ANNUAL REPORT 2025

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Pension Fund
Tourism Sector Aruba

REPORT OF THE EXECUTIVE BOARD

Report of the Executive Board

Foreword

With a strong sense of responsibility and commitment, we present the Fund's financial statements for the fiscal year ended 2025. These statements provide a transparent and comprehensive overview of the Fund’s net assets available for benefits, investment performance, and key activities undertaken to safeguard the retirement security of our members in the tourism sector.

Looking ahead, the Fund remains committed to prudent financial management, sound governance, and a disciplined investment approach to navigate an evolving economic and regulatory environment. We extend our gratitude to our members, stakeholders, and partners for their continued trust and collaboration, and we acknowledge the dedication of the Executive Board, management, and staff in strengthening the Fund’s long-term resilience, sustainability, and ability to meet its obligations to current and future beneficiaries.

About PFTSA

Our ambitions and our strategy

The Fund’s mission:

“To provide retirement benefits to our pension participants with an approachable culture, high professionalism, transparency, innovation, and ethical standards.”

The Fund’s vision:

“We are the preferred and trusted choice of pension participants for the execution of their retirement plans; a fosterer of the financial well-being of our members, and guardian of responsible investments.”

To realize this vision, the Fund has set five key strategic goals for the next three years:

- Strengthen the long-term financial sustainability of the Fund.
- Deliver excellent customer service and effective communication to participants.
- Deliver excellent value to participants.
- A strong risk management framework, while providing for scalability and flexible design.
- Ensure effective human resource development and create a corporate culture for innovation.

These objectives reflect the Fund’s commitment to financial stability, participant satisfaction, and continuous improvement in service and operational efficiency.

We need a solid foundation to execute our strategy successfully. We rely on committed and knowledgeable staff and on well-functioning IT systems.

Digitalization

Throughout the year, we conducted various cybersecurity tests to ensure that all data remains secure. As a pension fund, safeguarding the trust of our participants is paramount, and data protection is a fundamental part of that responsibility.

In addition, in 2026, we will explore opportunities to digitize several internal processes to increase efficiency and reduce costs. These initiatives will lay the groundwork for further improvements in the coming year.

Looking ahead to 2026, we expect to enhance our digital communication—not only with participants but also with employers. Supporting employers in their pension administration responsibilities is a key priority, and we are committed to making their work as simple and seamless as possible.

Transparency and compliance

During 2025, the Fund concentrated on reviewing and updating its existing policies and procedures to strengthen governance, enhance operational clarity, and ensure continued alignment with regulatory expectations. This included updates to key internal frameworks – such as a revised version of the Sound Corporate Governance, Board Charter, Committee Charters, and several internal processes. These efforts underscore the Fund's commitment to maintaining a robust policy environment that supports effective oversight, transparency, and sound operational practices.

In addition, the Fund continued strengthening its integrity framework by reinforcing awareness and understanding of the existing Code of Conduct. The Fund focused on ensuring that all employees and Executive Board members remain aligned with the ethical standards and behavioral expectations that guide our operations.

By continuing to enforce the established Code of Conduct and investing in refresher training for all personnel, the Fund reaffirmed its commitment to maintaining a culture of integrity, transparency, and responsible corporate behavior. These initiatives support stakeholders' trust and reinforce the strong ethical foundation on which the Fund operates.

We are transparent about our investment policy, costs, and returns, and we comply meticulously with the relevant laws and regulations. We value integrity and seek to uphold the highest norms and standards.

Regulatory Compliance

The Fund's compliance framework comprises policies and procedures for Sound Business Operations and Anti-Money Laundering and Counter-Financing of Terrorism/Proliferation, in line with Aruba's regulatory requirements. These are supported by internal controls and a multi-tier defense system to ensure effective compliance.

The Fund's MLCO oversees daily compliance activities, working closely with business units, management, and the Executive Director. The MLCO reports directly to the Risk & Compliance Committee and the Executive Board.

The Fund complies with all supervisory reporting requirements, including coverage ratio reporting. For the past five years, the Fund has consistently exceeded these requirements, reinforcing transparency, financial stability, and regulatory adherence to protect stakeholders' interests.

New CBA Solvency requirements

In 2025, the Fund continued implementing the gradual increase in the net solvency requirement introduced by the Centrale Bank van Aruba (CBA), which raises the minimum solvency ratio from 100% to 105% over a five-year period beginning January 1, 2025. Having incorporated these revised requirements into the 2024 ALM Study, the Fund focused throughout 2025 on monitoring the impact of the phased increases, evaluating the solvency position, and ensuring that the strategic investment allocation remains aligned with the strategic investment plan.

ESG framework and oversight

The Fund continues to monitor developments in ESG-related regulation and best practices and will enhance its policies and disclosures where such developments are expected to have a material financial impact.

General economic condition

Real Gross Domestic Product (GDP) is estimated to have increased by 7.6%[1] in 2024, primarily driven by growth in real tourism exports (+9.6%)[1] and real investment (+22.9%)[1], with a modest rise in real consumption (+2.4%)[1]. For the short term, real GDP is estimated to grow by 3.9%[1] in 2025, supported by a continued surge in real investment (+11.8%)[1], along with expansions in real private consumption (+5.2%)[1] and real tourism exports (+1.5%)[1]. In 2026, real growth will likely moderate to 1.8%[1], as real private consumption (+3.3%)[1] and real tourism exports (+1.7%)[1] maintain positive momentum, though a decline in real investment (−3.2%)[1] tempers overall expansion.

Tourism performance was quite strong with the number of stay-over arrivals increasing by 6.6%[2] to reach 1,515,102[2]in 2025 compared to 2024. The number of room nights increased by 5.1%[2] to 10,310,093[2]. The United States continued to be the dominant market accounting for a share of 72%[2], followed by Latin-America and European arrivals accounting for market shares of respectively 15%[2] and 5%[2]. The hotels (excluding short-term vacation rentals) benefited from this development and registered in 2025 an average occupancy rate of 76%[3] and an Average Daily Rate of USD 409[3]. The short-term vacation rentals registered an average occupancy rate of 61% and an Average Daily Rate of USD 362 in 2025.

Following a period of high price increases after the Covid-19 affected years, inflation lowered successively from 3.4%[4] in 2023 to 1.7%[4] in 2024 and 0.1%[4] in 2025 and is estimated to reach 1.1% in 2026, although there are uncertainties in the international market that may contribute to a higher inflation in 2026.

In the local financial market, commercial bank credit to the private sector increased significantly by 10.4%[5] at the end of 2025 compared to the end of 2024, mainly driven by an 11.5%[5] increase in loans to enterprises. Credit to individuals also expanded strongly with consumer lending rising by 17.6% and housing mortgages increasing by 7.2%. During 2025, the Central Bank of Aruba gradually reduced the reserve requirement, thereby allowing banks to hold a smaller share of client deposits as mandatory reserves. The requirement was lowered over three consecutive months from 15.5% to 14.5%[6] effective

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[1] Source: CBA Economic Outlook November 2025 (readBlob.do)
[2] Source: ATA Monthly Report December 2025
[3] Source: AHATA Hotel Performance December 2025
[4] Source: CBS Consumer Price Index December 2025 (12-December-2025.pdf)
[5] CBA Monthly Tables December 2025, dated February 9, 2026 (Microsoft Word - CBA Monthly Report Cover Front page.docx)
[6] Source: CBA Press Release, dated February 24, 2025 (readBlob.do)

January 1, to 13.5%[7] effective February 1, and to 12.5%[8] effective March 1, after which it remained unchanged for the rest of the year.

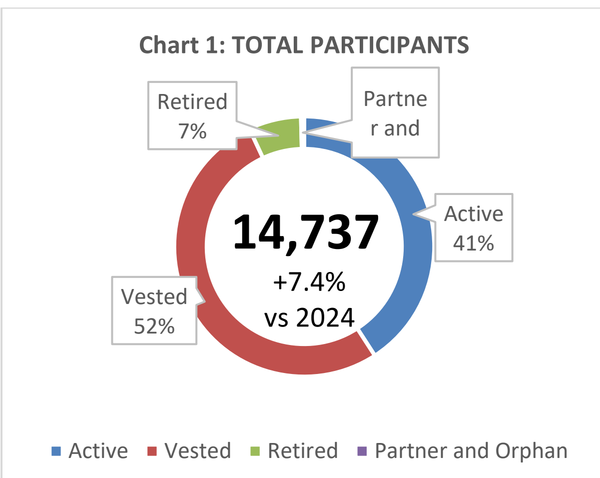
This development, combined with budget surpluses in the public sector, has increased liquidity in the local market, making the local investment environment more challenging. Nonetheless, the Fund continues to have local investment opportunities in the pipeline and will closely monitor developments in local financial conditions, including the Government of Aruba's financing activities and the refinancing of maturing local bonds.

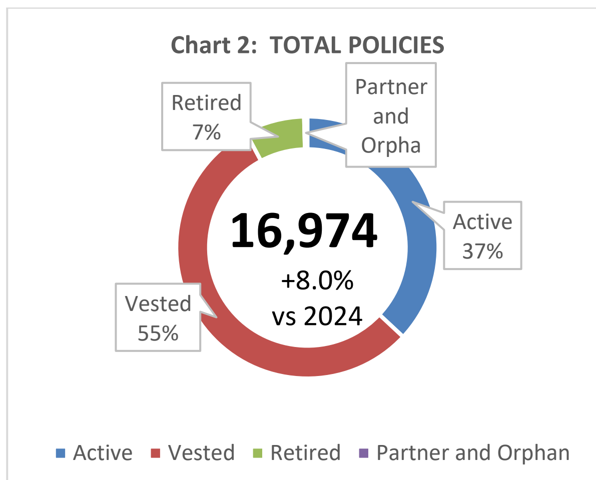
Our results in 2025

Pension portfolio development

Employers, Participants and policies

During 2025, six (2024: ten) new companies have joined, and nine (2024: two) companies became vested. At the end of 2025, a total of 213 (2024: 207) companies were affiliated with the Fund, of which 140 (2024: 143) are active and 73 (2024: 64) are vested. For a graphical presentation of the participants and policies, refer to Chart 1 and Chart 2.

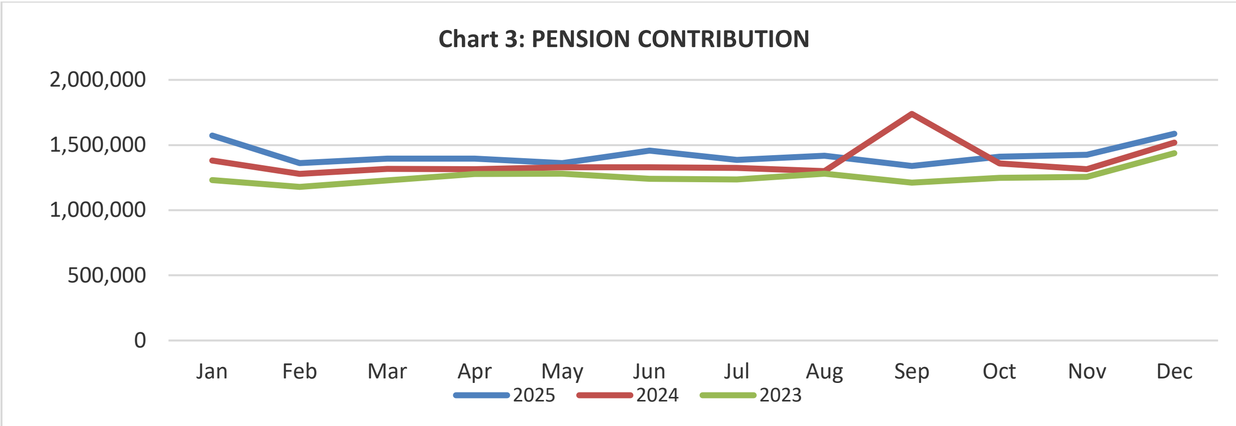




The number of policies is higher than the number of participants, since individual participants may hold more than one policy.

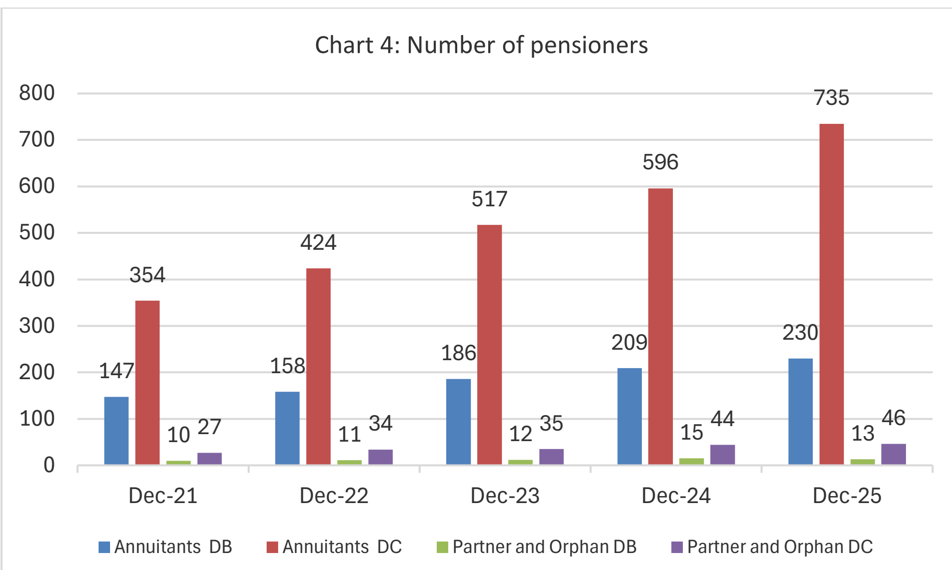
[7] Source: CBA Press Release, dated March 17, 2025 (readBlob.do)
[8] Source: CBA Press Release, dated May 8, 2025 (readBlob.do)

Pension Contribution



The increase in pension contribution observed in September 2024 (see Chart 3) is attributed to an incoming pension transfer of a single participant.

Annuitants



Financial returns

Development in investments

At the end of 2025, as shown in Table 1, the investment of the Fund consists of the following investment categories.

