 2023 (Audited)
General and administrative expense	22	**P 28,235,387**	P 62,183,048
Cost of Construction		**-**	10,088,061
Capitalized as part of land and land development costs		**24,332,680**	965,290
		P 52,568,067	P 73,236,399

14. INVESTMENT PROPERTIES

The carrying amount of this account is composed of the following:

	Note	**2024**	2023
Investment properties – net		**P 21,292,571,229**	P 20,882,662,325
Right-of-use asset – net	15.1	**445,537,731**	458,449,157
		P 21,738,108,960	21,341,111,482

The gross amounts and the accumulated depreciation of investment properties at the beginning and end of the nine months ended September 30, 2024 and the year ended December 31, 2023 are shown below.

	Land	**Building and Improvements**	**Condominium Units**	**Construction in Progress**	**Total**
September 30, 2024					
Cost	P 11,876,657,833	P 10,489,305,154	P 25,228,650	P 256,658,894	P 22,647,850,531
Accumulated depreciation	-	(1,345,969,275)	(9,310,027)	-	(1,355,279,302)
Net carrying amount	**P 11,876,657,833**	**P 9,143,335,879**	**P 15,918,623**	**P 256,658,894**	**P 21,292,571,229**
December 31, 2023					
Cost	P 11,808,751,998	P 9,667,120,799	P 25,228,650	P 492,798,052	P 21,993,899,499
Accumulated depreciation	-	(1,102,684,006)	(8,553,168)	-	(1,111,237,174)
Net carrying amount	P 11,808,751,998	P 8,564,436,793	P 16,675,482	P 492,798,052	P 20,882,662,325
January 1, 2023					
Cost	P 10,573,292,926	P 5,512,964,352	P 25,228,650	P 3,339,151,573	P 19,450,637,501
Accumulated depreciation	-	(926,703,718)	(7,544,022)	-	(934,247,740)
Net carrying amount	P 10,573,292,926	P 4,586,260,634	P 17,684,628	P 3,339,151,573	P 18,516,389,761

The reconciliation of the carrying amounts of investment properties at the beginning and end of the nine months ended September 30, 2024 and the year ended December 31, 2023 is shown below.

	Land	Building and Improvements	Condominium Units	Construction in Progress	Total
Balance at January 1, 2024, net of accumulated depreciation	P 11,808,751,998	P 8,564,436,793	P 16,675,482	P 492,798,052	P 20,882,662,325
Additions	67,905,835	643,581,215	-	-	711,487,050
Reclass from CIP		178,603,140		(144,109,418)	34,493,722
Reversal				(92,029,740)	(92,029,740)
Depreciation charges for the period	-	(243,285,269)	(756,859)	-	(244,042,128)
Balance at September 30, 2024, net of accumulated depreciation	**P 11,876,657,833**	**P 9,143,335,879**	**P 15,918,623**	**P 256,658,894**	**P 21,292,571,229**
Balance at January 1, 2023, net of accumulated depreciation	P 10,573,292,926	P 4,586,260,634	P 17,684,628	P 3,339,151,573	P 18,516,389,761
Additions	66,714,820	58,797,847	-	1,273,515,562	1,399,028,229
Effect of consolidation of a subsidiary	1,168,744,252	-	-	-	1,168,744,252
Reclassifications	-	4,119,869,083	-	(4,119,869,083)	-
Depreciation charges for the year	-	(200,490,771)	(1,009,146)	-	(201,499,917)
Balance at December 31, 2023, net of accumulated depreciation	**P 11,808,751,998**	**P 8,564,436,793**	**P 16,675,482**	**P 492,798,052**	**P 20,882,662,325**

The amount of depreciation is allocated as follows:

	Notes	**September 30, 2024 (Unaudited)**	December 31, 2023 (Audited)
Cost of rentals	20.2	**P 243,285,269**	P 200,490,771
General and administrative expense	22	**756,859**	1,009,146
		P 244,042,128	P 201,499,917

Land and building rental revenues recognized from investment properties amounted to P2,078.2 million and P1,591.5 million for the nine months ended September 30, 2024 and 2023, respectively, and are shown as Rentals under Revenues account in the condensed consolidated statements of comprehensive income. Costs incurred related to investment properties, including the depreciation, are presented as Rentals under Costs of Services and Sales account in the condensed consolidated statements of comprehensive income (see Note 20.2).

Management believes that the carrying amounts of investment properties are recoverable in full; hence, no impairment loss is recognized in 2024 and 2023.

Certain investment properties with carrying amount of P1,578.6 million as of September 30, 2024 and December 31, 2023, are used as collateral for certain loans with local banks (see Note 17).

