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SEC Registration No.

P H I L I P P I N E E S T A T E S C O R P O R A T I O N

A N D S U B S I D I A R Y

(Company's Full Name)

3 5 T H F L R O N E C O R P O R A T E C E N T R E

J U L I A V A R G A S C O R . M E R A L C O A V E .

O R T I G A S C E N T E R , P A S I G C I T Y

(Business Address : No. Street City / Town / Province)

JOCELYN A. VALLE

Contact Person

8637-3112

Contact Telephone No.

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S E C - 1 7 A

FORM TYPE

Annual Meeting

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

709

Total No. of Stockholders

PHP 131,205,292

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

MSEC Number 112978

File Number _____

PHILIPPINE ESTATES CORPORATION

(Company's Full Name)

**35th Floor One Corporate Centre, Julia Vargas Avenue cor. Meralco Avenue
Ortigas Center, Pasig City**

(Company's Address)

(02) 8637-3112

(Telephone Number)

December 31

(Fiscal Year Ending)
(month & day)

SEC FORM 17-A
(Form Type)

Amended Designation (if applicable)

FOR THE YEAR ENDED DECEMBER 31, 2025

Period Ended Date

(Secondary Licensed Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2025.**
2. SEC Identification Number **112978** 3. BIR Tax Identification No. **000-263-366**
4. Exact name of issuer as specified in its charter **PHILIPPINE ESTATES CORPORATION**
5. **METRO MANILA, PHILIPPINES** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **35th Floor, One Corporate Centre, Julia Vargas Avenue cor. Meralco, Avenue**
Ortigas Center, Pasig City **1605**
Address of principal office Postal Code
8. Telephone No. **8637-3112** Area Code: **02**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA
Authorized Capital Stocks: Common shares 5,000,000,000 with par Value of P1.00 per share
No. of shares of Common Stock Issued and Outstanding: **2,891,099,660 Common Shares**
Amount of Debt Outstanding: **₱ 131,205,292** (as per Financial Statements)
11. Are any or all of these securities listed on a Stock Exchange.
Yes [X] No []
If yes, state the name of such stock exchange and the classes of securities listed therein:
PHILIPPINE STOCK EXCHANGE **COMMON SHARES**
12. Check whether the issuer:
(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);
Yes [X] No []
(b) has been subject to such filing requirements for the past ninety (90) days.
Yes [X] No []

13. The aggregate market value of the voting stock held by non-affiliates of the Company is as follows

Number of Shares	765,712,740
Market price as of 12/31/25	<u>₱ 0.32</u>
Aggregate Market Value as of 12/31/2025	<u>₱ 245,028,076.8</u>
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PART 1 – BUSINESS

A. Description of Business:

(1) Business Development

The PHILIPPINE ESTATES CORPORATION (“Company”) was incorporated on May 30, 1983 as “Philippine Cocoa Estates Corporation” under Securities and Exchange Commission (SEC) Registration No. 112978.

In 1996, The Wellex Group, Inc. (“TWGI Group”) gained majority control of the Company and revamped its management. The new management opted for a change in business focus from agriculture to real estate, with the corporate vision of becoming a world-class real estate developer.

To align with the new management’s corporate vision, the Company applied with the SEC for approval to carry out certain strategic corporate changes. Thus, on May 16, 1996, the SEC approved the proposed changes, namely: (a) the change in the primary purpose clause from agriculture to the business of holding and developing real estate; (b) the change in the corporate name to reflect the new business focus; (c) the removal of the Class “A” and Class “B” classification of the Company’s shares; and (d) the change in the par value of the shares from P10.00 to P1.00 per share.

Towards achieving its corporate vision, the Company filed an application to increase its authorized capital stock from P300 Million to P5 Billion. Out of this increase of P4.7 Billion, the amount of P1,194,333,800.00 was subscribed and paid up by five corporate investors. The principal part of the subscription was paid up by way of transfers to the Company of 45 parcels of land valued at P1,161,833,800.00, while a smaller portion of the subscription, amounting to P32,500,000.00 was paid through conversion of debt into equity. The increase in authorized capital stock was approved by SEC on March 26, 1997.

To further expand and strengthen its real estate business and to continue the construction of housing developments and/or for purposes of acquiring additional land where to establish its housing projects, the Company conducted a Stock Right Offering (SRO) at the ratio of 1:1 per share or a total of with a par value of ₱1.00 per share equivalent to 1,445,549,830 issued from the unissued portion of the authorized capital stock of the Company.

To date, the current authorized capital stock of the Company is ₱5,000,000,000.00 consisting of 5,000,000,000 Common Shares with a par value of ₱1.00 per share. The total issued and outstanding capital stock of the Company is Two Billion Eight Hundred Ninety One Million Ninety Nine Thousand Six Hundred Sixty (2,891,099,660) Common Shares with a par value of ₱1.00 per share.

(2) Business of Company

Primarily, the Company is engage in the business of holding and developing real estate or other properties for industrial, commercial, residential, leisure or sports purposes, and it pursuance thereof, to acquire by purchase, lease or otherwise, real estate and/or appurtenant properties and/or interests therein.

The acquisition of real estate properties by virtue of its agreement with Rexlon Realty Group, Inc., Recovery Real Estate Corporation, Ropeman International Corporation, The Wellex Group, Inc. and Pacific Rehouse Corporation, the Company conducted further study to determine the “highest and best use” of its real estate holdings for the purpose of enhancing their value and maximizing the returns to the stockholders.

The following are the projects of the Company:

Completed Projects:

1. *Pearl of the Orient Tower.*

A 42-storey office-residential-recreational condominium tower in Roxas Boulevard, Manila.

(No revenue for 2025)

2. *Metrotech Industrial Park Valenzuela (formerly; Plastic City Industrial Park).*

A 30-hectare, modern industrial park in the booming city of Valenzuela.

(No revenue for 2025)

3. *Pacific Grand Villas Phase I.*

The first phase of the successful Mediterranean-inspired residential community in the highly urbanized city of Lapu-Lapu, Cebu.

(No revenue for 2025)

4. *Pacific Grand Villas Phase II.*

The second completed project in Lapu-Lapu City, Cebu, with bigger lot cuts than Phase 1 and new house models.

(No revenue for 2025)

5. *Pacific Grand Villas Phase III.*

The third in the series of thriving Pacific Grand Villas communities in Lapu-Lapu City, Cebu.

(No revenue for 2025)

6. *Chateaux Geneva.*

A 10-hectare Swiss-Victorian themed community in the prime district of Jaro, Iloilo City.

(No revenue for 2025)

7. Pacific Grand Villas Phase IV.

Phase 4 of Pacific Grand Villas features some 356 prime residential lot units. In this project we introduced at least four more new house models to satisfy the evolving demands of the market. This project caters also to an international blend of buyers, just like the earlier phases, making Pacific Grand Villas an international community that meets global standards and lifestyle.

Revenue for 2025: ₱ 10,318,022 5.78%

8. Pacific Grand Townhomes Phase I.

Pacific Grand Townhomes is a middle-class Victorian-themed townhouse project located in Lapu-Lapu City. It boasts of the exclusivity of a pocket community, consisting of only 43 units of elegantly designed houses. This stylish community is proximate to private and public institutions, recreational areas, schools, resorts, business and trade centers.

(No revenue for 2025)

9. Costa Smeralda.

The second of our exclusive residential communities in Iloilo City, Costa Smeralda is themed after the famed Italian coastal resorts. Offering 395 units, we introduced in this village for trendy yet sophisticated house designs of varying floor areas, blending form and function to perfectly suit the requirements of discriminating buyers. Inventory in this development is almost exhausted as well.

Revenue for 2025: ₱ 48,697,613 27.26%

ONGOING / CURRENT PROJECTS:

1. Wellford Homes @ Jaro Grand Estates (Phase 3) – Parcel A

This project is our third residential community in Iloilo City. The house and lot packages are mainly designed for homebuyers inclined for economy, maximizing value-for-money. Consisting of about 1.7 hectares, the initial offering is an American inspired two bungalow-type house model. These single-level houses are very much suited also for senior citizens and retirees. The project was launched in November 2016, with the land development and house construction almost completed.

Revenue for 2025: ₱ 30,181,204 16.90%

2. Wellford Residences – Mactan

As the Company's answer to the housing backlog in the economic sector in the area, PHES launched Wellford Residences-Mactan. WR-Mactan is a two-tower medium rise condominium project in one of the Company's prime and highly accessible properties in Mactan, Cebu. Located in Barangay Suba-Basbas in the City of Lapu-Lapu, the project will be composed of 197 residential units and 38 parking spaces. Building 1 (Madison) was completed in July 2024, while Building 2 (Washington) has been fully planned, and the Company is closely monitoring inventory levels to strategically time its launch in alignment with market demand.

Revenue for 2025: ₱ 4,471,591 2.50%

3. Wellford Homes - Malolos

Wellford Homes is a residential development with an area of approximately 6.7 hectares located in Barangay Longos, Malolos City, Bulacan. This horizontal development is American inspired. Housing design reflects the suburban feel with the American ambiance reflected even in the design of the community facilities and amenities. The subdivision is designed to provide generous areas for roads and open spaces, which accounts for nearly 42% of the total developable area. It is an affordable and quality development that offers a master planned community with a total of 554 residential units with two-storey houses and lot-only properties envisioned to be completed by 2028.

Revenue for 2025: ₱ 79,393,142 44.45%

4. Wellford Homes @ Jaro Grand Estates (Phase 3) - Parcel B

In line with the Company's aim of expanding the existing American-inspired subdivision project Wellford Homes I, located at Jaro, Iloilo, the Company launched Wellford Homes II (WHII) in 2022. WHII have an area of about 9.0 hectares and offered a total of 440 units. The development is envisioned to be completed by 2028. It offered two (options) of a two (2)-storey single-detached units with gross floor area ranging from 63 to 73 sqm. The Company was able to secure its License to Sell (LTS) for lots only with the Department of Human Settlements and Urban Development (DHSUD) in May 2022. In the same year, the Company applied for the amendment of the License to Sell of Wellford Homes Parcel B, to allow the Company to offer housing units in the said project. The amended License to Sell and Certificate of Registration were subsequently secured from DHSUD.

Revenue for 2025: ₱ 5,565,548 3.12%

PROJECTS IN THE PIPELINE

1. Wellford Homes Sta. Maria Phase 1

This is one of the upcoming subdivision projects of the Company to be situated in the province of Bulacan with Wellford Homes Balagtas and the on-going Wellford Homes

Malolos. The Company has commissioned a master planner before laying the ground works for the development. It will be a medium cost development in a 16.0- hectare land located in Sta. Maria, Bulacan, which will offer a total of 1,140 units. The project will offer three (3) products, which are a 2-storey single attached unit, a townhouse, and a lot-only unit. It is envisioned to be completed by 2028.

2. Wellford Homes Sta. Maria Phase 2

This will be the follow-up project to Wellford Homes Sta. Maria Phase 1. Like the 1st phase, this project will be a medium cost development situated in an 18.50-hectare land located in Sta. Maria, Bulacan. It will offer a total of 1,318 units, envisioned to be completed by 2030. The project will offer three (3) products, which are a 2-storey single attached unit, a townhouse, and a lot-only unit.

3. Pacific Grand Villas Phase 5

A follow-up to the highly successful Pacific Grand Villas series in Lapu-Lapu City, Mactan, Cebu, Phase 5 is an expansion of the village with modern design theme. The master-planned community will offer larger lot cuts and spacious houses. Situated in the main entrance avenue by the commercial area, prime sections of this phase will offer specially-designed home-buildings, which will be sold together with a luxurious housing component in this low density phase. The project will offer a total of 204 units and is envisioned to be completed by Q4 2030.

4. Wellford Homes Balagtas

Wellford Homes Balagtas, is one of the upcoming subdivision projects of the Company to be situated in the province of Bulacan with Wellford Homes Sta. Maria and the on-going Wellford Homes Malolos. It will be a residential project that offers a master planned community with a total of 710 residential units in a 10-hectare land, envisioned to be completed by 2031. Prospective buyers will have three (3) options to choose from, namely, 2-Storey Single Attached, Townhouse, and Duplex Bungalow model units with floor areas ranging from 42 to 72 sqm.

5. Winfields Village Tanza

This will be the first subdivision development of the Company in the province of Cavite, to be situated in a 19.70- hectare land. It will be a residential project with a total of 1,174 units, envisioned to be completed by Q1 2031. It will feature three (3) options for a 2-storey single attached unit with a typical gross floor area ranging from 58 to 85 sqm. Prospective buyers will have three (3) options of a 2-storey residence to choose from. It will feature a typical lot area of 120 square meters with floor areas ranging from 73 to 85 sqm.

6. Wellford Homes @ Jaro Grand Estates (Phase III) – Parcel C

This project will be a follow-up project to Parcel B. It will be located in a 3.9-hectare land and will offer a total of 231 units. It is envisioned to be completed by Q4 2030. It will offer three (3) model units that are two (2)-storey single detached and duplex bungalow with gross floor area ranging from 42 to 73 sq. m.