Table 1: Investment Category	**2025**	2024
	%	%
Bonds	**46**	42
Loans	**21**	18
Time deposits	**1**	5
Mortgages	**5**	6
Fixed income investments	**73**	**71**
Investment property and Assets held for sale	**6**	10
Shares	**21**	19
Equity (including property)	**27**	**29**
Balance as of 31 December	**100**	100

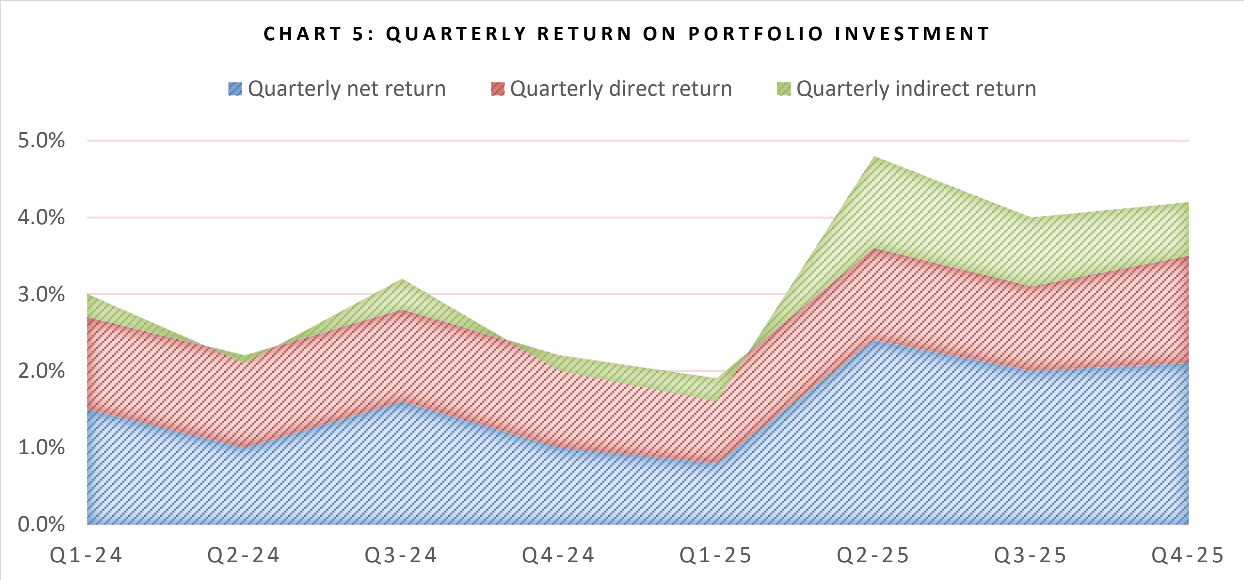
As an additional service to its participants, the Fund provides mortgage loans to support homeownership. At the end of 2025, a total of 76 mortgages had been issued (2024: 79), with an aggregate value of AWG 11,675,294 (2024: AWG 12,227,550). Of this amount, AWG 195,886 (2024: AWG 8,956) remained pending for disbursement related to construction mortgages.

Portfolio performance in 2025

In 2025, the total net return on the portfolio (including cash) increased by 2.1 percentage points compared to 2024, rising from 5.2% to 7.3%. This improvement was mainly driven by a higher indirect return, which increased from 0.5% in 2024 to 2.5% in 2025, reflecting stronger valuation movements during the year. The direct return remained stable at 4.7% in both 2024 and 2025. Refer to Table 2 and Chart 5.

Table 2: Return on portfolio investment

Investment performance in %	2025			2024		
	Direct return	**Indirect return**	**Total net return**	Direct return	Indirect return	Total net return
Total Return on portfolio incl. cash	**4.7**	**2.5**	**7.3**	**4.7**	**0.5**	**5.2**
Return on local investments incl. cash	***5.2***	***0.2***	***5.4***	*4.9*	*(0.3)*	*4.6*
Return on regional investments incl. cash	***4.6***	***0.2***	***4.8***	*3.9*	*0.2*	*4.1*
Return on international listed investments incl. cash	***2.7***	***12.3***	***15.0***	*3.3*	*5.9*	*9.2*



Strategic investment allocation

The Strategic Investment Policy 2025-2027 outlines the Fund's overall investment philosophy and is based on the Asset Liability Management (ALM) study conducted in 2024 by Ortec Finance BV.

At the end of December 2025, the composition of the Fund's local, regional, and international portfolio investments, as well as the composition of the asset classes for the period 2025 – 2024, are presented in Table 3, Table 4, Table 5, and Table 6.

The ALM study has outlined a three-year glide path strategic allocation to guide the transition toward the new strategic asset allocation. The glide path for the year 2025 is included in the strategic target allocation in the tables below.

Table 3: Composition of the investment portfolio

Investment category	Allocation as of December 2025	Allocation as of December 2024	Strategic target allocation 2025
Local	**72.0%**	85.0%	73.0%
Regional	**1.0%**	1.0%	1.0%
International listed	**27.0%**	14.0%	26.0%

Table 4: Asset Class percentage of assets under management

Investment category	Allocation as of December 2025	Allocation as of December 2024	Strategic target allocation 2025
Fixed income	**73.0%**	72.0%	74.0%
Equity (including property)	**27.0%**	28.0%	26.0%

Table 5: Investment allocation local portfolio

Investment category	Allocation as of December 2025	Allocation as of December 2024	Strategic target allocation 2025	Bandwidth min – max 2025 - 2027
Cash	**2.0%**	2.0%	1.0%	0% - 5%
Time Deposit	**1.0%**	5.0%	1.0%	0% - 5%
Aruba Government bonds	**23.0%**	25.0%	23.0%	10% - 29%
Private loans	**29.0%**	31.0%	29.0%	18% - 35%
Residential mortgage	**4.0%**	6.0%	6.0%	3% - 8%
Subtotal fixed income - local	**59.0%**	**69.0%**	**60.0%**	
Real Estate (own Properties)	**6.0%**	9.0%	6.0%	3% - 15%
Equity	**7.0%**	7.0%	7.0%	4% - 10%
Subtotal equity - local	**13.0%**	**16.0%**	**13.0%**	
Total	**72.0%**	**85.0%**	**73.0%**	

Table 6: International and regional allocation

Investment category	Allocation as of December 2025	Allocation as of December 2024	Strategic target allocation 2025	Bandwidth min – max 2025 - 2027
Emerging market equity	**2.0%**	1.0%	1.6%	0% - 8%
Global developed market equity	**12.0%**	11.0%	11.4%	8% - 25%
Subtotal listed international equity	**14.0%**	**12.0%**	**13.0%**	
Corporate credit IG US	**2.0%**	-	1.3%	1% - 6%
Emerging market debt hard currency (USD)	**1.0%**	-	2.6%	1% - 8%
Government bond US	**2.0%**	-	5.2%	1% - 15%
Cash US	**8.0%**	2.0%	3.9%	0% - 10%
Listed international fixed income	**13.0%**	**2.0%**	**13.0%**	
Fixed Income (including cash) Regional	**1.0%**	1.0%	1.0%	0% - 3%
Equity Regional	**-**	**-**	**-**	0% - 3%
Total	**28.0%**	**15.0%**	**27.0%**	

As of the end of December 2025, all asset classes are positioned within their respective bandwidths. The local investment allocation stood at 72%, compared to 85% at the end of 2024. Although this was slightly below the 2025 glide-path target of 73%, the actual allocation reflects accelerated progress toward the ALM objective of reducing local exposure to 60% by 2027.

International listed investments increased to 27% by the end of December 2025, up from 14% in December 2024. This exceeded the 2025 glide-path target of 26% and demonstrates continued progress toward the ALM target of increasing international exposure to 40% by 2027.

The regional investment allocation remained unchanged at 1% over the same period.

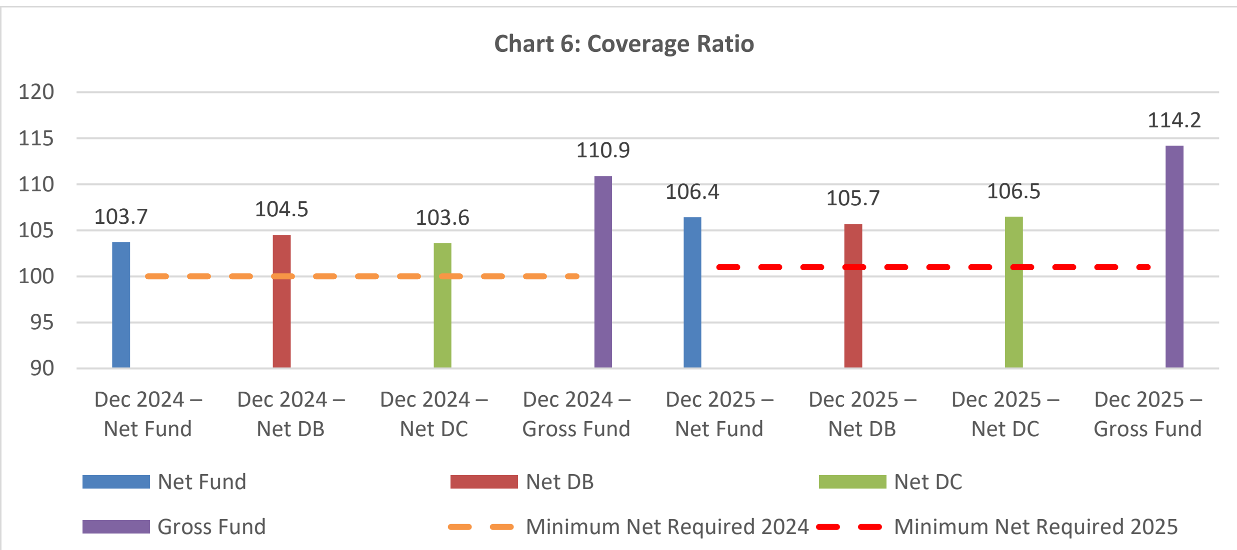
In 2025, the Fund transferred USD 17 million to Principal Bank for investment through LCG as part of the international investment strategy.

Our financial position

The Fund's coverage ratio as of December 31, 2025, is 114.2% gross and 106.4% net (2024: 110.9% gross and 103.7% net).

As part of the coverage ratio review, the solvency of each plan is also assessed. As of December 2025, the solvency ratio for the DB plan is 105.7% gross and 105.7% net (2024: 104.5% gross and 104.5% net). For the DC plan, the solvency ratio is 114.8% gross and 106.5% net (2024: 111.4% gross and net 103.6% net).

Effective January 1, 2025, the minimum required net solvency ratio increased from 100.0% to 101.0%, with further annual increases of one percentage point planned until it reaches 105.0% by 2029. The Fund's current net coverage ratio, as well as the net solvency ratios of each plan, remain above the 101.0% minimum requirement.



Our governance

According to the CBA's Sound Governance Practices, members of the Executive Board of a financial institution falling under its supervision should follow the practices as outlined below:

- ensure competent management on an ongoing basis;
- ensure appropriate plans and policies for the institution;
- monitor operations to ensure compliance and adequate control;
- oversee business performance.

Articles of Foundation

The Articles of Foundation currently in force were last revised and notarized on May 18, 2018.

Composition of the Executive Board

The Executive Board ("Board") consists since July 1, 2012, of 2 employers' representatives and 2 participants' representatives. The composition of the Executive Board for the financial year 2025 is as stated below (refer to table 7).

Table 7: The Executive Board members of the Fund

Executive Board members	Name
Chairman of the Executive Board	Mr. G.K. Farro
Appointed by the employers	Mr. E.F.C. Albertus Mrs. S.T.G. Nierop-Kappel
Appointed by the participants	Mr. P.D. Vandormael Mr. E. P. Dirksz

The Executive Board members are elected for a period of four years. The procedures governing the election of Executive Board members are outlined in Article 8 of the Foundation.

Remuneration of the Executive Board

All Executive Board members receive monthly remuneration.

Executive Board and daily management

The Executive Board appointed Ms. Natalia Laclé as the Executive Director for the daily management of the Fund. The responsibilities of the Executive Board are in accordance with the articles of foundation, the Rules, and Regulations of the Fund as well as the "Actuariële Bedrijfstechnische Nota" ("ABTN").

Executive Board Committees

The Executive Board has established three committees: the Risk & Compliance Committee, the Investment Committee, and the Audit Committee.

Each committee consists of three members (refer to Table 8), and each committee has been assigned to one or two external persons to support each of the three committees. The committees have an advisory role and prepare policy recommendations.

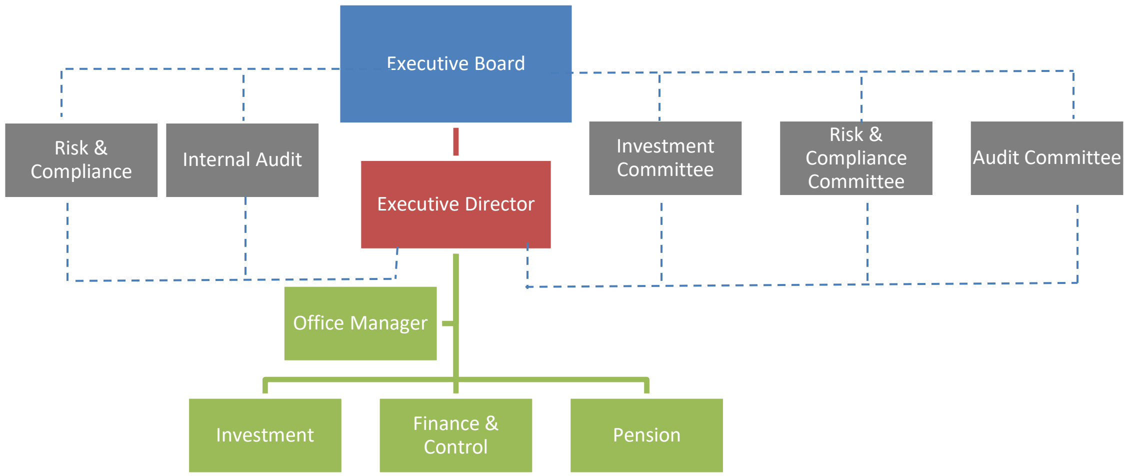
Table 8: the Fund Committee Members

Committee membership	Name and position
Audit Committee	Mr. E. P. Dirksz (Chairman) Mr. R.M.G. Croes (external member) Mr. R. van Trigt (external member)
Risk & Compliance Committee	Mr. E.F.C. Albertus (Chairman) Mrs. S.T.G. Nierop-Kappel Mrs. M.M. Vinck (external member)
Investment Committee	Mr. P.D. Vandormael (Chairman) Mrs. M.R. Croes (external member) Mr. R.K. Kock (external member)

Organizational structure

The organizational structure of the Fund is shown in Figure 1 below.