The fair value of investment properties amounted to P167,561.0 million as of September 30, 2024 and December 31, 2023 (see Note 6.4).

15. LEASES

The Group leases certain parcels of land from WHI where the Group's certain investment properties are situated. Such leases have original term up to 30 years, and subject to escalation rate of 3% and enforceable renewal or extension options. The leases with WHI are reflected in the 2024 condensed consolidated statement of financial position as a right-of-use asset under Investment Properties (see Note 14) and lease liability.

Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

15.1 Right-of-use Asset

The carrying amount of the Group's right-of-use asset as at September 30, 2024 and December 31, 2023 and the movements during the period are shown below.

	Note	**September 30, 2024 (Unaudited)**	December 31, 2023 (Audited)
Balance at beginning of period		**P 458,449,157**	P 478,590,552
Addition - net		**1,352,766**	-
Depreciation and amortization	20.2	**(14,264,192)**	(20,141,395)
Balance at end of period		**P 445,537,731**	P 458,449,157

The amount of depreciation is allocated as follows:

	Notes	**September 30, 2024 (Unaudited)**	December 31, 2023 (Audited)
Cost of rentals	20.2	**P 14,264,192**	P 15,598,328
Capitalized as part of property Development cost		**-**	4,543,067
		P 14,264,192	P 20,141,395

15.2 Lease Liabilities

Lease liabilities are secured by the related underlying assets. Such liabilities are presented in the condensed consolidated statement of financial position as at September 30, 2024 and December 31, 2023 as follows:

		September 30, 2024 (Unaudited)		December 31, 2023 (Audited)
Current	**P**	**41,665,135**	P	38,203,429
Non-Current		**487,528,452**		487,528,452
	P	**529,193,587**	P	525,731,881

Interest expense in relation to lease liabilities amounted to P31.5 million and P37.3 million as of September 30, 2024 and 2023, respectively, and is presented as part of Finance Costs in the condensed consolidated statements of comprehensive income (see Note 21.2).

As of September 30, 2024, the Group has no commitments for leases (as lessee) entered into but which had not commenced.

16. OTHER NON-CURRENT ASSETS

This account includes the following:

		September 30, 2024 (Unaudited)		December 31, 2023 (Audited)
Project Advances	**P**	**120,275,187**	P	120,275,187
Advances to suppliers		**116,035,469**		136,097,763
Deposits for future investment		**54,026,935**		54,026,935
Financial assets at FVOCI		**41,993,830**		43,046,550
Refundable deposits		**59,458,055**		59,335,674
Others		**9,270,339**		23,624,107
		401,059,815		436,403,216
Allowance for impairment		**(120,275,187)**		(120,275,187)
	P	**280,784,628**	P	316,128,029

The reconciliation of the carrying amounts of financial assets at FVOCI is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	P 43,046,550	P 42,520,190
Unrealized fair value gain(loss)	(1,052,720)	526,360
Balance at end of period	P 41,993,830	P 43,046,550

Financial assets at FVOCI consist of investment in golf club shares and certain unquoted equity securities. The Group used Level 2 and 3 in determining the fair value of financial assets at FVOCI.

17. LOANS AND BORROWINGS

The Group's short-term and long-term loans and borrowings are classified in the condensed consolidated statements of financial position as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current	P 175,250,000	P 325,000,000
Non-current	2,708,333,333	2,739,833,333
	P 2,883,583,333	P 3,064,833,333

Bank loans represent partially secured and unsecured loans from local commercial banks. Some loans bear fixed interest rates ranging from 3.5% to 6.45% in 2024 and 2023 and one loan is subject to quarterly repricing based on prevailing market rate.

In 2024 and 2023, interest costs related to bank loans amounted to P115.9 million and P6.8 million, respectively, and were recognized as part of Finance costs account in the condensed consolidated statements of comprehensive income (see Note 21.2).

Certain bank loans are partially secured by investment properties amounting to P1,578.6 million as of September 30, 2024 and December 31, 2023, respectively, and land and land development costs amounting to P52.9 million as of September 30, 2024 and December 31, 2023 (see Notes 10 and 14).