7. *Wellford Homes @ Jaro Grand Estates (Phase III) – Parcel D*

This project will also be a follow-up project to Parcel B. It will be located in a 3.9-hectare land and will offer a total of 337 units. It is envisioned to be completed by Q2 2032. It will offer three (3) model units that are two (2)- storey single detached and duplex bungalow with gross floor area ranging from 42 to 73 sq. m.

8. *Winfields Towncenter*

This will be a combination of multiple medium rise condominiums to be situated in a 4.7-hectare land in Lapu-Lapu City, Cebu. It will be comprised of 12 buildings that will offer a total of 970 residential units and 171 parking spaces. It is envisioned to be completed by Q1 2031.

FUTURE PROJECT(S)

a. *Jaro Grand Estates - South*

Commercial-Institutional / Mixed-use estate strategically located just 3.3 kilometers away from Jaro Plaza, The Jaro Grand Estates (JGE) is a 100-hectare master-planned community near Iloilo City's major hubs, including colleges and universities, commercial and business areas, hospitals and government centers, air and sea ports. It integrates several land uses into a singular development. JGE is divided into 2 major 45-hectare enclaves: The Jaro Grand Estates - North, comprising of at least five themed residential villages upon full development, and The Jaro Grand Estates -South which is master-planned for commercial mixed-use developments. When completed, the 40-hectare plus JGE - South is envisioned to feature its own commercial and restaurant strips, office and business centers, education facilities, and a hotel and tourist hub.

Competition:

The Company expects to compete with the biggest real estate developers all over the country. By strategically positioning itself in fast growing markets where land is still plenty and relatively less expensive, by adhering to innovativeness and high standards of design and construction, the Company anticipates its projects to set the trend in property building. The Company has institutionalized its property management system and after-sales service to ensure that its developments will remain highly valued long after their turnover to buyers.

For its residential projects, the registrant targets are the lower middle to middle-income families composed mostly of professionals and overseas Filipino workers.

Competitive business conditions and the registrant's competitive position in the industry and methods of competition.

Banks are more aggressive now in extending working capital to developers and financing to buyers. The government too is very visible in promoting its lending programs to answer the backlog in housing. The Company has solid relationship with both private and government institutions for its clients' financing requirements.

In light of these, and the resilience of Filipinos to internal and external changes, the overall outlook on the Philippine economy as it relates to the real estate industry remains optimistic. Indeed, new projects being offered in the market signifying renewed confidence of buyers and investors.

The Company is continually putting on stream various projects for implementation to take advantage of the continuing bullish outlook in the economy and the real estate industry.

The Company's projects are located not just in one area, but in several developed areas all over the country, thereby enhancing its market base.

The real estate industry continues to demonstrate resilience and growth, serving both the local market and Filipinos overseas, including Overseas Filipino Workers (OFWs), families with relatives residing abroad, and those married to foreign nationals. In the domestic market, there remains a substantial unmet demand for millions of housing units, creating significant opportunities for sustained expansion.

A noticeable market trend is the increasing preference for affordable housing packages that address the genuine needs of a broader segment of buyers, rather than focusing solely on the high-end residential market. While demand for premium housing still exists, this segment has become more cautious, characterized by slower sales velocity and requiring higher upfront capital investments. In response, the Company has strategically focused on the middle-income residential sector, where demand remains steady and sustainable.

Competition in pricing has likewise intensified. To remain responsive to market conditions, the Company has introduced more affordable house-and-lot packages with competitive pricing and flexible payment terms that are more accessible to a wider customer base.

The Company's major projects are currently located in Lapu-Lapu City, Iloilo City, and more recently in Malolos. The Company positions itself primarily as a developer of prime properties not only in Metro Manila but also in key urban growth centers such as Cebu City, Iloilo City, and Malolos. It likewise intends to expand into rapidly developing areas in the southern Philippines and other growth corridors nationwide. Management believes these locations represent a large untapped market with strong potential for high-value developments, while also benefiting from lower land acquisition costs and relatively less competition.

Competitive Landscape

Lapu-Lapu City, Cebu

The Company's key competitors in this area include both regional and national developers:

Cebu-based Developers

- Primary Homes, Inc. – Projects include Royal Ocean Crest Mactan. The company benefits from strong local market familiarity and is affiliated with Primary Structures Corporation, one of the most established construction firms in Central and Southern Philippines.
- MSY Holdings – Developer of Bayswater. Established in 2003, the group has diversified interests in landholdings, agriculture, memorial parks, resorts, hotels, and residential real estate.

National Developers

- Filinvest Land, Inc. – Project: Aldea del Sol.
- Camella Homes / Vista Land & Lifescapes, Inc. – Project: Montserrat.

Iloilo City

The Company's principal competitors include:

- Property Company of Friends, Inc. (ProFriends) – Project: Montecillo Villas.
- Crown Asia / Vista Land & Lifescapes, Inc. – Project: Savannah
- Sta. Lucia – Projects: Metropolis, Woodridge, Nothingham, Green Meadows, Centoverde

Malolos, Bulacan

The Company's principal competitors include:

- Asian Land Strategies Corporation – Projects: Dream Crest Homes and Grand Royale. Established in 1994, the company has developed approximately 24,000 homes in the Bulacan area.
- Whitestone Land Properties Corporation frequently collaborating with partners like Fil-Earthscapes Properties Corporation to manage and market diverse property portfolios. Projects: Springfield Residences, Greenfields, Bloomfields and Garden Grove Homes.

Competitive Strengths

Despite increasing competition, the Company remains well-positioned in the market through the following strengths:

- Continuous introduction of innovative housing designs and product offerings;
- Competitive pricing and buyer-friendly payment terms;
- Attractive incentive programs for brokers and sales partners; and
- A strong reputation for construction quality and customer value.

Most notably, the Company has previously been recognized as the **Leading Developer in Region VII for Open Market Housing**, underscoring its credibility and track record in the industry.

Sources and availability of raw materials:

The Company's construction of real estate projects is done through contractors. Contract packages are outsourced under competitive bidding, and we select contractors with proven experience, and the ones who can give us the best value for money. Part of our construction agreements with them is the detailing of the bill of materials that will be used for the projects, ensuring the desired quality. All materials and supplies are readily available in the

places where we have projects. There are no particular suppliers or contractors upon which we are dependent on.

Transactions with and/or dependence on related parties:

The Group makes advances to and from related parties for working capital requirements and for those related to joint venture agreements and other transactions.

Details of the Group's advances to related parties as at December 31, 2025 and 2024 are as follows:

December 31, 2025	At beginning of Year	Additional advances/ Impairment	Accrual of interest – note 20	Collection/ application/	At end of year
Common key management					
Plastic City Corp. (a)	₱210,387,928	₱493,868	₱4,115,570	₱–	₱214,997,366
Kennex Container Corp. (b)	38,875,126	91,256	760,468	–	39,726,850
Orient Pacific Corp. (b)	36,408,739	64,124	534,370	–	37,007,233
Noble Arch Realty and Construction (c)	5,464,508	61,101	105,144	–	5,630,753
Pacific Rehouse Corporation (f)	2,083,519	336,565,779	–	–	338,649,298
Pacific Wide Realtys and Development Corp. (i)	–	269,875	–	–	269,875
Metro Alliance Holdings and Equities Corporation (e)	292,456,385	631,201	5,260,007	–	298,347,593
Westland Pacific Properties Corp. (g)	46,737,519	107,358	894,646	–	47,739,523
The Wellex Group, Inc (TWGI) (h)	146,752,643	251,869	2,098,911	(7,000,000)	142,103,423
	779,166,367	338,536,431	13,769,116	(7,000,000)	1,124,471,914
Allowance for ECL	(40,622,812)	–	–	–	(40,622,812)
	₱738,543,555	₱338,536,431	₱13,769,116	(₱7,000,000)	₱1,083,849,102

December 31, 2024	At beginning of Year	Additional advances/ Impairment	Accrual of interest – note 20	Collection/ application/	At end of year
Common key management					
Plastic City Corp. (a)	₱205,778,489	₱ 493,867	₱4,115,572	₱ –	₱210,387,928
Forum Holdings Corp. (b)	40,905,810	98,174	818,116	(41,822,100)	–
Kennex Container Corp. (b)	38,023,402	91,256	760,468	–	38,875,126
Orient Pacific Corp. (b)	35,810,245	64,124	534,370	–	36,408,739
Noble Arch Realty and Construction (c)	5,298,995	60,369	–	–	5,359,364
Pacific Rehouse Corporation (f)	2,081,349	2,170	105,144	–	2,188,663
Metro Alliance Holdings and Equities Corporation (e)	286,565,177	631,201	5,260,007	–	292,456,385
Westland Pacific Properties Corp. (g)	45,748,194	105,999	883,326	–	46,737,519
The Wellex Group, Inc (TWGI) (h)	–	146,752,643	–	–	146,752,643
	660,211,661	148,299,803	12,477,003	(41,822,100)	779,166,367
Allowance for ECL	(40,622,812)	–	–	–	(40,622,812)
	₱619,588,849	₱148,299,803	₱12,477,003	(₱41,822,100)	₱738,543,555

Advances to related parties as at December 31 consist of:

	2025	2024
Current	₱634,963,327	₱ 164,395,842

Noncurrent	448,885,775	574,147,713
	₱1,083,849,102	₱ 738,543,555

Details of the Group's advances from related parties as at December 31, 2025 and 2024 are as follows:

December 31, 2025	At beginning of Year	Additional Advances	Settlement/ Reversal	At end of year
Common key management				
Manila Pavilion	₱ 166,530	₱ –	(₱166,530)	₱ –
Inland Container Corporation	500,000	–	–	500,000
Pacific Plastic Corporation	1,500,000	–	–	1,500,000
Stockholders				
International Polymer Corp.	3,686,500	143,352	–	3,829,852
	₱5,853,030	₱143,352	(₱166,530)	₱5,829,852
<hr/>				
December 31, 2024	At beginning of Year	Additional Advances	Settlement/ Reversal	At end of year
Common key management				
Waterfront Cebu City Hotel	₱92,054,457	₱ –	(₱92,054,457)	₱ –
Manila Pavilion	166,530	–	–	166,530
Inland Container Corporation	1,500,000	–	(1,000,000)	500,000
Pacific Plastic Corporation	2,500,000	1,500,000	(2,500,000)	1,500,000
Stockholders				
International Polymer Corp.	3,689,852	–	(3,352)	3,686,500
	₱99,910,839	₱1,500,000	(₱95,557,809)	₱ 5,853,030

The Group obtained noninterest-bearing and unsecured cash advances from other companies under common control to support its operations and will be settled through cash payment. The Group was granted an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. The management assessed that the advances from the related parties are not expected to be settled within 12 months from the reporting period. There have been no guarantees received for any related party payables.

On December 21, 2024, The Wellex Group Inc. (TWGI), Crisanta Realty Development Corporation (CRDC) entered into a Memorandum of Agreement with Pacific Rehouse Corporation (PRC) for the assignment of its related party balances with the Group. TWGI and CRDC assigned their rights for the collection of their receivables from the Group to PRC amounting to ₱7,938,239 and ₱12,679,735, respectively. These assignments partially settled their obligation to PRC.

On the same date, Rexlon Realty Group, Inc. (RRGI) assigned its right for collection of their receivable amounting to ₱442,480 in favor of the Group. The assignment settled the obligation of RRGI to the Group.

On December 19, 2024, Forum Holdings Corporation (FHC) and The Wellex Group Inc. (TWGI) entered into a Memorandum of Agreement for the assignment of FHC's related party balances with the Group amounting to ₱41,822,100.

a) *Plastic City Corporation (PCC)*

Advances to PCC represent unsecured and interest-bearing cash advances which bear an interest of 2% per annum. PCC issued a promissory note in favor of the Group. On May 2, 2011, PCC and the Group entered into a memorandum of agreement wherein PCC will transfer the ownership of eleven (11) properties located at Metrotech Industrial Park with a total area of 21,475 sq.m. valued at ₱6,450/sq.m. as payment to its outstanding obligation to the Group. On December 21, 2018, PCC reissued a promissory note indicating an extension of term for three (3) years, starting January 31, 2018, and will mature on January 31, 2021. On February 1, 2021, PCC reissued promissory note indicating an extension of term for another three (3) years, starting January 31, 2021, and will mature on January 31, 2024. On January 31, 2024, the promissory note was extended for another three (3) years.

b) *Forum Holdings Corp. (FHC), International Polymer Corporation (IPC), Kennex Container Corp. (KCC), and Orient Pacific Corporation (OPC)*

In 2009, FHC, IPC, KCC and OPC executed respective unsecured promissory notes (PN) to cover their respective advances to the Group with a term of five (5) years, and bear interest of two percent (2%) per annum, renewable upon agreement of the parties. These PNs were renewed in 2014 with a three-year term which matured during the year at interest of two percent (2%) per annum. These cash advances are to be settled through cash payments. On December 21, 2018, FHC, KCC and OPC reissued a promissory note indicating an extension of term for three (3) years, starting January 31, 2018, and will mature on January 31, 2021. On February 1, 2021, FHC, KCC and OPC reissued promissory note indicating an extension of term for another three (3) years, starting January 31, 2021, and will mature on January 31, 2024. On January 31, 2024, the promissory note was extended for another three (3) years.

c) *Noble Arch Realty and Construction Corporation (NARCC)*

In 2005, NARCC entered into a Contract to Sell with Union Bank of the Philippines involving eight (8) parcels of land located in Valenzuela City, with an aggregate area of 15,997 square meters. For the purpose of paying the obligation arising from the aforementioned contract, NARCC sought the assistance of the Group through interest bearing cash advances. In 2009, NARCC executed respective unsecured PN to cover their respective advances to the Group with a term of five (5) years, and bear interest of two percent (2%) per annum, renewable upon agreement of the parties. These PN's were renewed in 2014 with a three-year term at interest of two percent (2%) per annum. These cash advances are to be settled through cash payments. On March 23, 2015, the properties were transferred to the Group through Deed of Absolute Sale executed by the Group and Union Bank of the Philippines. On December 21, 2018, NARCC reissued a promissory note indicating an extension of term for three (3) years, starting January 31, 2018, and will mature on January 31, 2021, on the remaining balance. On February 1, 2021, NARCC reissued a promissory note indicating an extension of term for another three (3) years, starting January 31, 2021, and will mature on January 31, 2024. On January 31, 2024, the promissory note was extended for another three (3) years.

d) *Installment contract receivables from IPC*

In addition to the advances made to related parties, the Group also has unsecured and unguaranteed installment contract receivables from related parties due beyond one (1) year which are to be settled through cash amounting to ₱4,340,519 as at December 31, 2025 and 2024 (see Note 5).

e) *Metro Alliance Holdings and Equities Corporation (MAHEC)*

The Group has outstanding advances to MAHEC pertaining to the value of raw land inventories transferred by the Parent Company.