Figure 1: The organization chart of the Fund



The three core activities - investment, pension, and finance & control - are incorporated into the Fund's organizational structure. The Executive Board holds ultimate responsibility for the Fund, while the management of the executive organization is overseen by the Executive Director.

Risk Management

The Executive Board has adopted the Risk Charter, which describes the structure and implementation of Enterprise Risk Management (ERM) regarding the financial and non-financial risks of the Fund, as shown in Table 9.

Table 9: Financial & non-financial risk

Financial Risk categories	Non- Financial Risk categories
Discount Rate Risk	Environment Risk
Equity Risk	Operational Risk
Valuation Risk	Outsourcing Risk
Credit Risk	IT Risk
Technical Insurance Risk	Integrity Risk
Liquidity Risk	Legal Risk
Concentration Risk	Governance Risk

The ERM framework is supported by the Risk Register, which is maintained by the Risk Officer. The Risk Register:

- identifies the principal risks to which the Fund is exposed;
- defines the Fund's risk appetite and tolerance;
- ranks risks based on likelihood and impact; and
- documents existing and planned mitigation measures.

The Risk Register is reviewed every six months, or earlier if circumstances require. Proposed changes and emerging risk considerations are reviewed by the Risk & Compliance Committee and discussed with the Executive Board on a semi-annual basis.

Key Risk Exposures and Developments in 2025

Based on the Risk Board Report for the second half of 2025, the Fund's overall risk profile remains stable, though subject to elevated external and structural uncertainties, primarily driven by macroeconomic, geopolitical, and market-related developments.

Operational and Cost Management Risk

Operational risk remains a focus area, particularly in relation to:

- administrative cost levels relative to contribution income;
- the Fund's relatively small organizational scale; and
- reliance on outsourced service providers.

Management has strengthened budget monitoring and reporting mechanisms to support the timely identification of cost overruns, including enhanced controls over transactions exceeding approved budgets. The Risk Board Report confirms that this risk is actively monitored and does not currently require immediate remediation.

Investment Property and Valuation Risk

Valuation risk remains relevant due to the Fund's exposure to:

- investment property;
- unlisted investments; and
- externally appraised asset classes.

This risk is mitigated through the use of independent external valuers, periodic review of valuation assumptions, and oversight by the Investment and Risk Committees. The Risk Heat Map identifies valuation risk as material but controlled, with no deficiencies identified by internal or external audit.

Credit and Concentration Risk

Credit risk is primarily linked to:

- mortgages issued to participants; and
- exposure to the domestic economy, which remains highly dependent on tourism.

Macroeconomic and labor-market conditions continue to influence repayment capacity. Stress-testing and scenario analysis incorporated into the Risk Board Report conclude that, under adverse but plausible scenarios, the Fund remains resilient within supervisory thresholds.

Liquidity and Funding Risk

Liquidity risk is managed through alignment of the investment strategy with the funding objectives, supported by Asset–Liability Management (ALM) studies. The Risk Board Report highlights that heightened macro-financial volatility could result in non-linear shock transmission, affecting asset values, liquidity conditions, and contribution stability concurrently. These risks have been incorporated into ongoing stress-testing and capital planning.

IT, Cyber, and Outsourcing Risk

IT and cyber risks remain among the most significant non-financial risks globally and locally. The Fund continues to strengthen:

- cyber risk monitoring;
- vendor oversight; and
- business continuity controls.

Outsourcing risks are mitigated through formal agreements, ongoing performance reviews, and governance oversight. Internal and external audit reviews concluded that controls in these areas are effective, with no material deficiencies identified.

Governance, Compliance, and Supervisory Oversight

The Executive Board retains ultimate responsibility for risk management and oversight. Risk governance is supported by:

- the Risk & Compliance Committee;
- internal audit;
- external audit; and
- compliance monitoring.

All supervisory and regulatory obligations during 2025 were met in a timely manner. Communications with the Central Bank of Aruba (CBA) were handled appropriately, and no outstanding enforcement actions or unresolved supervisory matters were identified. The proposed increase in the minimum solvency ratio to 105% by 2029 has been recognized as a significant strategic risk and integrated into the Fund’s planning framework.

Overall Risk Assessment

In line with the Risk Board Report H2 2025, the Executive Board concludes that:

- the Fund’s risk profile remains stable;
- major risks are identified, assessed, and monitored;
- no risks require immediate remediation; and
- emerging risks identified through scenario analysis and brainstorming sessions are already encompassed within the existing risk universe.

The Fund will continue to emphasize forward-looking risk assessment, stress-testing, and disciplined governance to address the elevated level of external uncertainty entering 2026.

Ethical business practices

The Fund sets great store by ethical business practices, at the organizational level and the individual staff level. The Fund has a Code of Conduct aimed at promoting ethical business practices. The Centrale Bank van Aruba is officially responsible for regulating pension funds. As such, the Fund is regulated by the Centrale Bank van Aruba.

Actuarial developments

In calculating the technical pension provision for the risk of the Fund, the Fund makes assumptions for interest, mortality, and costs. During the year, these parameters may deviate from the assumptions previously used. Consequently, these changes may result in the realization of a gain or loss. The total result on the income and expenses consists of the sum of the results on each of the individual assumptions. An actuarial analysis of the total result is displayed in Table 10.

Table 10: Actuarial analysis

in AWG	2025	2025	2024	2024
Result on the contributions and others				
Contribution by the employers and participants	17,110,985		16,507,437	
Calculated premium	(17,110,985)		(16,505,618)	
		-		1,819
Result on investments				
Result on investments	16,769,845		10,561,130	
Yield on pension for the risk of the fund including DC pensioners	(1,398,912)		(1,232,078)	
Yield on pension for the risk of the participants	(6,495,895)		(5,902,648)	
		8,875,038		3,426,404
Result on mortality and others				
Result on mortality	39,138		(222,288)	
		39,138		(222,288)
Result on distribution cost				
Pension administrative expenses	(1,985,223)		(2,136,727)	
Cost component included in premium	1,890,295		1,793,159	
Release calculated cost	39,430		31,867	
		63,098		(311,701)
Result on value transfers and refunds				
Release due to value transfers and refunds	2,413,775		1,978,504	
Refunds and value transfers	(2,350,677)		(1,928,341)	
		63,098		50,163
Other results				
Result on others	519,392		238,638	
		519,392		238,638
Net result according to financial statements		**9,441,168**		**3,183,035**

Pension Fund
Tourism Sector Aruba

FINANCIAL STATEMENTS

Financial Statements

Statement of Net Assets Available for Benefits

in AWG	***Note***	**December 31, 2025**	**December 31, 2024**
ASSETS			
Property, plant, and equipment	*5*	495,702	186,800
Investments for the risk of the Fund	*6*	14,585,471	14,518,557
Investments for the risk of the participants	*7*	212,232,999	177,487,338
Investment properties for the risk of the participants	*8*	15,770,977	15,236,861
Assets held for sale	*8*	-	5,237,785
Receivables	*9*	4,156,813	4,413,668
Cash and cash equivalents	*10*	4,514,199	5,511,317
Total assets		**251,756,161**	**222,592,326**
LIABILITIES			
Lease liabilities	*13*	779,916	644,329
Other liabilities and accrued expenses	*14*	716,437	1,233,119
Total liabilities		**1,496,353**	**1,877,448**
Net assets available for benefits		**250,259,808**	**220,714,878**
Provision for pension liabilities for risk of the Fund	*11*	14,938,627	14,857,548
Provision for pension liabilities for risk of the participants	*12*	204,810,890	184,788,207
Resulting excess for benefits and foundation capital		**30,510,291**	**21,069,123**
Pension liability reserve funding ratio - CBA[9]		**106.4%**	**103.7%**

[9] Pension liability reserve funding ratio – CBA: (Total assets – solvency margin– short-term liabilities) /pension provision. This calculation uses amounts in thousands.

Statement of Changes in Net Assets Available for Benefits

in AWG	*Note*	**2025**	2024
Additions to net assets available for benefits			
Premium contributions for the risk of the participants	*18*	17,110,985	16,507,437
Net investment result for the risk of the participants	*19*	16,008,703	9,823,471
Net investment result for the risk of the Fund	*20*	761,142	737,659
Total additions		**33,880,830**	**27,068,567**
Deductions from net assets available for benefits			
Retirement benefits and refunds	*21*	2,350,677	1,928,341
Changes in pension provision for risk of the Fund	*11*	81,079	292,497
Changes in pension provision for risk of the participants	*12*	20,022,683	19,476,852
Pension administrative expenses	*22*	1,985,223	2,136,727
Net value of transfers		-	51,115
Total deductions		**24,439,662**	**23,885,532**
Net increase in net assets available for benefits		**9,441,168**	**3,183,035**
Allocation of net increase in net assets available for benefits			
Added to the reserve for risk of the Fund		187,926	13,072
Added to the reserve for risk of the participants		9,253,242	3,169,963
		9,441,168	**3,183,035**

Statement of changes in Fund capital

For the year ended December 31
in AWG

	Fund capital	Reserves Risk of the Fund	Reserves Risk of the participants	Reserves	Total Fund capital
Balance as of January 1, 2024	-	**651,508**	**17,234,580**	**17,886,088**	**17,886,088**
Net increase in net assets available for benefits	-	13,072	3,169,963	3,183,035	3,183,035
Balance as of December 31, 2024		**664,580**	**20,404,543**	**21,069,123**	**21,069,123**
Net increase in net assets available for benefits	**-**	**187,926**	**9,253,242**	**9,441,168**	**9,441,168**
Balance as of December 31, 2025	-	**852,506**	**29,657,785**	**30,510,291**	**30,510,291**

Statement of cash flows

For the year ended December 31			
in AWG	*Note*	2025	2024
Cash flow from pension activities			
Net contributions for the risk of the participants		17,043,689	16,703,071
Disbursement due to refunds and transfers		-	(51,115)
Disbursements due to retirement benefits and refunds	*21*	(2,296,130)	(1,940,173)
Paid administrative expenses		(2,068,470)	(1,877,343)
Paid interest on leases		(18,938)	(7,944)
Net cash from pension activities		**12,660,151**	**12,826,496**
Cash flow from investing activities			
Proceeds from investments for risk of the Fund		759,128	745,316
Proceeds from investments for risk of the participants		8,908,529	8,052,711
Investments redeemed for risk of the Fund		1,000,000	1,000,000
Investments redeemed for risk of the participants		40,464,666	30,875,750
Acquisition of investments for risk of the Fund		(1,098,900)	(1,121,700)
Acquisition of investments for risk of the participants		(63,549,311)	(57,392,272)
Acquisition of property, plant, and equipment	*5*	(15,608)	(159,648)
Proceeds of property, plant, and equipment		-	37,867
Paid interest on leases		(38,533)	(38,205)
Net cash used in investing activities		**(13,570,029)**	**(18,000,181)**
Cash flow from financing activities			
Paid principal portion of leases		(87,240)	(106,753)
Net cash used in financing activities		**(87,240)**	**(106,753)**
Net decrease of cash and cash equivalents		**(997,118)**	**(5,280,438)**
Cash and cash equivalents as of January 1	*10*	**5,511,317**	**10,791,755**
Effect of exchange rate fluctuations on cash held			-
Cash and cash equivalents as of December 31	*10*	**4,514,199**	**5,511,317**

Pension Fund
Tourism Sector Aruba

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial statements for the year ended December 31, 2025

1 General information

Fund information

The Fund, with registered offices in Oranjestad, Aruba, was founded on March 27, 1992 on the initiative of the Aruba Hotel & Tourism Association ("AHATA") and the Federacion di Trahadornan di Aruba ("FTA"), as both shared the same vision for the need to create a pension plan that would provide workers in the tourism industry with additional income after retirement on top of the general old age pension provided by the government. The Fund is registered at the Chamber of Commerce under number S171.

Currently, there are 213 (2024: 207) member companies affiliated with the Fund, who together represent 16,974 policies (2024: 15,711) and 14,737 participants (2024: 13,725).

The Fund is under the supervision of the "Centrale Bank van Aruba" ("CBA").

The Fund is a foundation Pension Fund as described in the State Ordinance for Company Pension Funds ("SOCPF") (in Dutch: "Landsverordening Ondernemingspensioenfondsen (LOP)"). The SOCPF rules, among others, the character, contents, regulation, reporting and form of pension funds. Its main objective is to protect the participants' interests.

The Fund's registered and principal place of business is Avenida E.J. Watty Vos 24, Oranjestad, Aruba.

Activities of the Fund

The objective of the Fund is to provide old age, widow/widower/orphan pension benefits to the participants and their families.

Managed Pension Plans

As of 2004, the Fund administers two plans:

- a Defined Benefit (DB) Plan (for the risk of the Fund), for which the investment and actuarial risks are borne by the Fund; and
- a Defined Contribution (DC) Plan (for the risk of the participants), for which the investment risk is borne by the participants.

As of this date, the Fund ceased allowing participation in the DB-Plan and the participants can continue only with the DC-plan. The pensions built up in the DB-Plan until 2003 have not been transferred to the new pension plan (DC-plan).

All participants in the DB plan are fully vested. Consequently, no further contributions or accruals occur within the DB Plan.

Participants who remained employed after the closure of the DB Plan continue their pension accruals under the Defined Contribution (DC) Plan. These participants may still hold a DB policy reflecting their accrued benefits up to 2003. For administrative and reporting purposes, these DB policies may be classified as "active policies"; however, such classification does not imply ongoing accrual or contribution to the DB Plan.

The distinction between "for the risk of the Fund" and "for the risk of the participants" reflects the underlying risk-bearing arrangements of the pension plans administered by the Fund.

For the Defined Benefit (DB) plan, investment and actuarial risks (including longevity, interest rate, and investment performance risk) are borne by the Fund. As such, any surplus or deficit arising from the DB plan directly impacts the Fund's net assets available for benefits.

For the Defined Contribution (DC) plan, investment risk is borne by the individual participants, as benefits are determined based on accumulated contributions and investment returns. Consequently, the assets and returns attributable to the DC plan are presented as "for the risk of the participants", reflecting that the Fund does not guarantee a fixed level of benefits.

This distinction ensures a clear presentation of the Fund's exposure to financial risk and aligns with the economic substance of the risk allocation between the Fund and its participants.

The CBA in her supervisory role regarding pension fund issues directives and guidelines. Among others, it regulates the actuarial calculation of the pension plan as mentioned in its actuarial directive. In this respect the usage of an actuarial calculation rate of a maximum 4% ("rekenrente") is required. The technical provisions and pension liabilities are in principle, not stated at market value but are determined in accordance with the actuarial directives prescribed by the CBA.