18. TRADE AND OTHER PAYABLES

This account consists of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accrued Expenses	**P 1,401,471,924**	P 1,125,476,985
Deferred output VAT payable	**989,133,577**	918,158,670
Retention payable	**533,544,500**	537,989,662
Trade payables	**246,258,940**	472,844,997
Other payables	**65,751,276**	111,083,317
	P 3,236,160,217	P 3,165,553,631

19. DEPOSITS AND ADVANCES

This account consists of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current:		
Reservation deposits	**P 991,570,151**	P 216,475,943
Unearned rent income	**170,485,822**	26,728,942
Advance rentals	**128,573,171**	187,085,110
Construction bond	**22,192,158**	46,729,385
Rental deposits	**15,408,084**	129,305,889
Others	**6,067,417**	12,800,302
	1,334,296,803	619,125,571
Non-current:		
Rental deposits	**344,703,421**	390,029,506
Advance rentals	**213,027,643**	256,089,622
Unearned rent income	**99,060,198**	99,060,198
Buyers' deposits	**5,877,833**	5,827,832
Others	**-**	5,552,061
	662,669,095	756,559,219
	P 1,996,965,898	P 1,375,684,790

20. COSTS OF SERVICES

20.1 Cost of Construction Contracts

The cost of construction contracts pertains to cost of subcontract amounting to P11.9 million in 2024 and P136.8 in 2023.

20.2 Cost of Rentals

The following are the details of direct costs and expenses of rentals, including common usage and service area charges:

	Notes	2024	2023
Depreciation	14, 15.1	**P 257,549,461**	P 165,997,640
Utilities		**69,934,967**	33,878,807
Taxes and licenses		**54,538,591**	53,917,334
Outside services		**49,244,617**	41,285,385
Repairs and maintenance		**37,364,679**	19,565,415
Professional fees		**11,187,056**	12,706,928
Office supplies		**14,153,840**	10,828,121
Others		**22,790,467**	14,997,553
		P 516,763,678	P 353,177,183

Others include cost of janitorial services, garbage fees, and other incidental fees.

20.3 Cost of Sale of Condominium Units

The following are the details of direct costs and expenses of condominium units sold:

	2024	2023
Development costs	**P 86,908,278**	P 270,051,471
Land cost	**9,869,221**	33,194,917
Capitalized interest cost	**-**	22,262,683
Others	**6,163,867**	18,111,456
	P 102,941,366	P 343,620,527

Development costs pertain to work done by third party contractors relating to planning, design, architectural, and general construction of the condominium units.

Others include permits and licenses, development changes, surveying, monumenting, titling fees, project management, contingencies and interest cost.

21. OTHER OPERATING AND NON-OPERATING INCOME (CHARGES)

21.1 Other Operating Income

	2024	2023
Income from rendering of Administrative and other services	**P 51,810,406**	P 68,570,755
Forfeiture income	**32,716,256**	31,192,208
Sale of equipment	**8,750,000**	-
Others	**9,062,182**	9,192,396
	P 102,338,844	P 108,955,359

21.2 Finance Costs

	Note	2024	2023
Interest expense on:			
Bank loans	17	**P 113,272,531**	P 6,780,229
Lease liabilities	15.2	**31,508,628**	37,329,665
Finance Costs (PFRS15)		**2,592,455**	**-**
Others		**188,295**	692,206
		P 147,561,909	P 44,802,100

22. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

	Notes	2024	2023
Depreciation and amortization	13,14,15	P **286,541,707**	**P** 203,769,740
Salaries and employee benefits		**143,152,656**	130,277,280
Taxes and licenses		**142,308,954**	164,200,475
Development costs		**80,289,332**	270,051,471
Utilities		**74,737,408**	40,584,474
Outside services		**55,287,328**	45,521,883
Commission		**42,636,620**	62,303,676
Repairs and maintenance		**41,933,013**	21,918,052
Bond and insurance		**34,753,971**	21,281,177
Professional fees		**41,483,470**	31,044,025
Association dues		**30,942,719**	32,698,046
Representation and entertainment		**19,054,490**	19,102,445
Office supplies		**20,008,544**	17,009,346
Land cost		**9,869,221**	33,194,917
Subcontract		**10,472,669**	117,476,879
Others		**77,775,331**	128,852,621
		P 1,111,247,433	P 1,339,286,507

Others include gasoline and oil, postage and communication, bid documents, subsistence, low value leases and other incidental expenses under the ordinary course of business.

These expenses are classified in the condensed consolidated statements of comprehensive income as follows:

	Notes	2024	2023
Cost of rentals	20.2	**P 516,763,678**	P 353,177,183
Cost of sale of condominium units	20.3	**102,941,366**	343,620,527
Cost of construction contracts	20.1	**11,887,041**	136,828,658
General and administrative expenses		**428,249,636**	427,196,010
Selling expenses		**51,405,712**	78,464,129
		P 1,111,247,433	P 1,339,286,507

The details of general and administrative expenses are shown below.