On March 15, 2021, MAHEC issued a promissory note amounting to ₱263,000,345. The term of the loan is five (5) years maturing on March 15, 2026, bearing an interest of 2% per annum. Accrued interest receivable for these advances amounted to ₱5,260,007 for the years ended December 31, 2025, 2024 and 2023.

f) *Pacific Rehouse Corporation (PRC)*

The advances represent reimbursable expenses paid by the Group in behalf of PRC. The advances are unsecured, unguaranteed and are to be settled in cash

g) *Westland Pacific Properties Corporation (WPPC)*

On October 28, 2022, WPPC issued a promissory note amounting to ₱48,766,408. The term of the loan is three (3) years maturing on October 31, 2025, bearing an interest of 2% per annum. On November 17, 2025, the promissory note was extended for another three (3) years. Accrued interest receivable for these advances amounted to ₱894,647 and ₱883,328 as at December 31, 2025 and 2024, respectively.

h) *The Wellex Group, Inc.*

On September 1, 2024, TWGI issued a promissory note amounting to ₱104,945,543. The term of the loan is three (3) years maturing on September 1, 2027, bearing an interest of 2% per annum.

i) *Pacific Wide Realtys and Development Corp. (PWRDC)*

The advances represent reimbursable expenses paid by the Company on behalf of PWRDC. The advances are unsecured, unguaranteed and are to be settled in cash

j) *Remuneration of key management personnel*

The remuneration of key management personnel of the Group under aggregate amount specified in PAS 24, 'Related Party Disclosures' for the years ended December 31 is as follows:

	2025	2024
Short-term employee benefits	₱3,280,794	₱4,224,082
Post-employment benefits	266,454	360,000
Share-based payments	—	—
Other long-term benefits	—	—
	₱3,547,248	₱4,584,082

k) *Transaction with the retirement fund*

The Group has no transactions with its retirement plan other than its benefits paid and contributions to the fund for the years ended December 31, 2025 and 2024.

Principal terms and expiration dates of all patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements held:

The Company does not hold any patent, copyright, franchise, concession, or royalty agreement except for trademark on some of the brand names such as Wellford Homes, Wellford Residences and Winfields. Our project names, i.e. subdivision names, are submitted to, and approved by the Department of Human Settlements and Urban Development (DHSUD), which limits the use of project names on a first come-first served basis. The project names serve as the marks or labels of our products (real estate projects), but as of now they are not materially significant yet to merit special accounting valuation or accounting claim as asset for disclosure purposes.

Effect of existing or probable governmental regulations on the business:

The Company seeks to comply with all governmental requirements concerning its business. Lengthy processing period in the issuance of permits and clearances poses a detriment in terms of marketing and selling the Company’s projects.

All projects of the Company are approved and duly covered by pertinent permits.

Cost and effect of compliance with environmental laws:

The Company’s development plans provide for full compliance with environmental safety and protection in accordance with law. The Company provides the necessary sewage systems and ecological enhancements such as open space landscaping with greenery.

Need for any governmental approval of principal products and services:

The Company secures the necessary permits and licenses from various government agencies for the development and selling of its projects. Among such permits are the Environmental Compliance Certificate (ECC) from the Department of Environment and Natural Resources (DENR), Development Permit from local government unit, and License to Sell (LTS) from the Department of Human Settlements and Urban Development (DHSUD).

Item 2. Properties

The Company has the following real estate properties:

<u>PROJECT/ PROPERTY</u>	<u>LOCATION</u>	<u>AREA</u>	<u>REMARKS</u>
Pacific Grand Villas 1	Mactan Island Cebu	10.2 has (531 lots)	Completed
Pacific Grand Villas 2	Mactan Island Cebu	8.70 has (261 lots)	Completed
Pacific Grand Villas 3	Mactan Island Cebu	8.40 has	Completed
Pacific Grand	Mactan Island	6.70 has	

Villas 4 4A 4B	Cebu		Completed Completed
Pacific Grand Townhomes	Mactan Island Cebu	7,359 sqm.	Completed
MetroTech Industrial Park (formerly Plastic City Industrial Park)	Valenzuela City	30 has (110 lots)	Completed
Chateaux Geneva (JV w/ PRC)	Jaro, Iloilo City	10 has (421 lots)	Completed
Pearl of the Orient Tower (formerly Embassy Pointe Tower) (JV w/ Pearl of the Orient Realty & Devt. Corp.)	Roxas Blvd.	7,600 sqm. (91 units)	Completed
Costa Smeralda (Coastal Villas)	Jaro, Iloilo	8.9 has	Completed
Wellford Homes Parcel A	Jaro, Iloilo	1.7 has (106 units)	Completed
Wellford Residences-Madison Bldg.	Cebu City	80 units	Completed
Wellford Homes Malolos	Bulacan	6.75 has (554 units)	Phase 1- 73.09% Completion Phase 2-100% Completed
Wellford Homes Parcel B	Jaro, Iloilo	9 has (440 units)	27.64% Completion

Facilities owned by the Company are generally in good condition.

For the year 2025, the Company obtained additional credit facilities from Philippine Bank of Communications and Luzon Development Bank amounting to ₱93.898 million and ₱38 million, respectively, to support its working capital requirements. The loans bear interest at rates ranging from 9% to 12% per annum and are payable within 18 months and three (3) years, respectively. Interest payments are due monthly in advance. These loans are secured by real estate properties of the Company.

Item 3. Legal Proceedings

a) Claims from expropriated property in Chateaux Geneva

In 2006, portions of the Group's and Pacific Rehouse Corporation's (PRC) properties, including Chateaux Geneva, were expropriated by the government for the Iloilo Flood Control Project of the Department of Public Works and Highways (DPWH). Initial payments totaling ₱188.31

million were received in 2006 and 2007, and shared between the Parent Company and PRC. In 2007, a second expropriation case was filed involving additional adjacent properties.

The Group and PRC filed a total claim for just compensation amounting to ₱2.60 billion. After a series of court proceedings, the Supreme Court issued a final decision in February 2022 affirming the rulings of the lower courts, with modifications on the applicable legal interest. The decision became final and executory in October 2022, and a Writ of Execution was issued in February 2023. Enforcement actions, including garnishment, were initiated but remained pending. The Regional Trial Court also directed that the claims be submitted to the Commission on Audit.

On August 18, 2023, the Group and PRC entered into an agreement for the allocation of proceeds from the expropriation claim, with PRC to be prioritized.

On July 3, 2024, the Group received partial collections of its share in the claim amounting to ₱197.396 million, net of 5% withholding tax & 5% VAT. This was followed by additional partial collections totaling ₱358.90 million, likewise net of 5% withholding tax & 5% VAT, consisting of ₱179.45 million received on January 16, 2025 and ₱179.45 million on March 10, 2025.

b) Other lawsuits and claims

The Group is contingently liable for existing lawsuits and claims from third parties, arising from the ordinary course of business. Management believes that the ultimate liability for the abovementioned lawsuits and claims, if any, would not be material in relation to the financial position and operating results of the Group.

Item 4. Submission of Matters to a Vote of Security Holders

In the Annual Stockholders' Meeting held on October 10, 2025, the following matters formed part of the Agenda and were submitted to the vote of, and were subsequently approved by a unanimous vote of the stockholders owning 82.87% of the shares issued and outstanding:

- a. Call to Order;
- b. Certification of Notice and Quorum;
- c. Approval of the Minutes of the Previous Stockholders' Meeting for the year 2024;
- d. President's Report to the Stockholders and Approval of the Annual Report for the Year 2024 and Audited Financial Statements for the year ended December 31, 2024;
- e. Ratifications of the Acts of the Board and Management for the year 2024;
- f. Election of the Board of Directors to serve for the term 2025-2026;
- g. Appointment of External Auditor for the year 2025;
- h. Appointment of External Counsel for the year 2025;
- i. Other business matters; and
- j. Adjournment.

(a) Elected members of the Board of Directors:

NAMES	AGE	CITIZENSHIP
ARTHUR M. LOPEZ	79	FILIPINO
ARTHUR R. PONSARAN	82	FILIPINO
DEE HUA T. GATCHALIAN	77	FILIPINO
ELVIRA A. TING	65	FILIPINO
HANNIEL T. NGO	43	FILIPINO
JOSAIAS T. DELA CRUZ*	64	FILIPINO
RENATO C. FRANCISCO*	77	FILIPINO
RICHARD L. RICARDO	62	FILIPINO
ROBERTO D. DE VENECIA*	77	FILIPINO
RUBEN D. TORRES	84	FILIPINO
SERGIO R. ORTIZ-LUIS, JR	82	FILIPINO

* **Independent Directors** – The IDs shall serve a one (1) year term subject to a maximum cumulative limit of nine (9) years.

Ret. Justice Renato C. Francisco was elected as ID in 2020, Mr. Josaias T. Dela Cruz was elected in 2021 and Mr. Roberto D. De Venecia was elected in 2025, will expire on 2029, 2030 and 2034, respectively.

(b) Elected External Auditor: Diaz Murillo Dalupan & Company

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS:

The Company has no Material Pending Legal Proceedings or any of its subsidiaries or affiliates is a party.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer’s Common Equity and Related Stockholder Matters

1. Market Information

- The shares of the Company are traded at the Philippine Stock Exchange.

The high and low sale prices for each quarter within the last two (2) fiscal years are as follows:

	2025		2024	
	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>
Q1	0.335	0.260	0.40	0.325
Q2	0.30	0.235	0.335	0.325
Q3	0.385	0.270	0.34	0.255
Q4	0.365	0.280	0.255	0.250

- ***The share price as of December 31, 2025 was P0.32.***

2. Holders

The number of holders of common shares as of December 31, 2025 was 709.

Names of the Top Twenty (20) shareholders as of December 31, 2025, the number of shares held, and the percentage of total shares outstanding held by each.

RANK	STOCKHOLDER'S NAME	NO. OF SHARES HELD	PERCENTAGE OF OWNERSHIP
1	PCD NOMINEE CORPORATION (FILIPINO)	2,173,030,379	75.163
2	REXLON REALTY GROUP, INC.	200,000,000	6.918
3	ROPEMAN INTERNATIONAL CORP.	178,270,000	6.166
4	RECOVERY REAL ESTATE CORP.	150,000,000	5.188
5	THE WELLEX GROUP, INC.	143,892,990	4.977
6	PCD NOMINEE CORPORATION (NON-FILIPINO)	31,904,511	1.104
7	RECOVERY DEVELOPMENT CORP.	3,000,900	0.104
8	VICENTE C. CO	1,575,000	0.054
9	RICHARD RICARDO	1,230,000	0.043
10	RENATO B. MAGADIA	1,000,000	0.035
11	ANTHONY SAMUEL LEE	900,000	0.031
12	INTERNATIONAL POLYMER CORP.	718,000	0.025
13	JULIET BANGAYAN	545,000	0.019
14	RODOLFO S. ESTRELLADO	500,000	0.017
15	ELVIRA A. TING	500,000	0.017
16	BENISON L. CO	364,000	0.013
17	KENNETH T. GATCHALIAN	320,000	0.011
18	CAROLINA G. AQUINO	250,000	0.009
19	BETTY S. CHAN	250,000	0.009
20	NEPTALI A. GONZALES	250,000	0.009

3. Dividends

(a) There were no dividends declared from the Company's common equity for the last three (3) fiscal years.