Funding arrangements

According to the Rules, the resources of the Fund for the risk of the participants derive from (a) contributions from employers, (b) contributions from its participants, and (c) the income from the investment of its assets. The contributions are expressed as a percentage of each participant's reference salary. The Fund for the risk of the Fund is not active and hence does not obtain contributions from employers' participants.

Pension Portfolio

DB policies	**2025**	**2024**
Active policies	131	146
Vested policies	274	288
Annuitants' policies	247	224
Partners pension policies	12	14
Orphan policy	1	1
Total policies	**665**	**673**

DC policies	**2025**	**2024**
Active policies	6,142	5,760
Vested policies	9,101	8,413
Annuitants' policies	1,010	813
Partners pension policies	51	46
Orphan policy	5	6
Total policies	**16,309**	**15,038**
Total policies	**16,974**	**15,711**

The number of participants is specified below.

Group	DC participants		DB participants		Total participants	Total participants
	2025	2024	2025	2024	2025	2024
Active	5,895	5,531	126	140	6,021	5,671
Vested	7,425	6,910	267	280	7,692	7,190
Annuitants' policies	735	595	230	209	965	804
Partners and orphan pension	46	45	13	15	59	60
Total participants	**14,101**	**13,081**	**636**	**644**	**14,737**	**13,725**

Investment policy

The investment policy of the Fund is developed in such a way that the benefits of pension entitlements of the participants of the Fund can be realized. To achieve this objective, it is important that the funds entrusted to the Fund are managed and invested in a responsible and prudent manner. The Fund aims to achieve the highest possible return within the defined risk frameworks. This will be among others achieved through adequate diversification and elimination of concentration risk where feasible.

In 2024, Ortec Finance BV conducted a comprehensive Asset Liability Management (ALM) study, the results of which were presented to both the Investment Committee and the Executive Board.

The study concluded that, in light of the new net solvency requirements set by the Centrale Bank van Aruba (CBA), a greater allocation to fixed asset classes is necessary. These asset classes offer greater stability and lower volatility, thereby reducing the impact on net solvency. This finding contrasts with the recommendations of the previous ALM study, which suggested increasing exposure to risk-seeking asset classes, as they generally yield higher long-term returns compared to fixed-income investments, taking the Defined Contribution pension scheme as the underlying framework.

The study identified three potential investment portfolio mixes that align with the Fund's objectives while considering the revised solvency requirements. Following a thorough evaluation, the Executive Board approved an investment portfolio mixed with a reduced allocation to cash and an increased allocation to Emerging Market Equity. This selected portfolio is expected to generate a slightly higher return compared to the other two alternatives, with only a marginal increase in volatility.

Regulatory Environment

The Fund is supervised by the CBA. With this, the legal framework, such as laid down in the State Ordinance Company Pension Funds, the actuarial guidelines of the CBA, and the solvency guidelines of the CBA apply to the Fund. The solvency of the pension fund is measured by the coverage ratio, which is defined as the ratio between the value of the pension assets and the value of the provision for pension obligations. The definition of the gross coverage ratio is expressed in the following formula:

$$\text{Gross coverage ratio} = \frac{\text{Pension Assets – short-term liabilities}}{\text{Provision for pension obligations}}$$

To prevent the coverage ratio from falling because of a decrease in the value of the investments to an unacceptable low level, the pension fund is also required to hold a solvency margin. Maintaining a solvency margin is expressed in the net funding ratio according to the following formula:

$$\text{Net coverage ratio} = \frac{\text{Pension Assets} - \text{short-term liabilities} - \text{solvency margin}}{\text{Provision for pension obligations}}$$

In accordance with the solvency guidelines of the CBA, in 2025, both the gross and the net funding ratio must be a minimum of 101%. Both the gross funding ratio and the net funding ratio are higher than 100% as of December 31, 2025. The available resources are enough to provide the facility to fully cover the pension obligations, as included in these financial statements, and to meet the solvency margin required by the CBA to mitigate any negative investment result.

2 Material accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB) applicable to companies reporting under IFRS. They have been prepared on the basis that the Fund operates on a going concern basis.

Composition of Plan and Non-Plan Assets and Liabilities

The financial statements include both plan and non-plan assets and liabilities. Plan activities primarily relate to the operations of the retirement benefit plan and are reported in accordance with International Accounting Standard 26 (IAS 26). These activities include investments, contributions, benefit payments, and related transactions directly associated with the retirement benefit obligations of the plan.

Non-plan activities refer to all operational and business activities that are non-retirement benefit plan-related activities. These include general operational assets and liabilities, revenue-generating operations, and other business activities unrelated to retirement benefits.

Management has diligently segregated plan and non-plan assets and liabilities to ensure appropriate reporting and disclosure in accordance with the requirements of IAS 26. Such delineation facilitates transparency and clarity regarding the Fund's net assets available for benefits and performance of the retirement benefit plan as well as non-plan activities within the entity.

The Fund presents certain assets, liabilities, income and expenses separately between “for the risk of the Fund” and “for the risk of the participants”. This distinction reflects the Fund’s two plan arrangements: the Defined Benefit plan, for which investment and actuarial risks are borne by the Fund, and the Defined Contribution plan, for which investment risk is borne by the participants. This presentation is used to provide transparency over the allocation of plan assets and obligations between the respective risk-bearing arrangements and does not represent separate IFRS measurement categories.

Foreign currency translation

Functional and presentation currency

These financial statements are presented in Aruban florin ("AWG"), which is the Fund´s functional currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in the statement of changes in net assets available for benefits.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value, which are translated using the exchange rates at the date when fair value was determined.

The following foreign currencies are translated into AWG at the following fixed exchange rates:

- 1 USD: AWG 1.80
- 1 XCG: AWG 1.00.

Comparative figures

The classification of comparative figures for the previous financial year has only been adjusted, where applicable, for comparison.

Investments

Investments for the risk of the Fund and investments for the risk of the participants are accounted for in accordance with IAS 26. Investments are generally measured at fair value, except for certain unlisted fixed investments with fixed redemption values that are held to match the obligations of the Fund, or specific parts thereof. These fixed redemption investments are carried at amounts based on their ultimate redemption value, assuming a constant rate of return to maturity, in accordance with IAS 26.33.

The Fund classifies its investments between investments for the risk of the Fund and investments for the risk of the participants to reflect the respective risk-bearing arrangements of the DB and DC plans. This presentation does not represent separate IFRS measurement categories.

The Fund classifies these financial instruments into the following categories:

A. Investments for the risk of the Fund (refer to note 6):

A1. investments in unlisted fixed investments;

A2. investments in unlisted investment funds; and

A3. investments in listed investment funds.

B. Investments for the risk of the participants (refer to note 7):

B1. investments in unlisted fixed investments;

B2. investments in unlisted investment funds; and

B3. investments in listed investment funds.

1. Investments in unlisted fixed investments

These assets have fixed or determinable payments and fixed repayment or redemption values and are purchased to be held until maturity to match the plan's obligations, or specific parts thereof.

At initial recognition, they are measured at fair value plus directly attributable transaction costs. Subsequently, fixed redemption investments that are held to match the plan's obligations are carried at amounts based on their ultimate redemption value, assuming a constant rate of return to maturity, in accordance with IAS 26.33.

Unlisted fixed investments include private loans, government bonds, corporate bonds, term deposits, mortgages, and other fixed-income instruments. These investments are generally not actively traded and have fixed or determinable payments and defined maturities. The Fund intends to hold these fixed investments to maturity, consistent with the Fund's asset-liability management and investment strategy.

Interest income and movements arising from the application of the constant rate of return to maturity are recognized as part of investment income in the statement of changes in net assets available for benefits.

2. Investments in unlisted investment funds

These investments are initially recognized at their fair value and subsequently revalued at the most recent fair value, adjusted for any investments or divestments until the end of the financial year.

Changes in the value of unlisted investment funds, along with dividend yields, are recognized as net investment results attributable to the statement of changes in net assets available for benefits.

3. Investments in listed investment funds

Investments in listed investment funds, including foreign bonds and equity funds, are initially recognized at fair value and subsequently revalued at the most recent fair value. At the end of the financial year, these investments are valued at fair value.

Changes in the value of listed investment funds, along with interest and dividend income earned, are recognized as net investment results attributable to the statement of changes in net assets available for benefits.

Impairment

Impairment of Financial Assets

Non-plan assets

The financial instruments related to the Fund's operational activities are classified as financial instruments at amortized cost. IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses - the "expected credit loss (ECL) model". The Fund considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2')
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

Plan assets

The Fund assessed the impairment of the retirement plan investment assets based on the incurred loss model. The model assumes that when a loss or trigger event is identified, an impaired investment is written down to a lower value.

Financial plan assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably. Objective evidence that investments are impaired can include:

- delinquency by a borrower or issuer, restructuring of a loan or advance by the Pension Fund on terms that the Pension Fund would otherwise consider
- indications that a borrower or issuer will enter commercial bankruptcy
- indications that a borrower or issuer will encounter loss of income, either as borrower or co-borrower.
- indications that economic conditions will impact the borrower's or issuer's business or industry
- indications of significant recession in the borrower's or issuer's country
- other observable data relating to an individual asset

Delinquency (past due) is defined as payments that are 90 days in arrears or greater.

Impairment of Non-Financial Assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Investment property

Investment properties are properties held to earn rentals or for capital appreciation, or both, and are accounted for using the fair value model. Investment properties are revalued annually with resulting gains and losses recognized in the statement of changes in net assets available for benefits based on comparable market values or based on the cash flow model. These are included in the statement of net assets available for benefits at their fair values.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising from derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of changes in net assets available for benefits in the period in which the property is derecognized. Long land lease rights that are directly connected to investment properties are presented together with investment properties for the risk of participants. These right-of-use assets represent the Fund's rights to use the underlying land on which the investment properties are located. The related lease liabilities are presented separately as lease liabilities.

Financial Instruments not categorized as investments

Financial assets and financial liabilities are recognized in the Fund's statement of net assets available for benefits when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, except for rental or premium receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Leased

A lease is defined as a contract that conveys the right to control the use of an identified asset for a period in exchange for consideration.

The Fund as a lessee

At the commencement date, the Fund recognizes right-of-use (ROU) asset and a corresponding lease liability.

The Fund distinguishes between the following types of leases:
(i) Operational/ non-plan leases
These primarily relate to the office building lease (Watty Vos Boulevard) and other operational assets.

- The related right-of-use assets are presented within property, plant and equipment (Note 5).
- These leases are classified as non-plan assets.

(ii) Land lease rights related to investment properties
These relate to long-term land lease agreements directly associated with investment properties held for the risk of participants.

- The related right-of-use assets are presented together with investment properties (Note 8), as they form an integral part of the underlying income-generating asset.
- These leases are classified as plan assets, as they are directly linked to pension investment activities.

Lease liabilities for both categories are presented separately in Note 13.

Measurement and recognition of leases as a lessee

Lease liabilities are initially recognized at the present value of future lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, where that rate cannot be readily determined, the Fund uses its incremental borrowing rate.

The corresponding right-of-use (ROU) assets are initially measured at cost, comprising the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, initial direct costs, and restoration and dismantling obligations, where applicable. After initial recognition, the ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset.

Lease liabilities are subsequently measured at amortized cost using the effective interest method. Accordingly, lease liabilities are increased to reflect the passage of time through the recognition of interest expense and reduced by lease payments made. Any remeasurement of the lease liability resulting from changes in the lease terms or future lease payments is recognized as an adjustment to the carrying amount of the related ROU asset.

The Fund as a lessor

The Fund acts as a lessor by leasing its investment properties to third-party tenants under operating lease arrangements.

Leases in which the Fund does not transfer substantially all the risks and rewards incidental to ownership of the underlying assets are classified as operating leases. In these arrangements, the Fund retains the significant risks and rewards of ownership, including exposure to residual value risk and occupancy risk.

Lease income arising from operating leases is recognized in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. Lease incentives granted, if any, are recognized as an integral part of the total lease income over the lease term.

Rental income derived from investment properties is presented as part of investment income attributable to the risk of participants, consistent with IAS 26 presentation of plan activities.

The Fund manages the associated risk - such as vacancy risk, credit risk of tenants, and changes in market rental conditions – through active property management, tenant selection procedures, and periodic review of lease agreements. These risks, together with expected future lease cash inflows, are considered in the determination of the fair value of investment properties in accordance with IFRS 13 and IAS 40.

The presentation of lease-related assets and liabilities is aligned with IAS 26, whereby lease arrangements directly related to investment activities are included within plan assets, while operational leases are presented as non-plan assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

Property, plant, and equipment

Property, plant, and equipment are stated at historical cost, less straight-line depreciation. All repairs and maintenance are charged to the statement of changes in net assets available for benefits during the financial period in which they are incurred.

The depreciation is calculated based on historical cost less estimated residual value and the related useful life of the asset. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The estimated useful lives are:

-	Right of use of assets building and equipment	4 – 5 years
-	Leasehold	2 – 5 years
-	Vehicles	5 years
-	Furniture & equipment	3 – 5 years
-	Computer equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets Held for Sale

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use. This classification is made only when the sale is considered highly probable, the asset is available for immediate sale in its present condition, and management is committed to a plan to sell the asset.

Upon classification as held for sale, the asset (or disposal group) is measured at the lower of its carrying amount and fair value less costs to sell, and depreciation ceases.

Non-current assets held for sale are presented separately in the statement of net assets available for benefits. Liabilities directly associated with such assets are also presented separately. Assets that no longer meet the criteria for classification as held for sale are reclassified and measured at the lower of:

a) the carrying amount before the asset was classified as held for sale, adjusted for depreciation or amortization that would have been recognized had the asset not been classified as held for sale; and
b) its recoverable amount at the date of the subsequent decision not to sell.

This policy is applied consistently by the Pension Fund in assessing and accounting for planned disposals of investment properties, real estate holdings, or other non-core assets.

Transfers

The Fund may transfer assets from Fund 1 (i.e. risk for the fund) to Fund 2 (i.e. risk for the participants) or vice versa based on ring-fencing opportunities or requirements. Transfers between funds are based on the fair value of the transfer of the approved transfer date. Transfers of balances not converted in investments reside in the current account of the respective fund and hence allocated to the proper fund as plan assets.

Fund capital

Fund capital consists of a capital contribution by the participants of the Fund and the accumulation of results retained by the Fund.