	Notes	2024	2023
Salaries and employee benefits		**P 143,152,656**	P 130,277,280
Taxes and licenses		**87,770,363**	110,283,141
Association dues		**30,942,719**	32,698,046
Professional fees		**30,296,414**	18,337,097
Depreciation and amortization	13, 14	**28,992,246**	37,473,852
Representation and entertainment		**19,054,490**	19,102,445
Bond and insurance		**11,963,504**	6,283,624
Outside services		**6,042,711**	4,236,498
Office supplies		**5,854,704**	6,181,225
Utilities		**4,802,441**	6,705,667
Repairs and maintenance		**4,568,334**	2,352,637
Others		**54,809,054**	53,264,497
		P 428,249,636	P 427,196,009

23. RELATED PARTY TRANSACTIONS

The Group's related parties include its Ultimate Parent Company, associates, joint ventures, related parties under common ownership and management, stockholders and key management personnel as described below.

The summary of the Group's significant transactions in 2024 and 2023 with its related parties and the outstanding balances as of September 30, 2024 and December 31, 2023 are presented below:

Related Party Category	Notes	Outstanding Balances September 30, 2024 (Unaudited)	Outstanding Balances December 31, 2023 (Audited)	Amount of Transactions 2024	Amount of Transactions 2023
Ultimate parent company:					
Cash advances granted	23.1	**P 471,585,396**	P 471,585,396	**P -**	P 13,421,116
Advances from purchase of land	23.2	**(3,711,371,022)**	(3,815,767,912)	**104,396,890**	174,357,164
Cash advances paid (obtained)	23.2	**(49,835,679)**	(70,133,585)	**20,297,906**	-
Right-of-use assets		**445,537,731**	458,449,157	**(39,911,426)**	(20,141,395)
Lease liability		**(529,193,587)**	(525,731,881)	**(3,461,706)**	1,202,965
Management Fee		**56,903,768**	35,059,712	**21,844,056**	43,688,115
Amortization	26.3	**-**	-	**14,264,192**	20,141,395
Interest expense		**-**	-	**31,049,294**	41,243,335
Associates:					
Cash advances granted	23.1	**-**	-	**-**	(7,559,525)
Joint ventures:					
Cash advances granted	23.1	**-**	-	**-**	(37,583,941)
Construction contracts		**-**	-	**-**	(8,331,867)
Related parties under common ownership and management:					
Cash advances granted (collected)	23.1	**201,718,261**	176,794,730	**24,923,531**	38,220,497
Cash advances paid (obtained)		**(100,828,402)**	(85,509,296)	**(15,319,106)**	(15,375,718)
Contracts of services		**-**	-	**-**	7,490,546
Other income		**-**	-	**40,078,615**	41,053,126
Stockholders:					
Cash advances granted (collected)	23.1	**109,187,348**	109,187,348	**-**	7,548,885
Key management personnel –					
Compensation		**-**	-	**27,083,595**	61,430,660

23.1 Advances to Related Parties

In the normal course of business, the Group grants unsecured and noninterest-bearing cash advances to related parties for working capital requirements and other purposes. The advances have no fixed repayment terms and collectible upon demand.

Certain advances to related parties are secured by an undertaking of another related party to pay in case of default. These advances are presented as Advances to related parties under Receivables account in the condensed consolidated statements of financial position (see Note 8).

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Ultimate parent company	**P 471,585,396**	P 471,585,396
Related parties under common ownership and management	**201,169,376**	176,794,730
Stockholders	**109,187,348**	109,187,348
	P 781,942,120	P 757,567,474

23.2 Advances from Related Parties and Due to Ultimate Parent Company

The Group has outstanding amount due to the Ultimate Parent Company representing a payable for certain land acquired in prior years. The Group also obtains cash advances from other related parties to assist its daily operational and other requirements.

24. EARNINGS PER SHARE

Basic and diluted earnings per share were computed as follows:

	2024 (Unaudited)	2023 (Unaudited)
Net profit attributable to the equity holders of the Parent Company	**P 1,368,157,892**	P 1,262,414,231
Divided by weighted average number of outstanding common shares*	**3,395,864,100**	3,395,864,100
Basic and diluted earnings per share	**P 0.40**	P 0.37

*The Group has no potential dilutive common shares as of September 30, 2024 and 2023.

25. CAPITAL STOCK

The Parent Company has an authorized capital stock of P4,000,000,000 divided into 4,000,000,000 shares with a par value of P1 per share, of which 3,395,864,100 shares or P3,395,864,204 are issued and outstanding as of September 30, 2024 and December 31, 2023.