(b) In accordance with the Revised Corporation Code (RCC), the Company is authorized to declare cash, property, and stock dividends or a combination thereof subject to the rules and regulations and other pertinent laws governing declarations of dividends. The payment of dividends, either in the form of cash or shares, will depend upon the Company's earnings, cash flow and financial condition, among

other factors. The Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Company with its unimpaired capital, which are not appropriated for any other purpose. The Company may pay dividends in cash, by the distribution of property, or by the issue of shares. For cash and property dividend declarations, only the approval of the board is required. For stock dividend declarations, an approval of the board as well as shareholders representing at least two-thirds (2/3) of the corporation's outstanding capital stock is required. In case the stock dividends will be coming from an increase in authorized capital stock, such declaration shall be subject to SEC approval. Holders of outstanding shares on a dividend record date for such shares have the right to the full dividend declared without regard to any subsequent transfer of shares. In adherence with the Revised Corporation Code, the corporation is only allowed to declare dividends out of its unrestricted retained earnings.

On July 14, 2021, the Board has approved the adoption of a new dividend policy maintaining an annual cash and/or share dividend pay-out of up to ten percent (10%) of its net profit after tax from the preceding year, subject to: (i) the requirements of applicable laws and regulations, such as the availability of unrestricted retained earnings; (ii) the terms and conditions of its outstanding bonds and loan facilities, as the case maybe; and (iii) the absence of circumstances that may restrict the payment of such dividends, such as where the Company undertakes major projects and developments.

4. Recent Sale of Unregistered Securities

There has been no sale of unregistered securities in the past three (3) years.

Item 6. Management's Discussion and Analysis or Plan of Operation

A) FULL FISCAL YEAR:

Results of Operations

For the year ended 2025, the Company reported consolidated net sales of ₱178.63M, an increase of 28.86% from ₱138.62M in 2024. The growth was primarily driven by improved operating performance and higher revenue contributions during the period.

Gross profit amounted to ₱89.25M, reflecting a 28.74% increase from ₱69.33M in the prior year. The increase is consistent with the growth in revenues, indicating stable gross margins.

Net income after tax for 2025 totaled ₱186.45M, significantly higher than ₱62.86M in 2024, representing a 196.59% increase. The variance was largely attributable to the recognition of just compensation related to the expropriation of certain properties in Iloilo, which had a material impact on profitability for the year.

Financial Condition

As of year-end 2025, the Company maintained a strong liquidity position, with current assets of ₱3.08B and current liabilities of ₱0.53B, resulting in a current ratio of 5.79:1.

The Company's debt-to-equity ratio stood at 0.27:1, indicating low leverage and a sound capital structure.

Total assets amounted to ₱3.61B, reflecting the Company's overall financial strength and its ability to support ongoing operations and future growth opportunities.

Comparative Top Key Performance Indicators of the Company:

Management evaluates the Company's performance as it relates to the following:

- a. Sales – The Company gauge its performance by determining the return on sales (net income after tax over the net sales). It indicates net profitability of each peso of sales.
- b. Accounts Receivable – The Company assesses the efficiency in collecting receivables and in managing of credit by determining the past due ratio thru the aging of receivables.
- c. Gross Profit Margin – Measures effectiveness of pricing and control of project development cost. This is derived by dividing gross profit over net sales.
- d. Working Capital – The Company's ability to meet obligations is measured by determining current assets over current obligations. Working capital turnover is calculated by dividing Sales over Ave. Net Working Capital.
- e. Variance Analysis – Another tool that measures efficiency on how the actual sales were attained via a vis forecasted sales.

<u>INDICATOR</u>	<u>2025</u>	<u>2024</u>
Return on Sales	104.38%	45.35%
Past Due Ratio	10.0%	6.85%
Gross Profit Rate	49.97%	50.01%
Working Capital Turnover	0.08	0.06
Sales Projection	200.5M	400M
Sales Variance	-10.91%	-65.34%

Financial Condition:

Causes of material changes from period to period of financial statements:

- a. Cash – the decrease of -37.49% was primarily due to advances extended to affiliates and payments to contractors.

- b. Trade and Other Receivables – the decrease of -30.96% was mainly attributable to increased collections from buyers during the period.
- c. Contract Assets - the increase of 91.27% was primarily driven by the recognition of revenue using the percentage-of-completion method for ongoing projects that remain incomplete as of period-end and, accordingly, have not yet been reclassified as installment contracts receivable.
- d. Advances to Related Parties (total)- the increase of 46.75% was primarily driven by accrued interest in accordance with the terms of the Promissory Note, as well as additional advances extended to related parties during 2025.
- e. Prepayments and Other Current Assets - the increase of 16.98% was due to the recognition of final withholding VAT.
- f. Property and Equipment - the decrease of -11.02% was due to the depreciation of fixed assets.
- g. Deferred Tax Assets - the decrease of -34.16% was primarily attributable to the reversal of accrued expenses recognized in 2024, which resulted in a corresponding reduction in deferred tax assets during the period.
- h. Accounts payable and other liabilities - the increase of 59.03% was primarily due to higher accruals for unpaid expenses during the period, as well as increased collections of titling fees.
- i. Total Borrowings – the decrease of -5.02% was primarily due to loan amortization payments made to Philippine Bank of Communications, Luzon Development Bank and Qwick Financing Inc. during the period.
- j. Contract liabilities - the increase of 74.97% was primarily driven by higher collections from buyers under Contract to Sell arrangements, which exceeded the revenue recognized based on the percentage of completion of project deliverables during the period.
- k. Customers' deposits – the increase of 41.86% was primarily attributable to higher sales reservation fees received from customers during the period, reflecting stronger sales activity.
- l. Total Lease Liabilities – the decrease of -63.33% was primarily attributable to the write-off of right-of-use assets arising from the expiration of the lease contract for the Iloilo office, which likewise resulted in the derecognition of the corresponding lease liabilities during the period.
- m. Retention Payable and Refundable Bonds - the increase of 14.69% pertains to the 10% retention withheld from each progress billing of contractors, which will be released upon full completion and acceptance of all ongoing projects.
- n. Deferred Tax Liabilities – the increase of 48.26% was primarily due to higher taxable income recognized per the financial statements under the percentage-of-completion method, as compared to taxable income per the

Income Tax Return, which is based on collections, resulting in higher temporary differences during the period.

- o. Retirement benefits obligation - the decrease of -22.55% was primarily attributable to contributions made by the Company to its retirement fund during the period, resulting in a corresponding reduction in the retirement benefits obligation.
- p. Remeasurement Gain on Retirement Benefits- the increase of 13.47% was primarily due to higher remeasurement gains recognized in Other Comprehensive Income, arising from the actuarial valuation for the year.
- q. Deficit - the decrease of -84.25% was primarily attributable to the recognition of net income for the year 2025 amounting to ₱186.0M, which significantly reduced the accumulated deficit during the period.

9. ANALYSIS OF PRIOR YEAR OPERATIONS AND FINANCIAL CONDITION:

Results of Operations:

In 2024, the Company posted consolidated net sales of P 138.62M, compared to P 277.12M in 2023, reflecting a decrease of -49.98% or P -138.50M.

Realized Gross Profit likewise declined by -61.40%, or ₱ -110.31M, from ₱179.64M in 2023 to ₱69.33M in 2024.

Despite the decrease in gross profit, Net Income after Tax increased by 7.51%, rising from ₱58.47M in 2023 to ₱62.87M in 2024, or an improvement of ₱4.4M. This increase was primarily due to the just compensation received from the expropriation of certain properties in Iloilo.

The Company's current ratio registered at 7.08:1. Current Assets reached P 2.53B while Current Liabilities registered at P 0.35B. Debt-to-equity ratio registered at 0.20:1. The Balance Sheet shows accounts indicative of positive liquidity condition. Total assets registered is at P 3.19B.

Comparative Top Key Performance Indicators of the Company:

Management evaluates the Company's performance as it relates to the following:

- a. Sales – The Company gauge its performance by determining the return on sales (net income after tax over the net sales). It indicates net profitability of each peso of sales.
- b. Accounts Receivable – The Company assesses the efficiency in collecting receivables and in managing of credit by determining the past due ratio thru the aging of receivables.
- c. Gross Profit Margin – Measures effectiveness of pricing and control of project development cost. This is derived by dividing gross profit over net sales.

d. Working Capital – The Company’s ability to meet obligations is measured by determining current assets over current obligations. Working capital turnover is calculated by dividing Sales over Ave. Net Working Capital.

e. Variance Analysis – Another tool that measures efficiency on how the actual sales were attained via a vis forecasted sales.

INDICATOR	2024	2023
Return on Sales	45.35%	21.10%
Past Due Ratio	6.85%	5.84%
Gross Profit Rate	50.01%	64.82%
Working Capital Turnover	0.06	0.12
Sales Projection	400M	506M
Sales Variance	-65.34%	-45.23%

Financial Condition:

Causes of material changes from period to period of financial statements:

a. Cash – the increase of 85.84% was mainly due to collections from buyers and loan proceeds for working capital from Philippine Bank of Communications, Luzon Development Bank and Qwick Financing Inc.

b. Current Trade and Other Receivables – the decrease of -17.79% was primarily due to the receipt of just compensation from the Department of Public Works and Highways (DPWH) for the partial payments related to expropriated properties in Iloilo.

c. Contract Assets - the decrease of -55.01% was due to the recognition of installment contracts receivable that had already been delivered by the Company.

d. Advances to Related Parties - the increase of 19.20% was due to interest charges in accordance with the terms of the Promissory Note, as well as additional advances made in 2024.

e. Real Estate Inventories - the increase of 11.28% was due to costs incurred from the ongoing development of projects in Bulacan, Cebu and Iloilo.

f. Prepayments and Other Current Assets - the decrease of -46.60% was due to the application of VAT input against VAT output, and the utilization of creditable withholding taxes to settle the income tax due for the year.

g. Property and Equipment - the decrease of -12.07% was due to the depreciation of fixed assets.

- h. Financial Asset at FVOC – the decrease of -44.56% was due to the recognition of an unrealized fair value loss amounting to P 22.28M.
- i. Deferred Tax Assets - the increase of 265.94% was due to the increase of allowance for impairment on advances.
- j. Other Noncurrent Assets - the increase of 16.87% was primarily due to bill deposits for utility services at Wellford Residences –Madison Bldg.
- k. Accounts payable and other liabilities - the increase of 45.88% was due to accruals for unpaid expenses and an increase in security deposits from the lessee.
- l. Total Borrowings – the increase of 12.24% was due to additional loan availments from Philippine Bank of Communications, Luzon Development Bank and Qwick Financing Inc.
- m. Contract liabilities - the increase of 279.74% was due to collections received from buyers that have not yet been delivered by the Company.
- n. Advances from Related Parties – the decrease of -94.14% was primarily due to settlement of outstanding balances during the period.
- o. Lease Liabilities – the decrease of -63.33% due to the amortization recognized on the right-of-use assets.
- p. Retention Payable and Refundable Bonds - the increase of 15.38% pertains to the 10% retained payment from each progress billing of contractors, to be paid until full completion of all ongoing project
- q. Deferred Tax Liabilities – the increase of 26.26% was mainly due to the higher taxable income per the financial statements, based on percentage of completion, compared to the taxable income per the ITR, which is based on collections.
- r. Retirement benefits obligation - the decrease of -11.79% was due to a reduction in the present value of the retirement benefits obligation.
- s. Remeasurement Gain on Retirement Benefits- the increase of 13.51% was due to an increase of amounts recognized in Other Comprehensive Income for the year’s actuarial valuation.
- t. Deficit - the decrease of -22.12% was due to net income recognized for the year 2024 amounting to ₱62M.

In 2023, the Company posted consolidated net sales of ₱ 277.12M, compared to ₱224.73M in 2022, reflecting an increase of 23.31% or ₱ 52.39M.

Realized Gross Profit increased by 53.21%, or ₱62.39M, from ₱179.64M in 2023 compared to ₱117.25M in 2022. Meanwhile, Net Income after Tax rose to ₱58.47M from ₱27.59M in 2022, marking a 111.92% increase or ₱30.88M. This surge can be primarily attributed to the lower cost of sales resulting from the disposal of raw land in Cavite.

The Company's current ratio registered at 11.86:1. Current Assets reached ₱ 2.70B while Current Liabilities registered at ₱ 0.23B. Debt-to-equity ratio registered at 0.19:1. The Balance Sheet shows accounts indicative of positive liquidity condition. Total assets registered is at ₱ 3.10B.

Comparative Top Key Performance Indicators of the Company:

Management evaluates the Company's performance as it relates to the following:

- a. Sales – The Company gauge its performance by determining the return on sales (net income after tax over the net sales). It indicates net profitability of each peso of sales.
- b. Accounts Receivable – The Company assesses the efficiency in collecting receivables and in managing of credit by determining the past due ratio thru the aging of receivables.
- c. Gross Profit Margin – Measures effectiveness of pricing and control of project development cost. This is derived by dividing gross profit over net sales.
- d. Working Capital – The Company's ability to meet obligations is measured by determining current assets over current obligations. Working capital turnover is calculated by dividing Sales over Ave. Net Working Capital.
- e. Variance Analysis – Another tool that measures efficiency on how the actual sales were attained via a vis forecasted sales.