Provision

A provision is recognized if, because of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The calculation of the pension provision is determined by the following assumptions:

Provision for pension liabilities for the risk of the Fund (defined benefit)

- Discount rate: 4% (2024: 4%).
- Mortality table: The mortality table used GBM/GBV 2005-2010 (2024: GBM/GBV 2005-2010), as drafted by the Society of Actuaries and in conformity with the CBA actuarial directives, with an age correction of -1 year for non-retirees and retirees. For children (under 21 years), the mortality risk was set at zero.
- Age difference: All participants are assumed to be married. Male participants are assumed to be two years older than female participants; the provision is set at the net cash value of the regulatory benefits accrued until the statement of net assets available for benefits date. The age at the statement of net assets available for benefits date is determined by deducting the date of birth from the statement of net assets available for benefits date. The period until the retirement date is determined by deducting the age at the statement of net assets available for benefits date from the retirement age.
- Exit costs: The Fund applies a 2% exit cost.
- Cost deduction: 0.5% (2024: 0.5%).

Due to the method of payment chosen (monthly in arrears), pension premiums due or pension premiums prepaid have not been considered for the calculation of the provision.

Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of additional benefits to the participants based on the Executive Board's discretion.

The Fund sponsors defined benefit plans for qualifying participants of qualifying companies from the hospitality industry. The defined benefit plans are administered by a separate fund. The Executive Board is responsible for the investment policy for the assets of the Fund.

All the participants of the defined benefit plan are vested. Since 2004, the qualifying employers have not provided contributions to the defined benefit plan anymore as the Fund ceased participation.

The plan typically exposes the entity to actuarial risks such as investment risk, interest rate risk, and longevity risk.

Investment risk	• The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to long-term local government bonds; if the return on plan assets is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in debt securities. Due to the long-term nature of the plan liabilities, the trustees of the Fund consider it appropriate remain investing in debt securities
Interest risk	• A decrease in the interest rate of the plan assets will increase the plan liability.
Longevity risk	• The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Provision for pension liabilities for the risk of the participants (defined contribution)

- Discount rate after retirement: 3.75%.
- Mortality table: the mortality table used is, GBM/GBV 2005-2010 (2024: GBM/GBV 2005-2010), as drafted by the Society of Actuaries and in conformity with the CBA actuarial directives, with an age of -1 year (2024: -1 year) for retirees. For children (under 21 years), the mortality risk was set at zero.
- Cost deduction: 10% (2024: 10%).
- Cost retention for pension acquisition at retirement date: 2% acquisition of pension based on actual marital status.
- Exit costs: the Fund applies a 2% exit cost.
- Interest granted: 3.75% (2024: 3.75%).

Due to the method of payment chosen (monthly in arrears), pension premiums due or pension premiums prepaid have not been considered for the calculation of the provision.

Other liabilities and accrued expenses

The Fund initially recognizes other liabilities on the trade date at which the Fund becomes a party to the contractual provisions of the instrument. The Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled, expired or otherwise extinguished.

Financial assets and liabilities are offset, and the net amount is presented in the statement of net assets available for benefits when, and only when, the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Other liabilities and accrued expenses are, recognized initially at fair value plus any directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method.

Revenues

Premium contributions

Premium contributions are attributed to the period to which they relate. An estimate is made based on extrapolation if the necessary information has not been received from employers. The amount allowed to cover the costs of the collection is accounted for in the benefit payments and administrative expenses.

Net investment result

Investment results for the risk of the Fund and for the risk of participants are attributed to the period to which they relate. Capital gains and losses are accounted for in the period in which they occur. Net investment results include direct expenses, which are expenditures directly related to investment-producing activities, such as professional fees, allocation personnel expenses, operating expenses of investment properties, and other operating expenses of investment activities.

Lease income from investment properties

Lease income from operating leases is recognized as rental income on a straight-line basis over the lease term. Lease incentives, if any, are spread over the lease term as part of the total lease income. The Fund does not have variable lease payments; all lease payments are fixed.

Other income

Other income consists of commitment fees and investment income fees (if any) and is attributed to the period to which it relates.

Expenses

Retirement benefits and refunds

The benefits represent payments made to the participants and annuitants and are based on actuarial principles and are allocated to the year in which the liability was incurred.

Changes in pension provision for the risk of the Fund (defined benefit)

Pension accruals are attributed to the period in which the accrual of pension rights takes place. An exception to this is the assumed continuation of active service for the purposes of pension accrual in the case of a participant dying. This future accrual of pension rights is recognized immediately in the year in which the participant dies. The change in the pension provision for the risk of the Fund consists of the following items:

- Interest addition: the interest cost added is calculated based on the nominal interest rate for a period of one year included in the interest rate structure published by CBA for pension funds. The interest is calculated on the opening balance and the movements during the year.
- Retirement benefits and other claims: the amount released from the provision for pension is credited to the statement of changes in net assets available for benefits in the period for which the provision for the expenses concerned was made in the calculation of the provisions.
- Pension rights transfers: changes in respect of transfers of pension rights are attributed to the period to which they relate.
- Change in interest rate: the effect that the adjustment of the actuarial interest rate in line with guidelines has on the provision for pensions is recognized in the statement of changes in net assets available for benefits at the end of the reporting period.
- Change in actuarial assumptions: the effect that the adjustment of the actuarial assumptions has on the provision for pensions is recognized in the statement of changes in net assets available for benefits at the end of the reporting period.

Changes in pension provision for the risk of the participants (defined contribution)

The changes reflect the difference between the beginning and ending values at the statement of net assets available for benefits date of the provision.

- Interest addition: the interest cost added is calculated based on the nominal interest rate for a period of one year included in the interest rate structure maintained by the Fund. The interest is calculated on the opening balance and the movements during the year.
- Retirement benefits and other claims: the amount released from the provision for pension is credited to the statement of changes in net assets available for benefits in the period for which the provision for the expenses concerned was made in the calculation of the provision.
- Pension rights transfers: changes in respect of transfers of pension rights are attributed to the period to which they relate.
- Change in interest rate: the effect that the adjustment of the actuarial interest rate in line with guidelines has on the provisions for pension and insurance liabilities is recognized in the statement of changes in net assets available for benefits at the end of the reporting period.
- Change in actuarial assumptions: the effect that the adjustment of the actuarial assumptions has on the provision for pension is recognized in the statement of changes in net assets available for benefits at the end of the reporting period.

Administrative expenses

Administrative expenses are attributed to the period to which they relate. The Fund is further exempt from profit tax but pays BBO, BAZV, and BAVP taxes on its rental income. In 2025 as in 2024, part of the salary costs, Accounting, Administrative and Consultants fees, legal fees, and Information and Technology costs have been allocated to the investment as part of the investment charges, as these charges are directly linked to investment activities of the Fund.

Net value of transfers

The net value of transfers reflects the value of the pension rights of the participants that have decided to transfer these to another pension fund.

Related parties

Related parties are persons or entities that are related to the reporting entity. These include a person or a close member of that person's family who has control or joint control of the reporting entity, has significant influence over the reporting entity, or is a member of the key management personnel of the reporting entity.

Additionally, it also includes an entity that is related to a reporting entity when:

- They are members of the same group.
- The entity is an associate or joint venture of the other entity.
- The entities that are joint ventures of the same third party.
- One entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
- The entity is controlled or jointly controlled by a person who is a related party of the Fund.
- A related party person has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel comprise the members of the Executive Board and the members of the management team who have authority and responsibility for planning, directing, and controlling the activities of the Fund, directly or indirectly.

The key management officers of the Fund deemed to be able to materially influence the performance and the future of the Fund are provided with salary, benefits and incentives based on individual performance.

Statement of cash flows

The statement of cash flows has been prepared using the direct method. Receipts and expenditures in foreign currencies are translated into Aruban Florin ("AWG") at transaction date exchange rates. The differences arising because of differences between the transaction rate of exchange and the settlement rate of exchange are included in the direct investments income received.

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the Fund's accounting policies, which are described in note 2, the Executive Board is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Fund's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Executive Board has made in the process of applying the Fund's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

Impairment testing

Plan assets

Following the assessment of the recoverable amount of plan financial assets, which have been determined to be impaired, the Executive Board considers the recoverable amount of plan financial assets to be most sensitive to the market value of the appraisal report. Appraisal reports mention the estimated cost per square meter for construction and land, the estimated fencing cost, the estimated market values per square meter, and the foreclosure percentage from market value based on current and anticipated market conditions that have been considered and approved by the Executive Board. The estimates have historically been relatively stable. However, due to the uncertain nature of assets and unstable market conditions, the estimates may be more sensitive. The effects of the global supply chain and inflation have an indirect impact on the real estate industry and on construction costs. The sensitivity analysis with respect to the recoverable amount of financial assets is presented in note 15.

Non-plan assets

Following the assessment of the recoverable amount of non-plan financial assets, the Executive Board concluded that no material impairment indicators were identified at the reporting date. Non-plan assets primarily consist of short-term operational financial instruments measured at amortized cost and are subject to the IFRS 9 expected credit loss model. The recoverable amounts are considered most sensitive to counterparty credit quality and settlement behavior rather than market-based valuation assumptions. Historical loss experience has been stable, and no significant adverse credit developments were observed during the year. Given the immaterial size and low-risk nature of non-plan assets, management determined that any expected credit losses would not have a material impact on the financial statements.

Discount rate used to determine the carrying amount of the Fund's defined benefit obligation

The determination of the Fund's defined benefit obligation depends on certain assumptions, which include the selection of the discount rate. The discount rate is determined in accordance with the actuarial and supervisory directives of the Centrale Bank van Aruba and is set on a prudent basis, with a maximum actuarial interest rate of 4%, derived by reference to the weighted average yield on long-term local government bonds. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, the quality of the bonds and the identification of outliers that are excluded. These assumptions are a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Fund's financial statements within the next year. Further information on the carrying amounts of the Fund's defined benefit obligation and the sensitivity of those amounts to changes in the discount rate are provided in note 15.

Determination of fair values

Certain accounting policies and disclosures require the determination of fair values, both for financial instruments and for non-financial assets and liabilities.

In estimating the fair value of an asset or a liability, the Fund uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Fund engages third-party qualified appraisers to perform the valuation. The valuation committee works closely with qualified external appraisers to establish the appropriate valuation techniques and inputs to the model. The Finance and Control manager reports the valuation committee's findings to the Executive Board of the Fund every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities. The valuations of private equity investments and financial assets held for trading are particularly sensitive to changes in one or more unobservable inputs, which are considered reasonably possible within the next financial year. Various valuation methods are used to determine the fair value of the financial instruments. The levels below provide an overview of the valuation method used to determine the fair value in each level.

Related to published price quotations in an active market (Level 1)

This category includes financial instruments, the fair value of which is determined directly based on published quotations in an active market. A financial instrument is quoted in an active market if the quoted price is readily and regularly available from a stock exchange, trader, stockbroker, industry group, pricing institution or supervisory institution, and these prices reflect current and regularly occurring market transactions.

Valuation method based on market information (Level 2)

This category includes financial instruments, the fair value of which is not determined directly based on published quotations in an active market but uses variables from an active market or which are observable in the market. When certain variables are not observable in the market, but all other significant variables are, this instrument is still classified in this category, assuming the impact of these elements on the overall valuation is insignificant. This includes instruments whose value is derived from quoted prices or comparable instruments.

Valuation method not based on market information (Level 3)

This category includes financial instruments whose fair value have been determined using a valuation technique (a model) and for which more than a non-significant part of the variables for the purpose of the total valuation are not observable in the market.

If the variables used to determine the fair value of an asset or liability fall within different levels of the fair value hierarchy, the determined fair value is classified in the same level of the fair value hierarchy as the lowest-level variable relevant to the entire measurement. The Fund recognizes any reclassifications between the levels of the fair value hierarchy at the end of the reporting period in which the change occurred.

For the determination of fair value for level three plan financial assets, the Executive Board considers the fair value amounts of financial assets to be most sensitive to the market value of the appraisal report. Appraisal reports consist of occupancy rates, discount rates, future rental income and estimated maintenance expenditures that have been considered and approved by the Executive Board. The occupancy rate and the discount rate are most sensitive to changes due to the nature of the investment properties. Appraisal reports are prepared by an independent and qualified appraiser. Qualified appraisers are considered an NRVT Register – "Taxateur" or members of a similar association.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Provision for pension liabilities for the risk of the Fund (defined benefit)

The Executive Board's estimate of the defined benefit obligation is based on a few critical underlying assumptions such as mortality and discount rate. Variations in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses amount. The information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year in relation to the provision for pension liabilities for the risk of the Fund are described in note 11.

Provision for pension liabilities for the risk of the participants (defined contribution)

The Executive Board's estimate of the defined contribution obligation is based on several critical underlying assumptions such as mortality and discount rate. Variations in these assumptions may significantly impact the defined contribution obligation amount and the annual defined contribution expenses amount. The information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year in relation to the provision for pension liabilities for the risk of the participants are described in note 12.

4 New or revised Standards or interpretations

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Fund has applied a few amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standard number	Comment
Amendments to IAS 21 — Lack of Exchangeability	The Fund did not encounter any non-exchangeable currency situations during the year; therefore, these amendments had no impact on the financial statements.

New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these financial statements, the Fund has not applied the new and revised IFRS Standards that have been issued but are not yet effective, as the Fund does not expect material impacts.