On March 6, 2018, the Parent Company filed its application with the PSE for the listing of its common shares, which was approved by the PSE on May 23, 2018. Also on March 6, 2018, the Parent Company filed a Registration Statement covering the Initial Public Offering (IPO) of its common shares with the PSE, in accordance with the provisions of the SEC's Securities Regulation Code. Pursuant to its filing with the PSE, on June 29, 2018, the Parent Company issued through the IPO the additional 679,172,800 common shares at P12.00 price per share generating offering proceeds of P8,150.1 million. The related additional paid-in capital arising from the IPO, after deducting transaction costs associated with the issuance of shares, amounted to P6,964.6 million. The common share price closed at P5.68 per share and P5.2 per share as of September 30, 2024 and December 31, 2023, respectively.

In 2015, the Parent Company issued 3,216,910 common shares at par value of P100.00 per share to a certain individual stockholder pursuant to a deed of exchange.

On May 14, 2020, the Parent Company's BOD unanimously approved a P1,000.0 million buyback program of the Parent Company's shares through the open market on the PSE subject to applicable SEC and PSE rules, for a period of two years or upon full utilization of the appropriated amount, whichever comes first. The Parent Company acknowledges that the share buyback program shall have an effect on the Parent Company's Minimum Public Ownership (MPO), and that it commits to bringing the MPO to the required percentage within a period of twelve months. As of the date of issuance of the 2022 consolidated financial statements, the SEC is yet to approve the Parent Company's buyback program and management has projected that the approved amount may only reach to P300.0 million.

As of September 30, 2024 and December 31, 2023, there are 28 and 29 holders, respectively, of the listed common shares owning at least one board lot of 100 shares. The public float lodged with PCD Nominee is counted as one stockholder only.

26. COMMITMENTS AND CONTINGENCIES

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

26.1 Operating Leases – Group as a Lessor

The Group is a lessor under operating leases covering certain real estate properties presented in the consolidated statements of financial position as Investment Properties. Lease agreements with large tenants have terms ranging from five to 45 years with monthly rental payment on certain rate per square meter of leased area subject to annual escalation rates of 5.00% to 10.00% per annum. Some lease agreements have a term of one year, subject to annual renewal and monthly payment of minimum rental plus additional rental based on certain percentage of the lessee's gross sales.

The future minimum lease collections under these operating leases as of the end of the reporting period is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Within one year	**P 1,520,675,401**	P 1,703,031,469
After one year but not more than two years	**1,479,395,437**	1,629,031,509
After one year but not more than three years	**1,229,084,066**	1,388,006,000
After one year but not more than four years	**961,290,035**	1,228,009,653
After one year but not more than five years	**869,478,728**	868,806,446
More than five years	**37,013,737,601**	37,581,416,621
	P 43,073,661,269	P 44,398,301,699

26.2 Legal Claims

There are pending claims and legal actions filed by the Group or against the Group arising from the normal course of its business. Management believes that the ultimate liability, if any, with respect to such litigations, claims and disputes will not materially affect the financial position and results of operations of the Group.

26.3 Deficiency Tax Assessments

The Group has certain final deficiency tax assessment and has received letters of authority from the BIR, pursuant to which the BIR has sought to investigate certain tax periods of the Group and consequently examine certain books, records and accounts that relate to transactions in the ordinary course of business. There are final deficiency tax assessments in the ordinary course of business against the Parent Company that are pending with the BIR covering taxable years 2013 and 2009. Pursuant to the Group's policy of addressing such actions in line with prudent business practice, the Group has engaged tax counsels and advisors in relation to these matters.

As of December 31, 2023, the final deficiency tax assessments are still under protest. Management believes that the Group has enough legal basis under the law, Supreme Court and Court of Tax Appeals decisions and evidence to support their claim; hence, no provisions were recognized in the consolidated financial statements.

26.4 Reclaimed Land and Others

The Group's existing land holdings in Aseana City, which were obtained pursuant to certain series of agreements involving reclamation and related projects with the Philippine Government, are entirely located on reclaimed foreshore land. Although the Group holds registered titles to these land holdings, Philippine law provides that issuance of titles does not create or vest title, but only constitutes evidence of ownership over such properties. In view of this, the Group's ownership, registration, and possession of titles and actual possession of these land holdings do not negate the possibility that the Philippine Government or third parties may at any time, file lawsuits to challenge the Group's rights to these land holdings. While the PRA and the Philippine Office of the Government Corporate Counsel (OGCC) are of the opinion that the Group's titles can no longer be invalidated, there is no assurance that the Philippine Government or third parties will not challenge the Group's rights to such reclaimed lands in the future. Notwithstanding the foregoing, the Group is not aware of the validity of the Group's titles being questioned, impugned, challenged or invalidated by the Philippine Government or any other third party since the time the Group acquired ownership over these land holdings in Aseana City and up to the issuance of the Group's consolidated financial statements. In addition to the opinions of the PRA and OGCC, management believes that the Group has enough basis in law and in the decisions of the relevant courts, to support the validity of its titles and ownership over these subject properties.