<u>INDICATOR</u>	<u>2023</u>	<u>2022</u>
Return on Sales	21.10%	12.28%
Past Due Ratio	5.84%	4%
Gross Profit Rate	64.82%	52.17%
Working Capital Turnover	0.12	0.14
Sales Projection	506M	864M
Sales Variance	-45.23%	-61.82%

Financial Condition:

Causes of material changes from period to period of financial statements:

- a. Cash – the increase of 19.61% was mainly due to collections from buyers and the establishment of revolving funds to address immediate petty cash needs in the branch office.

- b. Current Trade and Other Receivables – the increase of 27.41% was due to an increase in sales of Costa Smeralda and Wellford Homes – Malolos projects on an installment basis.
- c. Prepayments and Other Current Assets - the decrease of -24.16% was due to an application of VAT Input against VAT Output recognized for the year.
- d. Deferred Tax Assets - the increase of 13.54% was due to the increase of allowance for impairment on advances.
- e. Accounts payable and other liabilities - the increase of 13.08% was due to an increase in accrual for the expenses incurred but not yet paid.
- f. Total Borrowings – the decrease of -10.82% was due to payments of matured loans from Qwick Financing, Inc. and Philippine Bank of Communications.
- g. Total Lease Liabilities - the increase of 124.89% was due to the extension of lease terms for the period.
- h. Contract liabilities - the decrease of -73.10% was due to the recognition of sales based on the percentage of completion from the prior collections recorded as contract liabilities.
- i. Customers’ Deposits – the increase of 69.39% was due to an increase in sales reservation fees.
- j. Advances from related parties – the decrease of -11.79% was due to the offsetting of advances from related parties against the raw land acquired.
- k. Retention Payable and Refundable Bonds - the increase of 17.33% pertains to the 10% retained payment of each progress billing of contractors to be paid until full completion of the contracts of all on-going project
- l. Deferred Tax Liabilities – the increase of 23.58% was mainly due to the Effect of adoption of PFRS 15.
- m. Remeasurement Gain on Retirement Benefits- the increase of 12.96% was due to a decrease in attributable tax.
- n. Deficit - the decrease of -17.07% was due to net income recognized for the year 2023 amounting to ₱58M.

In 2022, the Company was able to post a consolidated net sales of P 224.73M compared to P 180.27M sales of 2021 showing an increase of 24.66% or P 44.46M.

Realized Gross Profit increased by 6.39% or ₱7.05M from ₱117.25M this 2022 compared to ₱110.20M in 2021. While, Net Income after Tax decreased to ₱27.59M compared from ₱45.81M in 2021, a decrease of -39.77% or ₱-18.22M. This was primarily due to the

provision of deferred tax in 2022, an increase of 230.78% or ₱22.33M from ₱-9.68M in 2021 to ₱ 12.66M in 2022.

The Company's current ratio registered at 8.37:1. Current Assets reached P 2.35B while Current Liabilities registered at P 0.28B. Debt-to-equity ratio registered at 0.21:1. The Balance Sheet shows accounts indicative of positive liquidity condition. Total assets registered is at P 3.10B.

Comparative Top Key Performance Indicators of the Company:

Management evaluates the Company's performance as it relates to the following:

- a. Sales – The Company gauge its performance by determining the return on sales (net income after tax over the net sales). It indicates net profitability of each peso of sales.
- b. Accounts Receivable – The Company assesses the efficiency in collecting receivables and in managing of credit by determining the past due ratio thru the aging of receivables.
- c. Gross Profit Margin – Measures effectiveness of pricing and control of project development cost. This is derived by dividing gross profit over net sales.
- d. Working Capital – The Company's ability to meet obligations is measured by determining current assets over current obligations. Working capital turnover is calculated by dividing Sales over Ave. Net Working Capital.
- e. Variance Analysis – Another tool that measures efficiency on how the actual sales were attained via a vis forecasted sales.

INDICATOR	2022	2021
Return on Sales	12.28%	25.41%
Past Due Ratio	4%	5%
Gross Profit Rate	52.17%	61.13%
Working Capital Turnover	0.14	0.18
Sales Projection	864M	614M
Sales Variance	-61.82%	-60.96%

Financial Condition:

Causes of material changes from period to period of financial statements:

- a. Cash – the decrease of -96.65% was basically attributable to the acquisitions of various raw land in Iloilo, Cebu, Cavite and Bulacan.
- b. Current Trade and Other Receivables – the increase of 84.57% was due to an increase in sales of Wellford Homes – Malolos project on an installment basis.

- c. Contract Assets - the increase of 43.49% was due to an excess of the consideration that was already delivered by the Company compared to the amount recognized as installment contracts receivable.
- d. Real estate inventories – the increase of 185.82% was due to a newly set up inventories of Wellford Homes Parcel B project in Iloilo.
- e. Prepayments and Other Current Assets - the increase of 1,263.69% was due to an increase in VAT Input from the acquisition of various raw land.
- f. Advances to related parties - the increase of 16.52% was due to interest charged based on the terms in the Promissory Note.
- g. Property and equipment (net) - the decrease of -9.39% was due to depreciation of fixed assets.
- h. Deferred Tax Assets - the increase of 5.01% was due to the increase of retirement benefits obligation.
- i. Other Noncurrent Assets – the increase of 11.56% was due to additional security deposits on the renewal of lease and utility deposits.
- j. Accounts payable and other liabilities - the decrease of -8.27% was due to timely payments made to the contractors and suppliers.
- k. Borrowings – the increase of 17.0% was due to an additional loan from Luzon Development Bank, Qwick Financing, Inc. and Philippine Bank of Communications for working capital requirements
- l. Lease Liabilities - the decrease of -45.39% was due to the amortization recognized on the right-of-use-assets.
- m. Contract liabilities - the increase of 33.69% was due to higher collections from the real estate buyers compared from the revenue recognized based on the percentage of completion.
- n. Customers' Deposits – the decrease of -6.09% was due to an increase in reported sales from the reservations made in prior's year.
- o. Advances from related parties – the increase of 7.87% was due to additional advances made for the acquisition of raw land in Cavite.
- p. Retention Payable and Refundable Bonds - the increase of 10.33% pertains to the 10% retained payment of each progress billing of contractors to be paid until full completion of the contracts of all on-going project
- q. Deferred Tax Liabilities – the increase of 18.51% was due to the excess of financial realized gross profit over taxable realized gross profit and re measurement gain on retirement benefits.

- r. Retirement Benefits Obligation - the decrease of -15.12% was due to decrease in present value of the retirement benefits obligation.
- s. Capital stock - the increase of 58.93% was due from the proceeds of stock rights offer.
- t. Remeasurement Gain on Retirement Benefits- the increase of 63.67% was due to an increase of amounts recognized in OCI for the year's actuarial valuation.

In 2021, the Company was able to post a consolidated net sales of ₱ 180.27M compared to ₱ 169.22M sales of 2020 showing an increase of 6.53% or ₱ 11.05M.

Realized Gross Profit increased by 1.39% or ₱1.51M from ₱110.20M this 2021 compared to ₱108.70M in 2020. While, Net Income after Tax increased to ₱45.81M compared from ₱34.58M in 2020, an increase of 32.49% or ₱11.23M. This was primarily due to a decrease in deferred tax by - 549.52% or ₱-11.83M from ₱2.15M in 2020 to ₱-9.68M in 2021.

The Company's current ratio registered at 4.98:1. Current Assets reached ₱ 1.30B while Current Liabilities registered at ₱ 0.26B. Debt-to-equity ratio registered at 0.33:1. The Balance Sheet shows accounts indicative of positive liquidity condition. Total assets registered is at ₱ 1.96B.

Comparative Top Key Performance Indicators of the Company:

Management evaluates the Company's performance as it relates to the following:

- a. Sales – The Company gauge its performance by determining the return on sales (net income after tax over the net sales). It indicates net profitability of each peso of sales.
- b. Accounts Receivable – The Company assesses the efficiency in collecting receivables and in managing of credit by determining the past due ratio thru the aging of receivables.
- c. Gross Profit Margin – Measures effectiveness of pricing and control of project development cost. This is derived by dividing gross profit over net sales.
- d. Working Capital – The Company's ability to meet obligations is measured by determining current assets over current obligations. Working capital turnover is calculated by dividing Sales over Ave. Net Working Capital.
- e. Variance Analysis – Another tool that measures efficiency on how the actual sales were attained via a vis forecasted sales.

<u>INDICATOR</u>	<u>2021</u>	<u>2020</u>
Return on Sales	25.41%	20.43%

Past Due Ratio	5%	6%
Gross Profit Rate	61.13%	64.23%
Working Capital Turnover	0.18	0.18
Sales Projection	614M	420M
Sales Variance	-60.96%	-48.11%

Financial Condition:

Causes of material changes from period to period of financial statements:

- a. Cash – the increase of 2186.89% was basically attributable to the proceeds of working capital loans from Luzon Development Bank, Qwick Financing Inc. and Philippine Bank of Communications and the net proceeds from the Stock Rights Offer.
- b. Current Trade and Other Receivables – the increase of 63.04% was due to sales from Wellford Homes - Malolos.
- c. Contract Assets - the decrease of -25.64% was due to an excess of the amount recognized as installment contracts receivable compared to consideration that was already delivered by the Company.
- d. Real estate inventories – the increase of 5.75% was due to an adjustment of inventories of Wellford Homes Malolos project in Bulacan.
- e. Prepayments and Other Current Assets - the decrease of -42.17% was due to application of creditable withholding tax for the year's income tax due per Income Tax Return.
- f. Advances to related parties - the increase of 105.57% was due to interest charge based on the Promissory Note.
- g. Property and equipment (net) - the decrease of -7.16% was due to depreciation of fixed assets.
- h. Deferred Tax Assets - the decrease of -13.94% was due to the reversal of allowance on expected credit loss.
- i. Other Noncurrent Assets – the increase of 16.37% was due to additional security deposits on the renewal of lease and utility deposits.
- j. Accounts payable and other liabilities - the increase of 20.31% was due to additional security deposits on the renewal of lease and utility deposits
- k. Lease Liabilities - the decrease of -29.04% was due to the amortization recognized on the right-of-use-assets.
- l. Contract liabilities - the decrease of -29.01% was due to higher revenue recognized based on the percentage of completion compared to the collections from the real estate buyers.

- m. Customers' Deposits – the decrease of -22.41% was due to increase in reported sales from the reservations made in prior's year.
- n. Retention Payable and Refundable Bonds - the decrease of -8.76% was due to the payment of retention payable to contractors.
- o. Retirement Benefits Obligation - the decrease of 10.49% was due to decrease in present value of the retirement benefits obligation.
- p. Deferred Tax Liabilities – the increase of 11.94% was due to the increase of excess of financial realized gross profit over the taxable realized gross profit.
- q. Capital stock - the increase of 25.84% was due from the proceeds of stock rights offer.
- r. Remeasurement Gain on Retirement Benefits- the increase of 111.66% was due to an increase of amounts recognized in OCI for the year's actuarial valuation.

PLAN OF OPERATION

Philippine Estates Corporation continues to drive growth across its key developments in Cebu, Iloilo, Bulacan and Luzon/Iloilo expansion, reinforcing its commitment to delivering quality homes and expanding its real estate portfolio. As the Company enters the first quarter of 2026, it remains focused and envisioned on completing ongoing projects, optimizing sales and marketing strategies, networks, and laying the groundwork for future developments.

Ongoing Project Developments

Bulacan

In Wellford Homes Malolos, the project continues to demonstrate steady market absorption and development progress. Phase 2 is already fully sold out, with land development works completed. Meanwhile, Phase 1 has only a limited number of units remaining, with townhouse units now being positioned as ready-for-move-in offerings. Land development for Phase 1 is also nearing completion, with ongoing works focused on road construction and drainage installation.

For Phase 3, the project has already been launched to the sellers, introducing a new single-attached house model to the market. This initiative is intended to refresh product offerings and strengthen sales positioning. In support of this, clearing operations are set to commence, alongside ongoing engineering studies to ensure readiness for full-scale development.

In terms of utilities, several homeowners have already been provided with permanent power connections, and the Company continues to coordinate with Meralco to extend this service to remaining units. The planned donation of a 1,000-square meter parcel of land to the City of Malolos Water District for the development of a water supply distribution system remains in progress, with continued discussions and planning activities being undertaken with the Water District.

These ongoing initiatives reflect the Company's continued commitment to delivering a well-developed, service-ready community while sustaining project momentum.

Cebu

Wellford Residences Mactan (Building 1 – Madison) continues to demonstrate stable sales performance, reflecting sustained market interest. Preparations for Building 2 (Washington) are underway, with coordination efforts focused on ensuring readiness for the next phase of development. In addition, the Company is offering a limited number of units for lease within the project, providing an alternative revenue stream while supporting project activation.

For our horizontal developments, project performance remains encouraging. Pacific Grand Townhomes and Pacific Grand Villas Phases 1, 2, and 3 house-and-lots are fully sold out, while only a few units remain in Phase 2, reflecting strong market absorption. To further diversify offerings, the Company is developing new house-and-lot options within these phases. Perimeter fencing for Pacific Grand Villas is currently being completed to enhance site security.

Meanwhile, Pacific Grand Villas Phase 5 is now moving forward with the preparation of technical documents for Site Development Plan approval and related permit applications, marking the start of its reactivation phase.