Pension Fund
Tourism Sector Aruba

NOTES TO THE STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

Notes to the financial statements

5 Property, plant, and equipment

Details of the Funds’ property, plant, and equipment and their carrying amounts are as follows:

in AWG	*Right of use of assets-Building and equipment*	*Leasehold*	*Furniture and Equipment*	*Vehicles*	*Computer equipment*	**Total**
Balance as of January 1, 2024						
Cost	488,966	49,607	154,133	137,000	324,738	1,154,444
Accumulated depreciations	(365,968)	(33,798)	(132,485)	(123,300)	(279,793)	(935,344)
Carrying amount	**122,998**	**15,809**	**21,648**	**13,700**	**44,945**	**219,100**
Changes in 2024						
Investments	-	6,815	1,300	128,081	23,452	159,648
Investments disposal	(57,505)	(4,418)	(12,333)	(137,000)	(3,737)	(214,993)
Depreciation	(94,064)	(12,295)	(11,803)	(20,836)	(32,730)	(171,728)
Depreciation disposal	57,505	684	10,203	123,300	3,081	194,773
Total change	**(94,064)**	**(9,214)**	**(12,633)**	**93,545**	**(9,934)**	**(32,300)**
Balance as of December 31, 2024						
Cost	431,461	52,004	143,100	128,081	344,453	1,099,099
Accumulated depreciations	(402,527)	(45,409)	(134,085)	(20,836)	(309,442)	(912,299)
Carrying amount	**28,934**	**6,595**	**9,015**	**107,245**	**35,011**	**186,800**
Changes in 2025						
Investments	433,526	-	-	-	15,608	449,134
Investments disposal	(431,461)	(3,385)	-	-	(4,341)	(439,187)
Depreciation	(86,737)	(4,717)	(4,081)	(23,055)	(21,642)	(140,232)
Depreciation disposal	431,461	3,385	-	-	4,341	439,187
Total change	**346,789**	**(4,717)**	**(4,081)**	**(23,055)**	**(6,034)**	**308,902**
Balance as of December 31, 2025						
Cost	433,526	48,619	143,100	128,081	355,720	1,109,046
Accumulated depreciations	(57,803)	(46,741)	(138,166)	(43,891)	(326,743)	(613,344)
Carrying amount	**375,723**	**1,878**	**4,934**	**84,190**	**28,977**	**495,702**

The property, plant and equipment includes right-of-use assets related to operational/ non-plan leases and are not encumbered. All depreciation and impairment charges are included within depreciation, amortization, and impairment (if any) of non-financial assets.

6 Investments for the risk of the Fund

Investments for risk of the Fund relate to the Defined Benefit (DB) plan and are classified as financial assets at fair value through the statement of changes in net assets available for benefits in accordance with IAS 26 and IFRS 9. The investment primarily consists of unlisted fixed-income instruments, including government bonds.

The carrying amounts by fair value hierarchy level are as follows:

6.1 Fair value hierarchy

in AWG	Level 1	Level 2	Level 3	December 31, 2025
6.1 Unlisted fixed investments	-	-	14,585,471	**14,585,471**
Balance as of December 31, 2025	-	-	14,585,471	**14,585,471**

in AWG	Level 1	Level 2	Level 3	December 31, 2024
6.1 Unlisted fixed investments	-	-	14,518,557	**14,518,557**
Balance as of December 31, 2024	-	-	14,518,557	**14,518,557**

Level 3 investments include Government of Aruba bonds with fixed redemption values. In accordance with IAS 26.33, these securities are carried at amounts based on their ultimate redemption value, assuming a constant rate of return to maturity, as they are held to match the obligations of the Fund, or specific parts thereof.

The Fund assesses the indicative fair value of these securities based on discounted contractual cash flows using current market yields. Differences between the carrying amount and indicative fair value may arise due to changes in market fields.

6.2 Movement in Level 3 investments

	Unlisted fixed investments
Balance as of January 1, 2024	**14,421,100**
Total gains and losses:	
In changes in net assets available for benefits	(24,243)
Purchases	1,121,700
Settlements	(1,000,000)
Balance as of January 1, 2025	**14,518,557**
Total gains and losses:	
In changes in net assets available for benefits	(31,986)
Purchases	1,098,900
Settlements	(1,000,000)
Balance as of December 31, 2025	**14,585,471**

6.3 Nature of investments

The Fund invests primarily in:

Government bonds with maturities between 1 and 14 years, earning fixed interest between 4.25% - 6.50%.

The fair value of these instruments approximates amortized cost due to fixed interest terms and active local bond markets.

6.4 Credit and concentration risk

The Fund manages credit risk by investing in Government bonds issued by Land Aruba. No significant increase in credit risk was identified during the reporting period.

7 Investments for the risk of the participants

Investments for the risk of the participants relate to the Defined Contribution (DC) plan and consist of a diversified portfolio of fixed-income instruments, listed and unlisted investment funds. These are measured at fair value through the statement of changes in net assets available for benefits in accordance with IAS 26 and IFRS 9.

7.1 Fair value hierarchy

in AWG	**Level 1**	**Level 2**	**Level 3**	**December 31, 2025**
7.1 Listed investment funds	66,793,497	-	1,746,000	68,539,497
7.2 Unlisted fixed investments	-	-	128,093,885	128,093,885
7.3 Unlisted investment funds	-	-	15,599,617	15,599,617
Balance as of December 31	**66,793,497**	**-**	**145,439,502**	**212,232,999**

in AWG	**Level 1**	**Level 2**	**Level 3**	**December 31, 2024**
7.1 Listed investment funds	29,372,023	-	1,780,000	31,152,023
7.2 Unlisted fixed investments	-	-	130,775,492	130,775,492
7.3 Unlisted investment funds	-	-	15,559,823	15,559,823
Balance as of December 31	**29,372,023**	**-**	**148,115,315**	**177,487,338**

7.2 Movement in Level 3 investments

	Listed Investments Funds	Unlisted fixed investments	Unlisted Investments Funds	Total
Balance as of January 1, 2024	**1,814,000**	**114,472,941**	**14,449,449**	**130,736,390**
Total gains and losses:				
In changes in net assets available for benefits	-	(47,506)	1,212,147	1,164,641
Purchases	-	31,109,786	122,058	31,231,844
Settlements	(34,000)	(14,759,729)	(223,831)	(15,017,560)
Balance as of December 31, 2024	**1,780,000**	**130,775,492**	**15,559,823**	**148,115,315**
Total gains and losses:				
In changes in net assets available for benefits	-	(67,571)	828,685	761,114
Purchases	-	38,621,972	2,211,109	40,833,081
Settlements	(34,000)	(41,236,008)	(3,000,000)	(44,270,008)
Balance as of December 31, 2025	**1,746,000**	**128,093,885**	**15,599,617**	**145,439,502**

Level 3 investments include:

- Listed investments fund (bonds and shares)
- Unlisted fixed investments (loans, mortgages, bonds and time deposits).
- Unlisted investments fund (shares and private equity holdings).

7.3 Nature and valuation of investments

- Listed investment funds include global equity and fixed-income instruments priced using observable market quotations (Level 1)
- Listed investment funds include regional equity and fixed income with no observable input (level 3)
- Unlisted fixed investments represent a diversified portfolio earning between 2.75 % and 6.75%, with maturities from 1 to 18 years.
- Mortgages are issued to Fund participants with interest rates of 5.25% - 7.00%, secured by residential property.
- Unlisted investment funds are measured based on NAV reports from independent valuation specialists.

7.4 Credit and valuation risk

- Loans and mortgages are secured by collateral or mortgage rights, mitigating credit risk.
- Unlisted investment funds valuations rely on non-observable inputs, primarily discounted future cash flows, occupancy rates, and market rental assumptions.
- The Fund monitors concentration risk by diversifying across local, regional, and international markets, as set out in the Strategic Investment Policy of the Fund.

7.5 Liquidity

Most fixed-income assets have active redemption markets. Mortgages and unlisted funds are less liquid but align with the long-term nature of pension obligations.

8 Investment properties for the risk of the participants

Investment properties for the risk of the participants include commercial properties held to earn rental income and/ or for capital appreciation. Certain investment properties are located on land subject to long-term lease arrangements. The related land right-of-use assets are presented together with investment properties for the risk of participants, as these land rights are directly connected to the investment property arrangements. The movement in the category of investment property is specified as follows:

in AWG	Investment property (excluding project in Progress)	Land held for future development	**Total 2025**	Investment property (excluding project in Progress)	Project in progress	Total 2024
Balance as of January 1	**12,751,000**	**2,152,000**	**14,903,000**	12,212,000	8,176,780	20,388,780
Change in fair value	168,729	352,000	**520,729**	304,387	(69,000)	235,387
Investments	21,271	-	**21,271**	233,642	26,375	260,017
Reclass from PPE	-	-	**-**	971	-	971
Disposal and impairment	-	-	**-**	-	(959,962)	(959,962)
Balance as of December 31	**12,941,000**	**2,504,000**	**15,445,000**	12,751,000	7,174,193	19,925,193
Land right-of-use	325,977	-	325,977	333,861	215,592	549,453
	13,266,977	2,504,000	15,770,977	13,084,861	7,389,785	20,474,646
Transfer to assets held for sale	-	-	-	-	(5,237,785)	(5,237,785)
Balance as of December 31	**13,266,977**	**2,504,000**	**15,770,977**	13,084,861	2,152,000	15,236,861

As of December 31, 2025, the investment property portfolio consists of three commercial properties. Two of these properties are currently leased to third-party tenants, while the remaining property, the land known as “Bloemond” is being held for future development.

These properties are held for the risk of the participants and are rented out to third-party tenants. The related land lease obligations are included in lease liabilities in Note 13.

Investment properties are measured at fair value, with changes in fair value recognized through the statement of changes in net assets available for benefits. The fair value of the Fund’s main property assets is estimated based on appraisals performed by an independent, professionally qualified real estate appraiser. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Executive Board on each reporting date.

The range of yields applied to the annual net rentals to determine the fair value of properties for which current prices in an active market are unavailable vary between 6.0%-7.0% (2024: 6.0%-7.0%).

The Fund leases out its investment properties under operating lease arrangements with remaining non-cancellable lease terms ranging from one to five years. Most contracts contain extension options, which are typically exercised given the attractiveness of the properties' locations. Lease payments are fixed over the lease term, and no variable lease components exist within the Fund's lessor arrangements.

The Fund is exposed to occupancy risk, which is mitigated by the properties' favorable locations and competitive rental pricing. As a result, any potential vacancies are expected to be short. To further protect against credit and collection risk, tenants are required to provide a two-month security deposit, which is held throughout the lease term. Collection risk was previously monitored by the Investment Account Manager. At the end of the year, this function was outsourced to a third party.

The Fund is not exposed to foreign currency risk, as all lease contracts are denominated in Aruban florin (AWG).

The Fund applies long-term maintenance planning to its investment properties to mitigate residual value and asset-condition risk and to maintain the properties' leasing attractiveness.

The Fund earns rental income from these operating leases, and future lease cash inflows are expected to continue broadly in line with the existing lease terms and renewal patterns.

Lease income from investment properties

The Fund earns rental income from its investment properties under operating lease arrangements with third-party tenants. Rental income represents lease income within the scope of IFRS 16 and is presented as part of the investment income attributable to the risk of the participants. Lease income is recognized on a straight-line basis over the lease term, consistent with the pattern in which benefits from the leased properties are transferred to the tenants.

The rental income disclosed under investment results therefore includes all lease payments received from tenants of the Fund's commercial properties.

Assets Held for Sale

On November 6, 2024, the Fund entered into a conditional purchase agreement with Stichting Ziekenverpleging Aruba for the sale of the Eagle Center Property. The agreement is subject to the amendment of the land designation by the relevant authority, which must permit the property's use for medical purposes.

As a result, the Eagle Center Property was classified as a non-current asset held for sale as of December 31, 2024.

The Fund recognized an impairment loss of AWG 959,962 in connection with the remeasurement of the asset to the lower of its carrying amount and fair value less costs to sell. This impairment is disclosed in note 19 in the statement of changes in net assets available for benefits.

The disposal was completed on November 12, 2025.

9 Receivables

The receivables can be specified as follows:

in AWG	**December 31, 2025**	December 31, 2024
Premium receivables	1,496,065	1,428,769
Interest receivables – for the risk of the Fund	290,209	256,209
Interest receivable – for the risk of the participants	1,981,088	1,991,489
Other	389,451	737,201
Balance as of December 31	**4,156,813**	4,413,668

In 2024, the “other receivables” line item included a receivable of AWG 502,219 from the notary’s third-party account, representing the non-refundable deposit paid by the buyer in connection with the conditional sale of the Eagle Center property. This sale was finalized on November 12, 2025. As a result, the receivable recognized in 2024 was reversed. Upon completion of the sale, the Fund reduced the carrying amount of the property in the statement of net assets available for benefits and recognized the corresponding sale proceeds.

10 Cash and cash equivalents

The cash and cash equivalents can be specified as follows:

in AWG	**December 31, 2025**	December 31, 2024
Caribbean Mercantile Bank N.V.	368,834	745,350
Aruba Bank N.V.	3,689,919	3,491,050
RBC Bank – WISE, Trinidad & Tobago	264,541	217,541
RBC Bank N.V.	119,433	828,973
Vidanova Bank N.V.	71,472	228,403
Balance as of December 31	**4,514,199**	5,511,317

The bank balances comprise current accounts, savings accounts and sweep accounts. Interest is earned on savings and sweep accounts at rates ranging from 0.15% to 0.75%. Interest on savings accounts is received quarterly, while interest on sweep accounts is received daily.

11 Provision for pension liabilities for risk of the Fund

The movements in the provision for the risk of the Fund were as follows:

in AWG	Retirement benefits	Survivor benefits	**2025**	**2024**
Balance as of January 1	**12,675,917**	**2,181,631**	**14,857,548**	**14,565,051**
Correction				
Interest	497,867	84,861	**582,728**	**574,545**
Retirement benefits	(391,533)	(18,116)	**(409,649)**	**(357,397)**
New partner pension	-	28,013	**28,013**	**16,312**
Surrender value	-	-	**-**	**(1,456)**
Deceased participants with or without partners	(59,134)	(101,720)	**(160,854)**	**(38,277)**
Risk premiums	108,109	(59,075)	**49,034**	**105,917**
Paid out costs	(7,831)	(362)	**(8,193)**	**(7,147)**
Balance as of December 31	**12,823,395**	**2,115,232**	**14,938,627**	**14,857,548**
Less: short-term portion			**(478,483)**	**(418,292)**
Long-term portion			**14,460,144**	**14,439,256**

The technical provision for the risk of the Fund can be specified per category as follows:

in AWG	2025	2025	2024	2024
	Policies	*AWG*	*Policies*	*AWG*
For active participants – regular / additional	131	2,980,036	146	3,234,385
Vested participants – regular / additional	274	6,267,599	288	6,612,329
Annuitants, partner and orphan	260	5,690,992	239	5,010,834
Balance as of December 31	**665**	**14,938,627**	**673**	**14,857,548**

The expected distribution of the timing of the benefit payments are detailed followed by a weighted average duration of the defined benefit obligation of 21.61 years:

	Within 12 months	1 – 5 years	6 -10 years	Beyond 10 years
Expected Benefit payments	476,940	2,206,008	3,020,955	7,295,737

Effect discount rate

The actuarial interest rate used to determine the provision for pension obligation for the risk of the fund is set at 4%. The table below shows the effects on the provision if the actuarial interest rates used are met and would be reduced or increased by 1.0%.