There are other commitments, litigations and contingencies that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements. As of September 30, 2024, management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's consolidated financial statements.

27. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure that the Group maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions primarily those current and expected future events that affect or likely to affect the real estate and leasing sector. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

The Group monitors its capital gearing by measuring the ratio of loans and borrowings to total capital and net loans and borrowings to total capital. Loans include all short-term and long-term borrowings while net interest-bearing loans include all short-term and long-term loans net of cash and cash equivalents.

As of September 30, 2024 and December 31, 2023, the Group's ratios of net interest-bearing loans to total capital are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Total loans and borrowings	**P 2,883,583,333**	P 3,064,833,333
Less: Cash and cash equivalents and short-term placements	**(4,599,718,050)**	(4,855,269,205)
Net loans and borrowings (a)	**(1,716,134,717)**	(1,790,435,872)
Total equity	**39,718,284,277**	38,690,195,844
Net loans and borrowings and equity (b)	**P 38,002,149,560**	P36,899,759,972
Gearing ratio (a/b)	**-5%**	-5%

28. CASH DIVIDENDS

On March 18, 2024, the Parent Company's BOD in the special meeting held approved the declaration of dividends amounting to P 0.078971515 per share to shareholders as of the record dated April 12, 2024. The dividends were made payable on April 25, 2024.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
Schedule of Financial Indicators
As required under SRC Rule 68, as amended
For the Period Ended September 30, 2024 and 2023
(Amounts in Philippine Pesos)

			September 30, 2024	December 31, 2023
I.	**Current/liquidity ratios**			
	a.	Current Ratio Total Current Assets / Total Current Liabilities	**2.93**	3.04
	b.	Quick Ratio [Cash and Cash Equivalents + Receivables - net] / Total Current Liabilities	**0.93**	0.91
II.	**Solvency ratios**			
	a.	Solvency Ratio Total Assets / Total Liabilities	**3.82**	3.83
	b.	Debt Ratio Total Loans and Borrowings / Total Assets	**5%**	6%
	c.	Debt-to-Equity Ratio Total Loans and Borrowings / Total Equity Attributable to Owners of Parent Company	**7%**	9%
III.	**Asset-to-equity ratio**	Total Assets / Total Equity Attributable to Owners of Parent Company	**1.35**	1.61

			September 30, 2024	September 30, 2023
IV.	**Interest Coverage Ratio**	Earnings Before Interest and Taxes / Interest Costs	**15.1**	48.1
V.	**Profitability Ratios**			
	a.	Net Profit Margin Net profit Attributable to Owners of the Parent Company / Revenues	**50.4%**	44.9%
	b.	Gross Profit Margin Gross Profit / Revenues	**76.8%**	70.3%
	c.	Return on Equity (Annualized) Net profit Attributable to Owners of the Parent Company / Average Equity Attributable to Owners of the Parent Company	**5.4%**	6.7%

d.	Return on Assets (Annualized) Net profit Attributable to Owners of the Parent Company / Average Total Assets	**4.0%**	4.0%
e.	Recurring income Rental revenue / Total revenue	**89.4%**	65.2%

D. M. WENCESLAO & ASSOCIATES, INCORPORATED
15th Floor, Aseana 3
D. Macapagal Blvd. corner Asean Ave., Aseana City, Parañaque City
Reconciliation of Retained Earnings Available for Dividend Declaration
As of and for the quarter ended September 30, 2024

Unappropriated Retained Earnings, beginning of reporting period	P	5,789,575,011
Less: Item that is directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	(	268,176,532)
Unappropriated Retained Earnings, as adjusted		5,521,398,479
Net Income for the Current Year		446,762,689
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Accrued rent income based on PFRS 16, *Leases*		(389,559,384)
Adjusted Net Income		57,203,305
Less: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement in deferred tax assets not considered in the reconciling items under the previous categories	(	89,877,832)
Unappropriated Retained Earnings, end of the reporting period available for dividend	**P**	**5,488,723,951**

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DMW's 3Q2024 Net Income Rises to ₱1.37 Billion

Financial and Operational Highlights
(In Millions Pesos, except for financial ratios and percentages)

	Nine months ended September 30 (UNAUDITED)				
	2024	**% to Revenues**	2023	% to Revenues	% Change
Profit & Loss Data					
Revenues	**2,716**	**100%**	2,811	100%	-3%
Cost of services and sales	**632**	**23%**	834	30%	-24%
Gross profit	**2,085**	**77%**	1,977	70%	5%
Other operating expenses – net	**377**	**14%**	397	14%	-5%
Net income attributable to the owners of the Parent company	**1,368**	**50%**	1,262	45%	8%