In addition, Pacific Grand Townhomes has completed all land development works, and the Company is currently finalizing requirements for the Certificate of Completion, in preparation for project turnover to homeowners.

Iloilo

In Iloilo, Wellford Homes at Jaro Grand Estates Phase 3 – Parcel B is progressing steadily, with ongoing site works focused on initial infrastructure and utility development.

Meanwhile, Chateaux Geneva, Costa Smeralda, and Wellford Homes – Parcel A continue to demonstrate strong market absorption, with inventories nearing full sell-out. For completed developments such as Chateaux Geneva and Costa Smeralda, the Company is currently undertaking road maintenance works to ensure site quality and usability. Costa Smeralda is also undergoing processing for its Certificate of Completion in preparation for turnover.

New Residential and Commercial Projects

Luzon Expansion

The Company aims to continue to strengthen its presence in Luzon through the development of strategically located residential communities and mixed-use estates catering to the evolving needs of Filipino families.

The Development Permit application for Wellford Homes Santa Maria is currently underway, following the completion of its Site Development Plan. The Company continues to coordinate with relevant agencies to address final requirements. The project is positioned as a mixed-use community integrating residential, open space, and amenity components.

The Company is also advancing pre-development activities for two additional residential projects:

- Winfields Village Tanza (Cavite) – A 19.7-hectare horizontal development envisioned to provide modern suburban living with enhanced connectivity to the Cavite–Laguna–Batangas corridor. The project aims to offer affordable yet quality housing options that align with the Company’s mid-cost market positioning.
- Wellford Homes Balagtas (Bulacan) – A 10-hectare residential subdivision in the planning stage, intended to address the continuing housing demand within Bulacan’s rapidly expanding urban belt.

Iloilo Expansion

In Iloilo, the Company is pursuing expansion initiatives through a feasibility study for a proposed commercial building near Jaro Grand Estates. Concurrently, a re- masterplanning exercise is being undertaken to better integrate Jaro Grand Estates and optimize its long-term development potential.

Further opportunities for mixed-use and residential expansion are also under review, aligned with the region’s continued growth.

Other Notes to Operations and Financials:

Analysis of material events and uncertainties known to management that would address the past and would have an impact on future operations:

- **Any known trends, demands, commitments, events or uncertainties that will have an impact on the issuer’s liquidity;**

At present, the uncertainty that may have a material impact on sales is the economic situation. The seemingly improving economic situation has already translated into a significant buying mood for the real estate market. Overall, there are no contingencies that may affect future operations of the Company. In such eventuality, the resolution of this is dependent to a large extent, on the efficacy of the fiscal measures and other actions.

- **Any event that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;**

The Company sees no event that will trigger direct or contingent financial obligation that is material to the Company.

- **All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during reported period.**

There were no material off-balance sheet transactions, agreements, obligations, (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reported period.

- **Any material commitments for capital expenditures, the general purpose of such commitments and expected sources of funds of such expenditures.**

There were no any material commitments for capital expenditures, the general purpose of such commitments and expected sources of funds of such expenditures.

- **Any known trends, events or uncertainties (Material Impact on Sales)**

There were no any known trends, events or uncertainties (Material Impact on Sales).

- **Any significant elements of income or loss (from continuing operations)**

There were no significant elements of income or loss (from continuing operations).

- **Seasonal aspects that had material effect on the financial condition or results of operation.**

Projects are launched at no particular time of the year depending on several factors such as completion of plans and permits and appropriate timing in terms of market condition and strategies. Development and construction works follow.

- **Internal and external sources of liquidity**

Collections from selling activities provide liquidity. Externally, the Company avails of credit lines offered by banks and other financial institutions, private or government. The Company periodically reviews its capital structure and existing obligations.

Item 7. Financial Statements

The consolidated Financial Statements and related Notes to Financial Statements of the Company are incorporated herein by reference and attached as an integral part of this Annual Report.

Item 8. Changes in or Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in or disagreements with the Company's external auditors on accounting and financial disclosures.

Independent Public Accountant

The Company's independent public accountant is the accounting firm of Diaz, Murillo, Dalupan and Co. The same external auditor might be recommended by the Board of Directors at the Annual Meeting of Stockholders. The representatives of the external auditor are expected to be present at the Meeting, where they will have the opportunity to make a statement if they so desire.

1. Audit and Audit-Related Fees

	<u>YEAR</u>	<u>AMOUNT</u>
a. Audit of Financial Statement	2025	₱ 762,300.00
	2024	726,000.00

2. No audit fees for other related services

3. Tax Fees	2025	nil
	2024	nil

4. All other fees

- a. No other fees were billed and paid during the last two (2) fiscal years.

The external auditor regularly tenders an audit engagement proposal that the Company's Audit Committee reviews. The Audit Committee looks into the audit plan, scope and frequency of the audit and regularly holds committee meetings with the external auditor.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Company

A. Respective business experience of the Members of the Board of Directors and Officers covering the past five (5) years:

- a. **DEE HUA T. GATCHALIAN** – 77 years old, Filipino ((**Director**))
- President – Wellex Industries, Inc.
 - Vice President/Director – The Wellex Group, Inc.
 - Chairwoman and President – Westland Pacific Properties Corp.
 - Chairwoman and President – Palawan Estates Corp
- b. **HANNIEL T. NGO** - 42 years old, Filipino-Chinese (**Vice-Chairman**)
- Authorized Managing Officer – Philippine Contractors Accreditation Board
 - Construction Occupational Safety and Health Officer – 1 Sheperd Corporation
 - Risk Management Officer – Building and Construction Authority (Singapore)
 - President – Triton Construction & Development Corp., Altai Philippines Mining Corp., Clean Patrol Cleaning Services, Inc., and 1931 & Co. Management Services, Inc.
 - Corporate Secretary – Orient Pacific Corporation

- Asst. Corporate Secretary – Pacific Rehouse Corporation
 - Vice President – Crisanta Realty Development Corporation
 - Chairman & President – Forum Holdings Corporation
 - Director – Pacific Wide Holdings, Inc.
- c. **ELVIRA A. TING** – 65 years old, Filipino (**President/CEO**)
- Vice Chairperson / Director – Forum Pacific, Inc.
 - Vice President/Director – Wellex Industries, Inc.
 - Director/ Treasurer – Waterfront Philippines, Inc.
 - Treasurer /Director – Acesite Philippines, Inc.
 - Vice President / Director – Recovery Dev’t Corp.
 - Chairperson and President – Orient Pacific Corp. and Crisanta Realty Development Corporation.
 - Treasurer / Director – The Wellex Group, Inc.
- d. **ARTHUR M. LOPEZ** – 79 years old, Filipino (**Chairman**)
- President - Philippine Hotel Owners Association, Inc.
 - Consultant – Bellevue Resort, Bellevue Suites, Double Dragon Properties Corporation and Wellworth Properties and Development Corporation
 - Chairman – Acesite Philippines Hotel Corporation, Legoli Holdings Inc. and Arleff Holdings Inc.
 - Director – Waterfront Philippines, Inc
- e. **ARTHUR R. PONSARAN** - 83 years old, Filipino (**Director**)
- Founding Partner – Corporate Counsels, Phils. Law Offices
 - Director – Forum Pacific, Inc., MCCI Corporation, Health Carousel Philippines Inc., Philsteel Holdings Inc., Steel Corporation of the Philippines,
 - Corporate Secretary – Waterfront Philippines Incorporated, Acesite (Phils.) Hotel Corporation, Wilcon Corporation, Wilcon Depot, Inc., Producers Savings Bank Corporation.
- f. **ROBERTO D. DE VENECIA**– 77 years old, Filipino (**Independent Director**)
- Chairman – Philippines-Russian Business Council and Asiainvest Corp.
 - Co-Chairman – Philippines-Cambodia Business Council
 - Adviser for the Phils. – Royal Group of Companies.
- g. **RICHARD L. RICARDO** - 62 years old, Filipino (**Director/Treasurer**)
- Vice President for Strategic Initiatives – The Wellex Group, Inc.
 - Vice President for Corporate Affairs – Acesite (Phils.) Hotel Corporation
 - Corporate Affairs Officer – Waterfront Philippines, Inc.
 - Director – Wellex Industries, Inc.
 - Director – Forum Pacific Inc.
 - Vice President for Corporate Affairs – Metro Alliance Holdings & Equities Corp.
- h. **JOSAIAS DELA CRUZ** – 64 years old, Filipino (**Independent Director**)
- Independent Director - Wellex Industries, Inc.
 - Vice President / Treasurer – Wegen Distributed Energy Philippines Holdings Corp
 - Sole Proprietor - JTDC Spinmeister Laundry Service.
- i. **RENATO C. FRANCISCO** - 77 years old, Filipino (**Independent Director**)

- Director – Acesite (Phils.) Hotel Corporation
 - Independent Director – Forum Pacific, Inc., Sta. Lucia Land Inc
- j. **RUBEN TORRES -- 83 years old, Filipino (Director)**
- Chairman/CEO - Services Exporters Risk Management & Consultancy Co (SERMC)
 - Independent Director - Waterfront Philippines, Inc.
 - Independent Director- Acesite Philippines Hotel Corporation
 - Independent Director - Wellex Industries, Inc.
 - President - Pacific Concorde Corporation
 - Corporate Treasurer - Wellex Mining Corporation
 - Director - Waterfront Manila Premier Development, Inc.
 - Independent Director - Forum Pacific, Inc.
 - VP-International Affairs - Trade Union Congress of the Philippines
 - Chairman - Taguig Lake City Development Corporation
 - Chairman - Alliance Energy Power and Development Inc.
 - Chairman - Triton Construction and Development Corporation
 - President - BPO Workers Association of the Phil.
 - Senior Partner - Torres Caparas Torres Law Offices.
- k. **SERGIO R. ORTIZ-LUIS, JR.- 83 years old, Filipino (Director)**
- President/CEO – Philippine Exporters Confederation, Inc.
 - Director – Waterfront Philippines, Inc.
 - Vice Chairman - Alliance Global, Inc.
 - Director – Acesite (Phils.) Hotel Corp.
 - Honorary Chair/Treasurer – Phil. Chamber of Commerce & Industry
 - Founding Director - Int’l. Chamber of Commerce of the Phils.
 - Director - Manila Exposition Complex, Inc. (WTC)
 - Director – The Wellex Group.
- l. **AMANDO J. PONSARAN, JR.– 55 years old, Filipino (Corporate Secretary)**
- Senior Manager – Corporate Counsels, Philippines Law Offices
 - Corporate Secretary – Wellex Industries, Inc., Forum Pacific Inc., Trans Realty Co., Inc., Health Carousel Philippines, Inc., Consumer Products Distribution Services, Inc., Transmetro Property Ventures Corporation, Schuylkill Assets Strategies (SPV-AMC) Inc., EON Pharmatek Inc. Waterfront Iloilo Hotel Inc.
 - Corporate Secretary / Director – CCP Company Services Inc.,
 - Independent Director - Perla Compania De Seguros Inc.,
 - Assistant Corporate Secretary – Waterfront Philippines, Inc., Acesite Philippines Inc., Vires Energy Corporation,
- n. **ATTY. CHRISTINE P. VALENZUELA, 35 years old, Filipino (Assistant Corporate Secretary)**
- Associate – Corporate Counsel Philippines Law Offices;
 - Executive Director - League of Vice Governors of the Philippines (June 2022 - present)
- o. **JOCELYN A. VALLE – 63 years old, Filipino (Corporate Compliance Officer)**
- Finance Head – Philippine Estates Corporation
- p. **GLENN GERALD PANTIG – 50 years old, Filipino (Chief Operating Officer)**

- Chief Operating Officer - Philippine Estates Corporation.
- p. ERWIN BRYAN S. KANAPI - 46 years old, Filipino (Chief Risk Officer, DPO and CO for AMLC)**
- Head of the Legal Department - Philippine Estates Corporation
1. Pursuant to the By-Laws of the Company, the term of office of the Directors is one (1) year. In accordance with SEC Memorandum Circular No. 19 Series of 2016, concerning the Term Limits for Independent Directors, Ret. Justice Renato C. Francisco was elected in 2020, Mr. Josaias T. Dela Cruz in 2021 and Mr. Roberto De Venecia was elected in 2025, will expire on 2029, 2030 and 2034, respectively. The Company will continue to monitor and evaluate the term limits of the current Independent Directors.
 2. There is no person who is not an executive officer but expected by the Company to make significant contribution to the business.
 3. Ms. Dee Hua T. Gatchalian and Ms. Elvira A. Ting are sisters. Mr. Hanniel T. Ngo is nephew of Ms. Dee Hua T. Gatchalian and Ms. Elvira A. Ting.
 4. None of the directors or officers of the Company has been involved in any bankruptcy proceedings/petition, or a violation of a Securities or Commodities Law nor has been convicted by final judgment, nor has been subjected to any order or decree.