In AWG	Change in provision for the year	
	+ 1%	**- 1%**
31 December 2025	**(1,778,124)**	**2,160,750**
31 December 2024	**(1,837,120)**	**2,244,111**

12 Provision for pension liabilities for risk of the participants

The movements in the provision for the risk of the participants were as follows:

in AWG	Defined contribution	Defined contribution (pensions)	**2025**	**2024**
Balance as of January 1	**166,373,407**	**18,414,800**	**184,788,207**	**165,311,354**
Corrections prior year	(38,544)	(72,287)	**(110,831)**	**104,515**
Pension accrual and contribution	17,110,985	-	**17,110,985**	**16,505,618**
Surrender value	(282,291)	-	**(282,291)**	**(347,202)**
Result on Surrender	(159,988)	-	**(159,988)**	**(87,576)**
Deceased	(6,146)	(391,069)	**(397,215)**	**(236,117)**
Interest	6,495,895	816,184	**7,312,079**	**6,560,181**
Pensioners	(6,350,050)	6,077,067	**(272,983)**	**(170,539)**
Retirement benefits	-	(1,561,847)	**(1,561,847)**	**(1,235,988)**
Disbursements expenses	(1,890,295)	(31,237)	**(1,921,532)**	**(1,817,879)**
Risk premiums	-	306,306	**306,306**	**201,840**
Balance as of December 31	**181,252,973**	**23,557,917**	**204,810,890**	**184,788,207**
Less: short term portion			**(1,978,250)**	**(1,544,395)**
Long term portion			**202,832,640**	**183,243,812**

The provision for pension liabilities for the risk of the participants can be specified per category as follows:

in AWG	2025	2025	2024	2024
	Policies	*AWG*	*Policies*	*AWG*
For active participants – regular	6,142	120,655,812	5,760	111,674,801
Vested participants – regular	9,101	60,597,161	8,413	54,698,606
Annuitants, partner, and orphan	1,066	23,557,916	865	18,414,800
Balance as of December 31	**16,309**	**204,810,890**	**15,038**	**184,788,207**

Effect discount rate.

The actuarial interest rate used to determine the provision for pension obligation for the risk of the participants is set at 4.0% for pensioners before June 2020, and 3.75% for those from June 2020. The table below shows the effects on the provision if the actuarial interest rates used are met and would be reduced or increased by 1.0%.

In AWG	**Change in provision for the year**	
	+ 1%	**- 1%**
31 December 2025	**(2,021,978)**	**2,360,106**
31 December 2024	**(1,591,957)**	**1,860,290**

13 Lease liabilities

in AWG	**December 31, 2025**	December 31, 2024
Current	**82,385**	35,920
Non-current	**697,531**	608,409
Balance as of December 31	**779,916**	644,329

Long-term lease rights

The Fund’s lease liabilities relate to both operational/ non-plan lease arrangements and long land lease rights connected to investment properties held for the risk of participants. The operational/ non-plan lease arrangement relates to the office building lease at the Watty Vos Boulevard. The related right-of-use asset is included in property, plant and equipment in Note 5.

The long land lease rights relate to investment properties held for the risk of participants and rented out to third-party tenants. The related land right-of-use assets are presented together with investment properties in Note 8. The Fund generally has the option to renew the long-lease agreements upon expiry.

The Fund is subject to a use restriction imposed by the Government of Aruba (Land Aruba), under which the leased land may only be used for the designated purpose stated in each land-lease title.

The leases expose the Fund to long-term land-use and renewal risks, although the absence of variable payments limits cash-flow uncertainty. Lease liabilities and the related right-of-use assets are recognized in accordance with IFRS 16, and the future minimum lease payments are presented in the maturity analysis below.

The undiscounted lease payments and reconciliation to the lease liability as of December 31, 2025 were as follows:

	Within 1 year	1-5 years	After 5 years	Total
in AWG				
Lease payments	128,790	446,645	946,428	1,521,863
Finance charges	(46,405)	(132,900)	(562,642)	(741,947)
Net present values	**82,385**	**313,745**	**383,786**	**779,916**

14 Other liabilities and accrued expenses

The other liabilities and accrued expenses can be specified as follows:

Other Liability and accrued expenses

in AWG	**December 31, 2025**	**December 31, 2024**
Accrued liability	251,578	322,860
One-time pension payment payables	270,936	216,389
Insurances	26,319	34,279
Deposits and others	83,067	578,934
Payroll and related accruals	84,537	80,657
Balance as of December 31	**716,437**	**1,233,119**

In 2024, the “Deposits and other” line item included a non-refundable deposit of AWG 502,219 paid by the buyer into the notary’s third-party account in connection with the conditional sale of the Eagle Center property. The sale was finalized on November 12, 2025. As a result, the liability to the buyer recognized in 2024 was reversed. Upon completion of the sale, the Fund reduced the carrying amount of the property in the statement of net assets available for benefits and recognized the corresponding sale proceeds.

15 Financial Risks

Financial Risk Factors

The Fund is exposed to various financial risks, including market (interest and currency), credit, concentration, liquidity, and insurance risks. Its risk management program aims to optimize returns for the level of risk taken while minimizing adverse effects on financial performance. All investments carry a risk of capital loss, which, for bonds, equities, investment funds, and purchased options, is limited to their fair value. The management of these risks is carried out by the Fund in line with investment guidelines approved by the Executive Board. The Fund uses different methods to measure and manage the various types of risk to which it is exposed. These methods are explained below.

Interest rate risk

Profile of interest rate risk

Interest rate risk is the risk that the value of the portfolio of fixed-income securities and pension changes due to unfavorable changes in market interest rates. The interest rate risk is limited as most of the investments are in fixed-interest securities, such as time deposits issued by banks, government bonds, secured loan facilities, and secured mortgages.

At the reporting date, the interest rate profile of the Fund's interest-bearing financial assets was as follows:

in AWG	**December 31, 2025**	**December 31, 2024**
Bonds	112,062,211	88,725,029
Loans	49,962,744	38,683,314
Mortgages	11,380,094	12,116,775
Time deposits	3,265,000	11,000,000
Total fixed-rate financial assets	**176,670,049**	**150,525,118**

Sensitivity analysis

The Fund seeks to minimize interest rate cash flow risk by investing mainly in long-term fixed-rate instruments. Long-term investments are therefore usually at fixed rates. The Fund's exposure to variable interest rates is limited.

The interest rate sensitivity analysis below includes financial instruments and balances for which changes in market interest rates or discount rates would directly affect the carrying amount or the statements of changes in net assets available for benefits. Fixed rate instruments measured at amortized cost or based on ultimate redemption value are not included in the sensitivity analysis, as changes in market interest rate do not directly affect their carrying amount. Listed equity investments are addressed separately under other price risk.

The following table illustrates the sensitivity of the change in net assets available for benefits for a reasonable possible change in interest rate of +/- 1% (2024: +/- 1%). These changes are reasonably possible based on the observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held on each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

In AWG	**Changes in net assets available for benefits**	
	+ 1%	**- 1%**
31 December 2025	**1,591,852**	**(1,171,466)**
31 December 2024	**1,212,340**	**(1,392,390)**

Other price risk

The Fund is exposed to other price risk in respect of its listed equity securities. Other price risk is the risk that the fair value of listed equity securities changes as a result of changes in market prices. The sensitivity analysis below is based on the level 1 listed equity securities held at the reporting date and excludes listed bonds, money market funds and other fixed-income instruments, as these instruments are not considered part of the listed equity price risk sensitivity.

Based on the observed 2025 fair value movement of the listed equity portfolio, adjusted for purchase and redemption during the year, management applied a reasonably possible price movement of 19.9% for 2025 (2024: 7.2 %). If the market price of the listed equity securities had increased or decreased by this percentage, with all other variables held constant, the changes in the net assets available for benefits would have changed by approximately AWG 6,815,093.

Currency risk

Currency risk is the risk that the value of a financial instrument will change due to changes in foreign currency exchange rates. The Fund transacts in the following foreign currencies:

- The United States Dollar ("USD"), and the
- Caribbean Guilder ("XCG").

Currently, 63% of the Fund's investments (2024: 82%) are denominated in local currency and 37% (2024: 18%) in foreign currency (XCG and USD). The local currency has historically been linked to the U.S. dollar. Both the local currency and the XCG operate under a fixed exchange rate regime.

The total investment of the Fund in local and foreign currencies can be specified as follows:

in AWG	2025	2025	**Total**	2024	2024	**Total**
	Local	*Foreign*		*Local*	*Foreign*	
	63%	*37%*	***100%***	*82%*	*18%*	***100%***
Bonds	77,189,518	34,872,693	**112,062,211**	82,611,960	6,113,069	**88,725,029**
Time deposits	3,000,000	265,000	**3,265,000**	11,000,000	-	**11,000,000**
Loans	30,342,744	19,620,000	**49,962,744**	31,663,314	7,020,000	**38,683,314**
Mortgages	11,380,094	-	**11,380,094**	12,116,775	-	**12,116,775**
Investment property and assets held for sale	15,770,977	-	**15,770,977**	20,474,646	-	**20,474,646**
Shares	15,599,617	34,548,804	**50,148,421**	15,559,823	25,920,954	**41,480,777**
Balance as of December 31	**153,282,950**	**89,306,497**	**242,589,447**	**173,426,518**	**39,054,023**	**212,480,541**

The investments in foreign currencies are denominated in XCG and USD. The XCG is also pegged to the U.S. dollar. The Fund is not exposed to any fluctuations in these currencies and therefore a sensitivity analysis is not required.

Credit risk

Sector risk

Credit risk is the risk of financial loss to the Fund because of (potential) bankruptcy or insolvency of the Fund's counterparties in which it has investments. This can include parties that are considered bond issuers, banks where deposits are placed, and others. To reduce this risk, the Fund sets requirements for the creditworthiness of counterparties, ensuring that adequate coverage or additional collateral is required. The spread is partly reflected in the different sectors in which it invests. The following table gives a breakdown of the investments by sector:

in AWG	%	Government	Financial institutions	Real Estate	Others	**Total**
2025						
Bonds	46%	57,071,518	53,494,693	1,496,000	-	**112,062,211**
Time deposits	1%	-	3,265,000	-	-	**3,265,000**
Loans	21%	6,033,133	4,522,095	29,800,459	9,607,057	**49,962,744**
Mortgages	5%	-	11,380,094	-	-	**11,380,094**
Investment property	6%	-	-	15,770,977	-	**15,770,977**
Shares	21%	-	49,898,421	250,000	-	**50,148,421**
Balance as of December 31	**100%**	**63,104,651**	**122,560,303**	**47,317,436**	**9,607,057**	**242,589,447**

in AWG	%	Government	Financial institutions	Real Estate	Others	**Total**
2024						
Bonds	42%	54,865,389	31,301,069	1,530,000	1,028,571	**88,725,029**
Time deposits	5%	-	11,000,000	-	-	**11,000,000**
Loans	18%	6,223,139	5,634,452	17,044,686	9,781,037	**38,683,314**
Mortgages	6%	-	12,116,775	-	-	**12,116,775**
Investment property and assets held for sale	10%	-	-	20,474,646	-	**20,474,646**
Shares	19%	-	41,230,777	250,000	-	**41,480,777**
Balance as of December 31	**100%**	**61,088,528**	**101,283,073**	**39,299,332**	**10,809,608**	**212,480,541**

The values represent the direct investments held by the Fund. Furthermore, these values exclude the interest receivable.

Regarding the creditworthiness of borrowers of fixed-income portfolio, these are held in the form of government bonds and corporate bonds, time deposits and loans at local banks or comparable institutions that fall (partially) under the supervision of either the CBA or the Centrale Bank van Curaçao en Sint Maarten (CBCS).

The credit risk of the secured loan facilities is also limited by the fact that these loans are secured by tangible assets.

The credit risk of the mortgages is limited as these mortgages are extended up to 100% of the execution value of the property. Contrary to the other types of investments, these mortgages provide protection to the Fund through the sale of the mortgaged property in the event of default in payments by the participant.

During the year, the Fund did not experience a significant increase in credit risk as indicated in the following section.

Impairment losses

The aging of loans and receivables (including other receivables) at the reporting date for, respectively, risk of the Fund and risk of the participants, was:

Loans and receivables for the risk of the fund (including other receivables)

	December 31, 2025		**December 31, 2024**	
in AWG	**Gross**	Impairment	**Gross**	Impairment
Not past due	290,209	-	256,209	-
Past due less than a year	-	-	-	-
Past due more than a year	-	-	-	-
Total	**290,209**	**-**	**256,209**	**-**

Loans and receivables for the risk of the participants (including other receivables)

	December 31, 2025		**December 31, 2024**	
in AWG	**Gross**	Impairment	**Gross**	Impairment
Not past due	65,032,307	-	54,765,404	-
Past due less than a year	121,130	-	63,457	-
Past due more than a year	185,800	(156,045)	293,536	(164,849)
Total	**65,339,237**	**(156,045)**	**55,122,397**	**(164,849)**

Management has considered an allowance for impairment based on the allowance policy of the Fund, which is contingent upon objective evidence indicating a loss event occurring after the initial recognition of the asset. This assessment accounts for instances where the loss event significantly impacts future cash flows from the asset and can be reliably estimated, encompassing past due amounts. Past due amounts are specifically defined as payments that are 90 days in arrears or greater. Concurrently, management has undertaken measures to actively pursue the collection of past due amounts, aligning with the Fund's commitment to prudent financial management and risk mitigation.

Concentration risk

In general, concentration risk may occur if an appropriate diversification of assets and liabilities is missing. Concentration risk can occur when there is among others, a concentration of the portfolio in regions, economic sectors or counterparties. A portfolio of loans that are highly sector-specific can be at increased risk due to sector concentration. Approximately 29% (2024: 15%) of the investment portfolio is located abroad (i.e., United States, Trinidad & Tobago, Curaçao) and consists of time deposits, government and corporate bonds, shares, and traded securities.

in AWG	2025	2025	**Total**	2024	2024	**Total**
	Local: 71%	*Foreign: 29%*	***100%***	*Local: 85%*	*Foreign:15%*	***100%***
Bonds	77,189,518	34,872,693	**112,062,211**	82,611,960	6,113,069	**88,725,029**
Time deposits	3,000,000	265,000	**3,265,000**	11,000,000	-	**11,000,000**
Loans	49,962,744	-	**49,962,744**	38,683,314	-	**38,683,314**
Mortgages	11,380,094	-	**11,380,094**	12,116,775	-	**12,116,775**
Investment property and assets held for sale	15,770,977	-	**15,770,977**	20,474,646	-	**20,474,646**
Shares	15,599,617	34,548,804	**50,148,421**	15,559,823	25,920,954	**41,480,777**
Total	**172,902,950**	**69,686,497**	**242,589,447**	**180,446,518**	**32,034,023**	**212,480,541**

Liquidity risk

Liquidity risk is the risk that the Fund is not able to obtain the financial resources needed to comply with its obligations. The liquidity risk within the Fund is limited. Virtually all investments have a direct or indirect quotation.