	September 30, 2024 (UNAUDITED)		Dec 31, 2023 (AUDITED)		
	Amount	**% to Total Assets**	Amount	% to Total Assets	% Change
Balance Sheet Data					
Total Assets	**53,809**	**100%**	52,351	100%	3%
Total Liabilities	**14,090**	**26%**	13,661	26%	3%
Total Equity attributable to owners of the Parent company	**33,572**	**62%**	32,585	62%	3%

	As of the period ended	
Other Key Financial Ratios	**September 30, 2024**	December 31, 2023
Current Ratio	**2.93**	3.04
Debt to Equity	**7%**	9%

	September 30, 2024	September 30, 2023
Return on Equity	**5%**	7%
***Net income ratio**	**50%**	45%
Recurring Income Contribution	**89%**	65%

**Attributable to parent*

Revenue

Total consolidated revenue decreased by P94.6 million or 3.4%, from P2,810.9 million for the nine months ended September 30, 2023 to P2,716.3 million for the same period in 2024, primarily due to the following:

Sale of Condominium Units

The revenue from sale of condominium units decreased by P552.7 million or 66.8%, from P826.9 million for the nine months ended September 30, 2023 to P274.1 million during the same period in 2024. This decrease was primarily attributable to the decrease in incremental percentage of completion for Midpark in 2024 compared to the incremental percentage of completion for the same period in 2023. Also, lower number of units of Midpark was qualified for revenue recognition as it reaches the revenue threshold.

Rentals

The total rental revenue increased by P596.4 million or 32.5%, from P1,833.3 million for the nine months ended September 30, 2023 to P2,429.7 million for the same period in 2024. The increase was attributable to the increase in occupancy rates of Parqal and 8912 Ave.

Construction Contracts

The total construction contracts decreased by P138.2 million or 91.7%, from 150.7 million for the nine months ended September 30 in 2023 to 12.4 million for the same period in 2024. The decrease was attributable to construction activities rendered to external parties.

Cost of Services and Sales

Total consolidated cost of services and sales decreased by P202.0 million or 24.2%, from P833.6 million for the nine months ended September 30, 2023 to P631.6 million for the same period in 2024 primarily due to the following:

Sale of Condominium Units

Cost of sale of condominium units decreased by P240.7 million or 70.0%, from P343.6 million for the nine months ended September 30, 2023 to P102.9 million for the same period in 2024 in relation to the decrease in its related revenue as discussed above.

Construction Contracts

Cost of construction contracts decreased by P124.9 million or 91.3%, for the nine months ended September 30, 2024. As discussed above, the decrease was primarily attributable to the decrease in construction activities rendered to external parties.

Operating expenses – net

Operating expenses – net decreased by P19.4 million or 4.9% from P396.7 million for the period ended September 30, 2023 to P377.3 million for the same period in 2024 primarily due to decrease in commission expense in relation to the sale of condominium units.

Tax Expense

Tax expense decreased by P11.7 million or 3.3%, from P351.1 million in 2023 to P339.5 million in 2024 significantly due to the decrease in current tax expense on decreased revenues.

Net Profit Attributable to Parent

Net profit attributable to parent company increased by P105.7 million or 8.4%, from P1,262.4 million in 2023 to P1,368.2 million in 2024, as discussed in details in the revenue, cost of services and sales, operating expenses and taxes portions of this report.

Balance Sheet Accounts

Total Assets

The Company's total assets increased by P1,457.5 million or 2.8%, from P52,351.1 million as of December 31, 2023 to P53,808.7 million as of September 30, 2024 due to the following:

- Contract Asset decreased by P20.0 million or 1.1%, from P1,773.4 million to P1,753.3 million as of December 31, 2023 and September 30, 2024, respectively, primarily due to the adjustment made in relation to the significant financing component of the condominium contracts.

- Investment properties - net increased by P397.0 million or 1.9%, from P21,341.1 million to P21,738.1 million as of December 31, 2023 and September 30, 2024, respectively, due to the cost incurred for the construction of Parqal.

- Property Development Cost increased by P136.4 million or 5.6%, from P2,417.3 million to P2,553.7 million as of December 31, 2023 and September 30, 2024, respectively, due to costs incurred for the construction of Midpark Tower net of recognized cost of sales

- Receivables increased by P1,311.4 million or 17.0%, from P7,712.4 million to P9,023.7 million as of December 31, 2023 and September 30, 2024, respectively, primarily due to the recognition of rental receivable based on PAS17.