Item 10. Executive Compensation

1. Estimated Compensation:

<i>Name and Principal position</i> <i>Mo.)</i>	<i>Year</i>	<i>Salary</i>	<i>Bonus</i>	<i>Other Annual Compensation (13th)</i>
ELVIRA A. TING President & CEO	2025	₱ 840,000.00	0.00	₱ 70,000.00
PANTIG, GLENN GERALD Chief Operating Officer	2025	₱ 1,460,000.00	0.00	₱ 125,000.00
JOCELYN A. VALLE Finance Head	2025	₱ 800,000.00	0.00	₱ 70,000.00
*FERDINAND P. HALILI Operations Head	2025	₱ 180,000.00	0.00	₱ 15,000.00
ERWIN BRYAN S. KANAPI Chief Risk Officer, DPO for NPC and CO for AMLC Head of the Legal Department	2025	₱ 572,500.00	0.00	₱ 50,000.00

*Mr. Ferdinand P. Halili died on March 30, 2025

The estimated aggregate compensation of the members of the Board of Directors and Executive Officers as a group for the year 2025 is P 4,182,500.

Each member of the Board of Directors is given P 10,000.00 per diem for attendance at a special or regular board meeting, and the Chairman receives ₱50,000.00 per month.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners:

<u>Class</u> <u>% to Total</u>	<u>Name and Address of</u> <u>Beneficial Owner</u>	<u>Citizenship</u>	<u>Amount and Nature</u> <u>Beneficial</u> <u>Ownership ("D" or "I")</u>
Common 4.977 %	THE WELLEX GROUP, INC. **** 35th FLR. ONE CORPORATE CTR JULIA VARGAS COR. MERALCO AVE. PASIG CITY	FILIPINO	P 143,892,990.00 "D"
Common 6.918 %	REXLON REALTY GROUP, INC. ** 12 TH FLR. RAMON MAGSAYSAY CENTER, ROXAS BLVD ZONE 76 BRGY 699 MALATE, MANILA	FILIPINO	P 200,000,000 "D"
Common 5.188 %	RECOVERY REAL ESTATE CORP. * 35th FLR. ONE CORPORATE CTR JULIA VARGAS COR. MERALCO AVE. PASIG CITY	FILIPINO	P 150,000,000 "D"
Common 6.166 %	ROPEMAN INT'L., CORP. *** #7 T. SANTIAGO STREET CANUMAY, VALENZUELA METRO MANILA	FILIPINO	P 178,270,000 "D"

2. Security Ownership of Management

<u>Class</u> <u>% to Total</u>	<u>Name and Address of</u> <u>Beneficial Owner</u>	<u>Citizenship</u>	<u>Amount and Nature</u> <u>Beneficial Ownership</u> <u>("D" or "I")</u>
Common 0.017%	Elvira A. Ting President/CEO	Filipino	500,000
Common 0.000%	Hannel T. Ngo Vice Chairman	Filipino/Chinese	100
Common 0.000%	Josaias Dela Cruz Independent Director.	Filipino	100
Common 0.000%	Dee Hua T. Gatchalian Director	Filipino	2,000

Common 0.000%	Arthur M. Lopez Chairman	Filipino	1,000
Common 0.000%	Renato C. Francisco Independent Director	Filipino	100
Common 0.000%	Ruben Torres Director	Filipino	100
Common 0.000%	Sergio R. Ortiz-Luis, Jr. Director	Filipino	1,000
Common 0.000%	Arthur R. Ponsaran Director	Filipino	1,000
Common 0.085%	Richard L. Ricardo Director/Treasurer <i>Richard Ricardo currently holds 1,230,000 PCD shares, in addition to his certificated shares.</i>	Filipino	1,230,000
Common 0.000%	Roberto De Venecia Independent Director	Filipino	1,000

- ◆ Beneficial ownership of all directors and officers as a group unnamed = 2,966,400 shares.
- ◆ Voting Trust Holders of 5% or more
There are no voting trust holders of 5% or more of the securities of the Company.
- ◆ Changes in Control
There has been no change in the control of the registrant since the beginning of its fiscal year.

* Recovery Real Estate Corporation (RREC) is represented by Ms. Dee Hua T. Gatchalian,
RREC currently holds 200,000,000 PCD shares, in addition to its certificated shares.

** Rexlon Realty Group, Inc. (RRGI) is represented by Ms. Dee Hua T. Gatchalian.
RRGI currently holds 260,960,00 PCD shares, in addition to its certificated shares.

*** Ropeman International Corporation (RIP) is represented by Ms. Dee Hua T. Gatchalian

**** The Wellex Group, Inc. (TWGI) is represented by Ms. Dee Hua T. Gatchalian
TWGI currently holds 865,315,230 PCD shares, in addition to its certificated shares.

Item 12. Certain Relationships and Related Transactions.

Out of the total issued and outstanding capital stock of the Company equivalent to 2,891,099,660 common shares, as of to date, the Wellex Group and its related parties owns 2,070,701,020 or 71.62% shareholdings in the Company.

Item 13. Exhibits and Reports on SEC Form 17-C

Report on SEC Form 17-C was filed by the Company on August 29, 2025 with the following information:

“Please be advised that the annual meeting of the stockholders of **PHILIPPINE ESTATES CORPORATION** held on October 10 2025, the following matters were taken up and acted upon by the Board and the Stockholders in the manner indicated:

1. The stockholders elected the members of the Board of Directors to serve for the term 2025-2026. Those elected regular members of the Board were:

Ms. Elvira A. Ting
Mr. Hanniel T. Ngo
Mr. Arthur M. Lopez
Ms. Dee Hua T. Gatchalian
Mr. Richard L. Ricardo
Atty. Arthur R. Ponsaran
Mr. Josaias T. Dela Cruz (Independent Director)
Mr. Sergio R. Ortiz-Luis, Jr.
Mr. Roberto D. De Venecia (Independent Director)
Judge Renato Francisco (Independent Director)
Atty. Ruben D. Torres

2. The stockholders designated Diaz Murillo Dalupan & Company as the Corporation’s external auditors.
3. The stockholders designated Corporate Counsels, Philippines – Law Offices as the Corporation’s external counsel.

At the meeting of the Board held immediately after the Stockholders’ meeting, the newly elected Directors elected the following Corporate Officers:

- | | |
|--|--------------------------|
| a) Chairman | - Arthur M. Lopez |
| b) Vice Chairman | - Hanniel T. Ngo |
| c) President | - Elvira A. Ting |
| d) Lead Independent Director | - Josaias T. Dela Cruz |
| e) Chief Operation Officer | - Glenn Gerald D. Pantig |
| f) Treasurer/Investor Relations Officer | - Richard L. Ricardo |
| g) Corporate Secretary | - Amando J. Ponsaran Jr |
| h) Assistant Corporate Secretary | - Chritine P. Valenzuela |
| i) Chief Audit Executive/
and Compliance Officer | - Jocelyn A. Valle |
| j) Chief Risk Officer/Data Protection
Officer/Compliance Officer for
Anti-Money Laundering Council | - Erwin Bryan Kanapi |

AUDIT COMMITTEE

Josaias T. Dela Cruz (Chairman)
Sergio Ortiz-Luis, Jr. (Member)
Roberto De Venecia (Member)

EXECUTIVE COMMITTEE

Elvira A. Ting (Chairman)
Arthur Lopez (Member)
Dee Hua T. Gatchalian (Member)
Hannel T. Ngo (Member)
Richard L. Ricardo (Member)

CORPORATE GOVERNANCE COMMITTEE

Renato Francisco (Chairman)
Roberto D. De Venecia (Member)
Josaias T. Dela Cruz (Member)

BOARD RISK OVERSIGHT COMMITTEE

Roberto D. De Venecia (Chairman)
Arthur M. Lopez (Member)
Josaias T. Dela Cruz (Member)

RELATED PARTY TRANSACTIONS (RPT) COMMITTEE

Renato Francisco (Chairman)
Josaias T. Dela Cruz (Member)
Arthur R. Ponsaran (Member)

NOMINATION COMMITTEE

Elvira A. Ting (Chairman)
Dee Hua T. Gatchalian (Member)
Josaias T. Dela Cruz (Member)

PART IV – CORPORATE GOVERNANCE

For submission on or before May 30, 2026

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this SEC FORM 17-A for the year 2025 is signed on behalf of the issue by the undersigned thereunto duly authorized, in the City of Pasig on April , 2026.

By:




ARTHUR M. LOPEZ
Chairman



ELVIRA A. TING
President & CEO



RICHARD L. RICARDO
Treasurer



JOCELYN A. VALLE
Chief Audit Executive and Compliance Officer

SUBSCRIBED AND SWORN to before me this MAY 06 2026 day of 2026, 2026
 affiants exhibited to me their respective competent evidences of identity as follows:

Name	Tax Identification Number	Issuer
Arthur M. Lopez	181-980-515-001	Bureau of Internal Revenue
Elvira A. Ting	117-922-153-000	Bureau of Internal Revenue
Richard L. Ricardo	140-857-860-000	Bureau of Internal Revenue
Jocelyn A. Valle	110-820-293-000	Bureau of Internal Revenue

PASIG CITY

FERDINAND D. ANAHAO
Notary Public
 Notary in Pasig City and the Municipality of Pateros
 Commission No. 122 (2017-2027) valid until 12/31/2027
 MCLE Exemption No. 111-SSP003234, until 04/14/28
 Roll No. 46377; IBP LRN 02439; OR 535686; 96/21/2001
 TIN 123-011-785; PTR 4018763AA; 01/09/26; Pasig City
 Unit 5, West Tower PSE, Exchange Road
 Ortigas Center, Pasig City, NCR, 1605 Philippines

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 Book No. 39
 Series of 0020

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	1	2	9	7	8						
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Company Name

P	H	I	L	I	P	P	I	N	E	E	S	T	A	T	E	S	C	O	R	P	O	R	A	T	I	O	N
A	N	D	S	U	B	S	I	D	I	A	R	Y															

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

3	5	T	H	F	L	O	O	R	,	O	N	E	C	O	R	P	O	R	A	T	E						
C	E	N	T	E	R	,	D	O	Ñ	A	J	U	L	I	A	V	A	R	G	A	S	A	V	E	.		
C	O	R	.	M	E	R	A	L	C	O	A	V	E	.	,	O	R	T	I	G	A	S					
C	E	N	T	E	R	,	P	A	S	I	G	C	I	T	Y												

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	A
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COMPANY INFORMATION

Company's Email Address

phes_finance@yahoo.com
--

Company's Telephone Number/s

8637-3112

Mobile Number

09178338243

No. of Stockholders

709

Annual Meeting
Month/Day

Oct/10

Fiscal Year
Month/Day

December/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Jocelyn A. Valle

Email Address

phesfinance@gmail.com
--

Telephone Number/s

8637-3112

Mobile Number

NA

Contact Person's Address

35th Floor One Corporate Center, Dona Julia Vargas Avenue cor. Meralco Ave., Ortigas Center, Pasig City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All boxes must be properly and completely filled-up. Failure to do so shall cause delay in updating the corporation's records with the commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

***Philippine Estates Corporation and
Subsidiary***

*Financial Statements
December 31, 2025 and 2024
and
Independent Auditors' Report*



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

Diaz Murillo Dalupan and Company, the independent auditor, appointed by the stockholders has audited the consolidated financial statements in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

ARTHUR M. LOPEZ
Chairman of the Board

ELVIRA A. TING
President / CEO

RICHARD L. RICARDO
Treasurer

Signed this APR 24 2026 day of April, 2026

APR 24 2026

SUBSCRIBED AND SWORN to before me this ___ day of ___, 2026 affiants exhibited to me their respective competent evidences of identity as follows:

Table with 3 columns: Name, Tax Identification Number, Issuer. Rows include Arthur M. Lopez, Elvira A. Ting, and Richard L. Ricardo.

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Series of 2026

FERDINAND D. AYAHAO
Notary Public
For and in Pasig City and the Municipality of Pateros
Commission No. 122 (2026-2027) valid until 12/31/2027
MCLE Exemption No. VIII BFP003234, until 04/14/28
Roll No. 46377; IBF LRN 02459; OR 535886; 06/21/2001
TIN 123-011-785; PTR 4018763AA; 01/09/26; Pasig City
Unit 5, West Tower PSE, Exchange Road
Ortigas Center, Pasig City, NCR, 1605 Philippines

Independent Auditors' Report

To the Board of Directors and Stockholders of
PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
35th Floor, One Corporate Center
Doña Julia Vargas Ave., corner Meralco Avenue
Ortigas Center, Pasig City

Report on the Audits of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Philippine Estates Corporation and Subsidiary** (the 'Group'), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Code of Ethics for Professional Accountants in the Philippines (the 'Code of Ethics'), as applicable to the audits of the consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the consolidated financial statements of public interest entities in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 24 of the consolidated financial statements, which describes the management's position regarding the tax treatment for the compensation received due to the expropriation of certain properties. Management is in the process of assessing the need for further tax rulings or clarification from the Bureau of Internal Revenue (BIR) to determine the proper tax treatment of the compensation received. The outcome of this assessment could have a material impact on the Group's tax liabilities and consolidated financial statements, pending final guidance from the BIR. Our opinion is not modified in respect of this matter.