Premium revenues are higher than the pension benefits and the costs of the Fund. Therefore, it is unlikely that the Fund will face payment problems in the short and medium term.

The following are the contractual maturities of financial liabilities:

in AWG	Carrying Amount	Less than 1 year	More than 1 year
Pension liabilities for risk of the Fund	14,938,627	478,483	14,460,144
Pension liabilities for risk of the participants	204,810,890	1,978,250	202,832,640
Other liabilities	716,437	716,437	-
Balance as of December 31, 2025	**220,465,954**	**3,173,170**	**217,292,784**

in AWG	Carrying Amount	Less than 1 year	More than 1 year
Pension liabilities for risk of the Fund	14,857,548	418,292	14,439,256
Pension liabilities for risk of the participants	184,788,207	1,544,395	183,243,812
Other liabilities	1,233,119	1,233,119	-
Balance as of December 31, 2024	**200,878,874**	**3,195,806**	**197,683,068**

Insurance risk (actuarial risk)

Profile of insurance risk (actuarial risk)

The main insurance risks are longevity and mortality risk. The principal actuarial risk is longevity risk (the risk that participants are living longer than average, which is considered when determining the provision for pension).

The Fund applies the published Dutch mortality tables GBM /GBV 2005-2010 (2024: GBM /GBV 2005-2010), which is based on the whole Dutch population with sampling years 2005 – 2010, and with an age correction of -1 in 2025 (2024: -1). These tables, in accordance with the actuary of the Fund, provide a prudent insight into the life expectancy of participants, pension earners and/or survivors. By applying these tables, the Fund's longevity risk is greatly reduced.

Mortality risk means that in case of death, the Fund may grant a survivor's benefit for which the funds have not been provided. This risk can be expressed as capital risk. The Fund manages this risk in-house.

For the financial year 2025, the Fund's Executive Board has decided to apply a rate of return of 3.75% (2024: 3.75%) for the Defined Contribution plan. The same rate of return is used to determine the Fund's technical provision. For the Defined Benefit plan an actuarial interest rate of 4% (2024: 4%) has been applied. For both plans 0.5% is deducted for costs for the vested participants.

Sensitivity analysis

The following table illustrates the sensitivity of the provision to a reasonably possible change in interest rates of +/- 1% and +/- 0.50%). These changes are reasonably possible based on the observation of current market conditions. All other variables are held constant.

	-0.50%	basis	+0.50%
Defined Benefit Provision	15,965,191	14,938,627	14,007,314
Defined Contribution Provision	205,944,381	204,810,890	203,761,688

	-1.00%	basis	+1.00%
Defined Benefit Provision	17,099,377	14,938,627	13,160,503
Defined Contribution Provision	207,170,996	204,810,890	202,788,912

The following table illustrates the sensitivity of the provision to a reasonably possible change in age correction (+/- 1 year). All other variables are held constant.

	-1 year mortality	Basis	+1 year mortality
Defined Benefit Provision	15,347,536	14,938,627	14,521,165
Defined Contribution Provision	205,489,177	204,810,890	204,121,333

The following table illustrates the sensitivity of the provision to a reasonably possible change in mortality table. All other variables are held constant.

	Basis GBM/V 05-10	GBM/V 07-12
Defined Benefit Provision	14,938,627	15,104,480
Defined Contribution Provision	204,810,890	205,075,809

16 Contingent liabilities, assets, and commitments

Commitments

The commitments consist of signed agreements regarding investment and related investment property. The total committed amounts are specified in the following overview.

in AWG	Commitments
Commitments as of December 31, 2024	**14,022,702**
New commitments	2,200,000
Withdrawn commitments	-
Less: realized commitments	(13,480,844)
Commitments as of December 31, 2025	**2,741,858**

At the end of December 2025, an amount of AWG 195,886 (2024: AWG 8,956) remained pending for disbursement related to construction mortgages.

Furthermore, after the reporting period but before the issuance of the financial statements for the year ended December 31, 2025, the Fund entered into a binding commitment to extend a loan to FCCA for an amount of AWG 2,200,000.

The commitments are expected to be disbursed in the following one to two years.

Lease contracts – operational/ non-plan activities

In May 2025, the Fund renewed the lease agreement for the office building at the Watty Vos Boulevard for a period of 5 years. This lease relates to the Fund's operational/ non-plan activities. The related right-of-use asset is included in property, plant and equipment in Note 5 and the related lease liability in Note 13.

in AWG	Within 1 year	1 to 5 years	Later than 5 years
Building WVB lease	102,778	342,592	-

Property tax and land lease (investment property)

The Fund also has land lease arrangements relating to investment properties held for the risk of participants. These land lease rights are connected to investment properties rented out to third-party tenants. The related land right-of-use assets are presented together with investment properties in Note 8, and the related lease liabilities are included in Note 13.

The future property tax and lease commitments relating to investment properties are expected to be paid as follows:

in AWG	Within 1 year	1 to 5 years	Later than 5 years
Property tax	72,654	268,583	2,189,380
Property land lease	26,013	104,052	920,415

17 Related parties

Transactions with members of the Executive Board and management of the Fund

All personnel, including some key management officers, participate in the defined contribution pension plan. In 2025, the basic salaries, social security contributions and other short-term benefits to the key officers of the Fund are as follows:

in AWG	**2025**	2024
Short-term employee benefits:		
Salaries including bonuses	**406,364**	391,987
Social security costs	**69,234**	62,930
	475,598	454,917
Post-employment benefits:		
Defined contribution pension plans	**12,459**	13,527
Total remuneration	**488,057**	468,444

During the year, the Fund entered the following transactions with other related parties.

in AWG	**2025**	2024
Investments for the risk of the participants	**-**	1,028,571
Income:		
Contribution	**189,802**	194,324
Interest income	**-**	130,500
Expenditures:		
Property, plant and equipment	**5,323**	-
Direct expenses for the risk of the participants	**21,290**	21,747
Pension administrative expenses	**245**	1,290
Retirement benefits	**8,641**	8,641

Pension Fund
Tourism Sector Aruba

NOTES TO STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Notes to the statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2025

18 Premium contribution for the risk of the participants

The premium contribution consists of contributions made by the employers and participants (including additional premium contributions that they have made).

The premium contribution to the Fund, as described in the rules and regulations (RRDC01072022), is based on a minimum fixed percentage of 6% (employer 3% and employee 3%) of the participant's annual pension salary. Participants are given the opportunity to make an additional premium contribution of a minimum of 1% up to a maximum of 19%. Employers may also contribute with additional premiums; however, the total contribution may not exceed 25%.

The contribution made by employers and participants can be specified as follows:

in AWG	**2025**	**2024**
Employers' contributions	8,224,327	7,739,416
Regular contributions by the participants	8,224,327	7,739,416
Additional contributions by the participants	662,331	1,028,605
	17,110,985	**16,507,437**

Concentration

The top ten participating employers with the Fund represent approximately 67% (2024: 68%) of the annual premium contributions.

19 Net investment result for risk of the participants

The result of the investments of the risk of the participants can be specified as follows:

in AWG	**2025**	**2024**
Interest income	7,593,167	6,881,360
Investment property income	1,102,888	979,789
Dividend income	1,413,311	947,723
Change in fair value of investment properties	520,729	235,387
Change in fair value of investment for risk of the participant	6,510,030	2,809,735
Allowance for credit losses	2,505	13,849
Impairment investment property	-	(959,962)
Other income	68,979	80,943
	17,211,609	10,988,824
Direct expenses	(1,202,906)	(1,165,353)
	16,008,703	**9,823,471**

The future minimum guaranteed receipts related to investment property income are detailed as follows:

in AWG	Within 1 year	1 to 5 years	Later than 5 years
Property income	867,694	2,341,027	1,126,710

Interest income:

in AWG	**2025**	2024
Bonds	3,886,209	3,522,319
Time deposits	34,306	122,517
Mortgages	700,779	760,053
Loans	2,938,785	2,436,531
Savings	33,088	39,940
	7,593,167	6,881,360

20 Net investment result for risk of the Fund

The result of the investments of the risk of the Fund can be specified as follows:

in AWG	**2025**	2024
Interest income of bonds and time deposits	810,629	778,215
Direct expenses	(49,487)	(40,556)
	761,142	737,659

21 Retirement benefits and refunds

The retirement benefits consist of the following:

in AWG	**2025**	2024
For risk of the Fund		
Retirement benefits	398,599	333,667
Partner pension	20,876	20,159
Orphan pension	343	343
For the risk of the Participants		
Retirement benefits	1,712,280	1,337,991
Partner pension	73,818	66,497
Orphan pension	2,959	2,961
Deceased benefit	38,493	64,862
Emigration	103,309	101,861
	2,350,677	1,928,341

The increase in the retirement benefits for the risk of the participants is mainly due to an increase in the number of pensioners during the year.

22 Pension administrative expenses

The pension administrative expenses can be specified as follows:

in AWG	**2025**	2024
Salaries and remuneration (excluding Executive Board)	880,919	975,074
Professional fees	355,808	363,382
Information and technology	166,774	195,620
Depreciation	140,232	171,728
Executive Board fee and expenses	259,809	244,704
Other operating expenses	181,681	186,219
	1,985,223	2,136,727
Number of permanent employees employed by the Fund	11	10

The salaries and remuneration (excluding Executive Board) can be specified as follows:

in AWG	**2025**	2024
Salaries and wages	948,838	1,097,387
Social premiums	115,622	129,789
Pension premium contribution	48,845	50,906
Other staff expenses	98,267	119,555
Direct expenses for the risk of the participant	(330,653)	(422,563)
Allocation to the risk of the Fund	(29,764)	(32,285)
Allocation from the risk of the participants	29,764	32,285
	880,919	975,074

23 Changes in the technical pension provision for the risk of the Fund

Pension accrual

This item reflects the effect of mortalities on the pension liabilities for active participants calculated on a nominal interest rate basis.

Added interest

The value of the participants' pension rights also increases annually with the accrual of interest, in addition to the actual pension accruals. This means an increase in liabilities and hence requires an addition to the provision for pension liabilities, which represents an expense. The expenses relating to the increased liabilities should generally be met from the results achieved on the investment of the pension capital.

Provision utilized for benefit payments and administrative expenses

Future benefits payments are calculated actuarially in advance, based on probability systems, and are included in the provision for pension liabilities. This provision represents the present value of the expected future benefits. Each year, an amount of the provision is utilized to fund the benefits for that year. This item also includes the results on probability systems.

24 Changes in the provision for pension liabilities for the risk of participants

The changes in the provision for pension liabilities for the risk of participants are calculated by deducting the ending balance of the provision from its beginning balance.

25 Approval of Financial Statements

Approval financial statements

On May 26, 2026, the Executive Board approved the 2025 financial statements of the Fund to be presented for approval at the General Assembly. Also, the 2025 financial statements were reviewed by the Audit Committee. During the General Assembly Meeting held on May 28, 2026, the participants approved these financial statements.

Aruba, May 26, 2026

Mr. G.K. Farro
Chairman of the Executive Board

Mrs. S.T.G. Nierop-Kappel
Executive Board Member representing employers

Mr. E.F.C. Albertus
Secretary of the Executive Board
Executive Board Member representing employers

Mr. P.D. Vandormael
Executive Board Member representing participants

Mr. E.P. Dirksz
Executive Board Member representing participants

Independent Auditor’s Report

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Shape the future
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INDEPENDENT AUDITOR'S REPORT

To the Executive Board of Pension Fund Tourism Sector Aruba Foundation

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Pension Fund Tourism Sector Aruba Foundation (hereafter "the Foundation"), which comprise the statement of net assets available for benefits as at December 31, 2025, statement of changes in net assets available for benefits, statement of changes in fund capital, and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as at December 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the financial statements* section of our report. We are independent of the Foundation in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Foundation's 2025 Annual Report

Other information consists of the information included in the Foundation's Annual Report other than the financial statements and our auditor's report thereon. The Executive Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Board and the Audit Committee for the financial statements
The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Board is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Board either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Foundation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required

to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aruba, June 05, 2026
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for Ernst & Young Accountants

(Sgd.) Garrick de Cuba, MSc, RA

Pension Fund
Tourism Sector Aruba

Independent Actuary’s Report

Pension Fund Tourism Sector Aruba

Actuarial Report 2025

Aruba, June 03, 2026

Actuarial Consultancy Caribbean

Actuarial Declaration

Aruba, June 03, 2026

Assignment

The assignment to issue an actuarial declaration for the Pension Fund Tourism Sector Aruba for the year 2025 is granted to Actuarial Consultancy Caribbean.

Data

The data on which this audit was based were provided by and were compiled under the responsibility of the Executive Board of the pension fund. In evaluating the assets of the pension fund and in assessing its financial position, we have based ourselves on the financial data in the DRAFT Financial Statement report (version 3) of May 19, 2026. The pension fund's auditor has signed a declaration regarding the correctness and completeness of the basic administrative data and other assumptions which are of importance to our assessment. We received the signed declaration on June 01, 2026 from Ernst & Young Aruba.

Activities

In carrying out the assignment, we have calculated the provisions referred to in the Actuarial Report. The actuarial assumptions were set up by the Executive Board of the fund.

As part of the activities pertaining to the assignment:
- We have assessed whether the technical provisions have been determined adequately; and
- We have formed an opinion on the financial position of the pension fund.

Our audit was carried out in such a way that with a reasonable degree of certainty the results do not contain any inaccuracies of material importance. We have formed an opinion on the probability with which the pension fund will be able to meet its liabilities incurred until the balance-sheet date, also considering the financial policy of the pension fund.

Opinion

The technical provisions are equal to Afl. 219,749,517 as per December 31, 2025. This is inclusive of 3.75% interest added in 2025 to the Defined Contribution capitals. The provisions are calculated on sufficiently prudent assumptions. The amount of the provision is prudent.

The assets of the fund are enough to cover the liabilities. The funding ratio, considering the necessary solvency margin, amounts to 106.4% per December 31, 2025. The financial position of the fund is sufficient.

Elma Velgersdijk, actuary AG
Managing Director