Total Liabilities

Total liabilities increased by P429.5 million or 3.1%, from P13,661.0 million to P14,090.4 million from December 31, 2023 and September 30, 2024, respectively, due to the following:

- Trade and other payables increased by P70.6 million or 2.2%, from P3,165.6 million to P3,236.2 million as of December 31, 2023 and September 30,2024, respectively, significantly due to the accrual and actual billings received from subcontractors of pipeline projects.

- Contract liability increased by P15.3 million or 8.1%, from P187.3 million to P202.6 million as of December 31, 2023 and September 30, 2024, respectively, due to the increase in the amount received from real estate customers in excess of the amount that the Group has rights to receive based on the progress of the real estate development net of the adjustment made in relation to the significant financing component of the condominium contracts.

- Deposit and advances increased by P621.3 million or 45.2%, from P1,375.7 million to P1,997.0 million as of December 31, 2023 and September 30, 2024, respectively, mainly due to rental deposits received in relation to new lease contracts closed during the period.

- Lease Liability decreased by P3.5 million or 0.1%, from P525.7 million to P529.1 million as of December 31, 2023 and September 30, 2024, respectively, mainly due to the amortization of lease of land where commercial buildings are situated.

Total Equity

Total equity increased by P1,028.1 million or 2.7%, from P38,690.2 million to P39,718.3 million as of December 31, 2023 and September 30, 2024, respectively, primarily due to the results of operation for the nine months ended September 30, 2024, net of declaration of cash dividends of P268.2 million.

Other Key Financial Ratios

The Company's key performance indicators are measured in terms of the following: (a) Current ratio which determines the liquidity of the Company (b) Debt to equity which determines the Company's financial leverage (c) Return on equity which measures the profitability to capital provided by stockholders (d) net income ratio which measures the ratio of net profit to total gross revenue (e) recurring income contribution.

Current ratio decreased to 2.93 from 3.04 as of September 30, 2024 and December 31, 2023, respectively, mainly due to the increase short-term rental deposits as a result of new lease contracts.

Debt to equity ratio decreased to 7% from 9% as of September 30, 2024 and December 31, 2023, mainly due to principal payments during the period.

Return on equity decreased to 5% from 7% as of September 30, 2024 and 2023, mainly due to the remeasurement gain recognized on previous year.

Net income margin increased to 50% from 45% as of September 30, 2024 and 2023, mainly due to the increase in rental revenues.

Recurring income ratio increased to 89% from 65% as of September 30, 2024 and 2023 mainly due to the increase in revenue from rental due to new tenants.

The Company has no known direct or contingent financial obligation that is material to the Company, including any default acceleration of an obligation. There were no contingent liabilities or assets in the Company's statements of financial position. The Company has no off-balance sheet transactions, arrangements, obligations during the reporting year as of balance sheet date.

There are no known trends, events, material changes, seasonal aspects or uncertainties that are expected to affect the Company's continuing operations.

Key Operating Data

DMW's total leasable commercial space stood at 235,846sq.m as of September 2024.

Parqal's foot traffic and tenant sales continue to rise rapidly as stable inflation and declining interest rates boost consumption spending.

Nestled in the heart of Aseana City, Parqal sits on five hectares of land stretching from Diokno Avenue to Macapagal Boulevard. It features a climate protected and walkable development composed of nine independent 4-storey buildings.

In the 9M2024, DMW's commercial building occupancy reached 76%, a 17% improvement year-to-date on the back of brisk take-up across the portfolio, led by logistics and traditional tenants.

On the residential segment, MidPark Towers' percentage of completion stood at 85%.

On land leasing, total leased out land reached 183,818 sq.m. from 174,102 sq.m. in September 2023 on the back of lease expansions and new leases.

The LRT-1 Cavite Extension Phase 1—including the new Redemptorist-Aseana station—is scheduled to begin operations in December 2025 This big-ticket infrastructure project will provide seamless access to Aseana City for up to 600,000 passengers daily, connecting an estimated 8 million residents across cities traversed by LRT Line 1. This significantly broadens Aseana City's labor market reach and consumer base.

Project and Capital Expenditure

As of the period ended September 30, 2024, the Company already spent P7,599.2 million from the IPO proceeds. The Group expects to incur capital expenditures of approximately P1.4 billion which will be funded through internally generated funds or external borrowings.

SIGNATURES

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.

Issuer: **D.M. WENCESLAO & ASSOCIATES, INC.**

By:

DELFIN ANGELO C. WENCESLAO
Chief Executive Officer

BENIGNO A. TATUNAY
Chief Finance Officer

Date: November 12, 2024