Global Reach, Global Quality

Head Office : 7th Floor, Don Jacinto Building, De la Rosa corner Salcedo Sts., Legaspi Village, Makati City 1229 Philippines • Phone: +63(2) 894 5892 / 844 9421 / Fax: +63(2) 818 1872
Cebu Office : Unit 504 Cebu Holdings Building, Cebu Business Park, Mabolo, Cebu City 6000 Philippines • Phone: +63(32) 415 8108 - 10 / Fax: +63(32) 232 8029
Davao Office : 3rd Floor Building B Plaza De Luisa, Ramon Magsaysay Avenue, Davao City 8000 Philippines • Phone/Fax: +63(82) 222 6636
Palawan Office : 2F MRC Building, Pineda Road, Brgy. San Pedro, Puerto Princesa City, Palawan 5300 Philippines • Phone +63(48) 716 1580
Website : www.dmdcpa.com.ph

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audits of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described in the succeeding pages to be the key audit matters to be communicated in our report.

Revenue Recognition and Realization of Gross Profit

The Group's revenue recognition process, policies and procedures requires management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue from sale of real estate inventories is recognized based on percentage-of-completion and are measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project. However, for income tax computation purposes, the realized gross profit is computed based on collections.

Our Response

Our audit procedures to address the risk of material misstatement relating to revenue recognition, which was considered to be a significant risk, included:

- Evaluating the revenue recognition policy and assessing its compliance with PFRS Accounting Standards;
- Testing selected real estate sale transactions to assess whether revenue was recognized in accordance with the stated policies and applicable standards;
- Reviewing and testing management's estimates of total project costs and actual costs incurred, including the reasonableness of assumptions and any cost revisions;
- Assessing the reliability of the stage of completion computation, including review of project progress reports and third-party certifications, where applicable;
- Evaluating the collectibility of contract receivables for selected projects;
- Reviewing the reconciliation between accounting gross profit and realized gross profit reported for tax purposes;
- Assessing the adequacy of disclosures related to revenue recognition, estimation uncertainty, and the tax treatment of realized profit.
- Performed site visits for sample of properties (focused primarily on projects under development stage) to assessed the stage of completion.

The Group's disclosures about its sales, cost of sales as well as the contract assets and liabilities are included in Notes 16, 18, and 19.

Recognition of Claim from Expropriation Case

The Group received proceeds related to the expropriation of certain inventories. A portion of this pertains to a legal claim for additional compensation, which was settled in 2025 and 2024, following a favorable Supreme Court ruling. The recognition of this claim requires significant judgment regarding its treatment in the consolidated financial statements, as well as its tax implications. We focused on the accounting for the claim in relation to its impact on the financial position and the timing of tax recognition.

Our Response

- Reviewed the legal documentation and evaluated the appropriateness of the accounting treatment applied by the Group, including the recognition of deferred tax liabilities.
- Assessed management's disclosure on the potential tax implications and the appropriateness of recognizing provisions under PAS 37 – Provisions, Contingent Liabilities, and Contingent Assets, in relation to the redevelopment project.

Reasonableness of the Assumptions and Estimates Used in Determining Fair value of Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

The Group's assumptions used in determining the fair value of unquoted equity investments under financial assets at FVOCI are significant to our audit due to high degree of management judgment and estimation involved. The management applies unobservable inputs that require measuring the fair values of these recognized and unrecognized assets and liabilities in the investee's statement of financial position. This includes consideration of investee's liquidity position as well as other relevant facts and circumstances.

As at December 31, 2025 and 2024, the fair value of unquoted equity investments amounted to ₱27,717,623.

Our Response

Our audit procedures to address the reasonableness of fair value of unquoted equity investments includes the following:

- Obtained an understanding of the approved methodologies used by the Group and assessed whether these are acceptable under the requisites of *PFRS 13 Fair Value Measurements*.
- Checked the methodology used in determining the fair value by evaluating the key inputs, assumptions, and relevant formulas used and verified related supporting documents.
- Evaluating the adequacy of related disclosures in the consolidated financial statements regarding valuation techniques, key assumptions, and the level of measurement uncertainty.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the Group's consolidated financial statements and our auditor's report thereon. These documents are expected to be made available to us after the date of this auditor's report.

Our opinion on the Group's consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the Group's consolidated financial statements, our responsibility is to read the other information indented above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Group's consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Group's consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines it is necessary to enable the preparation of Group's consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

DIAZ MURILLO DALUPAN AND COMPANY

Tax Identification No. 003-294-822

BOA/PRC No. 0234, effective until June 23, 2026

SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022 and
valid in the audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001911-000-2025, effective until March 11, 2028

By:



Richard Noel M. Ponce

Partner

CPA Certificate No. 120457

SEC Accreditation No. 1738-A, Group A, issued on March 31, 2022 and
valid in the audit of 2021 to 2025 financial statements

Tax Identification No. 257-600-228

PTR No. 10771458, January 1, 2026, Makati City

BIR Accreditation No. 08-001911-006-2025, effective until October 10, 2028

April 24, 2026

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
Consolidated Statements of Financial Position

	As at December 31	
	2025	2024
ASSETS		
Current Assets		
Cash - note 4	₱ 17,918,349	₱ 28,666,483
Trade and other receivables (net) - note 5	173,773,874	251,691,755
Contract assets - note 16	207,891,333	108,687,214
Advances to related parties (net) - note 23	634,963,327	164,395,842
Real estate inventories - note 6	1,986,121,265	1,939,784,545
Prepayments and other current assets - note 7	60,781,072	51,960,184
	3,081,449,220	2,545,186,023
Noncurrent Assets		
Advances to related parties (net of current portion) - note 23	448,885,775	574,147,713
Property and equipment (net) - note 10	26,241,847	29,490,990
Financial asset at FVOCI - note 8	27,717,623	27,717,623
Investment property - note 9	162,394	162,394
Deferred tax assets (net) - note 24	13,600,862	20,657,521
Other noncurrent assets - note 11	11,737,613	11,977,173
	528,346,114	664,153,414
TOTAL ASSETS	₱3,609,795,334	₱3,209,339,437
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities - note 12	₱ 277,999,186	₱ 174,808,935
Borrowings - note 13	103,293,919	108,235,784
Income tax payable	2,411,629	-
Lease liabilities - note 27	654,334	1,129,815
Contract liabilities - note 16	138,750,380	79,301,353
Customers' deposits - note 14	8,685,818	6,122,924
	531,795,266	369,598,811
Noncurrent Liabilities		
Advances from related parties - note 23	5,829,852	5,853,030
Borrowings (net of current portion) - note 13	27,911,373	29,904,265
Lease liabilities (net of current portion) - note 27	-	654,334
Retention payable and refundable bonds - note 15	40,869,753	35,633,789
Deferred tax liabilities - note 24	152,998,246	103,196,921
Retirement benefits obligation - note 25	6,128,130	7,912,561
	233,737,354	183,154,900
	765,532,620	552,753,711
Equity		
Capital stock - note 17	2,891,099,660	2,891,099,660
Remeasurement gain on retirement benefits - note 25	10,292,769	9,070,990
Unrealized fair value loss on financial assets at FVOCI - note 8	(22,282,377)	(22,282,377)
Deficit	(34,847,338)	(221,302,547)
	2,844,262,714	2,656,585,726
TOTAL LIABILITIES AND EQUITY	₱3,609,795,334	₱3,209,339,437

(The accompanying notes are an integral part of these consolidated financial statements.)

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
Consolidated Statements of Comprehensive Income

	For the Years Ended December 31		
	2025	2024	2023
REAL ESTATE SALES - note 18	₱ 178,627,119	₱ 138,624,746	₱ 277,124,870
COST OF REAL ESTATE SOLD - note 19	(89,372,657)	(69,293,575)	(97,488,235)
GROSS PROFIT	89,254,462	69,331,171	179,636,635
OPERATING EXPENSES - note 21	(104,359,235)	(107,918,723)	(103,698,865)
INCOME (LOSS) FROM OPERATIONS	(15,104,773)	(38,587,552)	75,937,770
OTHER INCOME (EXPENSES) - note 20	(31,095,017)	(9,520,598)	23,494,960
CLAIM FROM EXPROPRIATION CASE (net) - note 28	348,588,778	158,481,601	-
FINANCE COSTS - note 22	(18,326,728)	(15,304,576)	(15,372,777)
INCOME BEFORE INCOME TAX	284,062,260	95,068,875	84,059,953
PROVISION FOR INCOME TAX - note 24			
Current	41,156,327	26,114,565	10,973,153
Deferred	56,450,724	6,088,738	14,615,086
	97,607,051	32,203,303	25,588,239
NET INCOME FOR THE YEAR	186,455,209	62,865,572	58,471,714
OTHER COMPREHENSIVE INCOME (LOSS)			
Not subject to reclassification adjustment:			
Remeasurement gain on retirement benefits (net) - note 25	1,221,779	1,079,589	916,685
Unrealized fair value loss on financial assets at FVOCI - note 8	-	(22,282,377)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	₱ 187,676,988	₱ 41,662,784	₱ 59,388,399
EARNINGS PER SHARE - note 29	₱ 0.064	₱ 0.022	₱ 0.020

(The accompanying notes are an integral part of these consolidated financial statements.)

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
Consolidated Statements of Changes in Equity

	Capital Stock (Note 17)	Remeasurement Gain on Retirement Benefits (net) (Note 25)	Unrealized fair value loss on financial assets at FVOCI (Note 8)	Deficit	Total
Balance as at January 1, 2023	P 2,891,016,410	P 7,074,716	P –	(P 342,639,833)	P 2,555,451,293
Issuance of capital stock - note 17	83,250	–	–	–	83,250
Comprehensive income:					
Net income for the year	–	–	–	58,471,714	58,471,714
Remeasurement gain on retirement benefits - note 25	–	916,685	–	–	916,685
Total comprehensive income for the year	–	916,685	–	58,471,714	59,388,399
Balance as at January 1, 2024	2,891,099,660	7,991,401	–	(284,168,119)	2,614,922,942
Comprehensive income (loss):					
Net income for the year	–	–	–	62,865,572	62,865,572
Remeasurement gain on retirement benefits - note 25	–	1,079,589	–	–	1,079,589
Unrealized fair value loss - note 8	–	–	(22,282,377)	–	(22,282,377)
Total comprehensive income for the year	–	1,079,589	(22,282,377)	62,865,572	41,662,784
Balance as at January 1, 2025	2,891,099,660	9,070,990	(22,282,377)	(221,302,547)	2,656,585,726
Comprehensive income:					
Net income for the year	–	–	–	186,455,209	186,455,209
Remeasurement gain on retirement benefits - note 25	–	1,221,779	–	–	1,221,779
Total comprehensive income for the year	–	1,221,779	–	186,455,209	187,676,988
Balance as at December 31, 2025	P 2,891,099,660	P 10,292,769	(P 22,282,377)	(P 34,847,338)	P 2,844,262,714

(The accompanying notes are an integral part of these consolidated financial statements.)

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
Consolidated Statements of Cash Flows

For the Years Ended December 31

	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax	₱ 284,062,260	₱ 95,068,875	₱ 84,059,953
Adjustments for:			
Loss on cancelled contracts - note 21	14,986,640	24,532,653	7,916,409
Finance costs - note 22	18,326,728	15,304,576	15,372,777
Depreciation - note 10	4,007,197	5,222,705	3,959,224
Retirement benefits expense - note 25	1,351,608	1,381,394	1,552,740
Interest income - notes 4, 5 and 23	(19,829,154)	(18,154,161)	(19,960,851)
Provision for (recovery of) ECL - notes 5 and 23	(972,931)	306,339	3,288,173
Operating income before working capital changes	301,932,348	123,662,381	96,188,425
Decrease (increase) in:			
Trade and other receivables	63,904,172	29,635,200	(71,443,813)
Contract assets	(99,204,119)	132,890,601	(1,904,683)
Real estate inventories	(46,336,720)	(196,609,892)	9,818,698
Prepayments and other current assets	(8,820,889)	35,265,882	24,106,701
Increase (decrease) in:			
Accounts payable and other liabilities	103,190,251	51,347,941	12,948,216
Customers' deposit	2,562,894	163,038	2,441,456
Contract liabilities	59,449,027	58,418,021	(56,754,594)
Retention payable and refundable bonds	5,235,964	4,750,368	4,560,505
Cash generated from operations	381,912,928	239,523,540	19,960,911
Contributions to retirement fund - note 25	(1,000,000)	(1,000,000)	(500,000)
Retirement benefits paid - note 25	(507,000)	-	-
Interest received	6,060,038	5,677,158	7,884,830
Income tax paid	(38,744,698)	(26,114,565)	(10,973,153)
Net cash provided by operating activities	347,721,268	218,086,133	16,372,588
CASH FLOWS FROM INVESTING ACTIVITIES			
Collection of advances to related parties - note 23	7,000,000	41,822,100	33,472,913
Additional advances to related parties - note 23	(338,536,431)	(148,299,803)	(1,904,609)
Additions to property and equipment - note 10	(758,054)	(1,172,764)	(715,800)
Additions to other noncurrent assets	239,560	(1,728,803)	38,316
Net cash provided by (used in) investing activities	(332,054,925)	(109,379,270)	30,890,820

Forwarded

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
Consolidated Statements of Cash Flows

For the Years Ended December 31

	2025	2024	2023
<i>Continued</i>			
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings - note 13	131,898,063	141,006,422	103,481,498
Payment of lease liabilities	(1,238,240)	(1,347,477)	(1,299,999)
Payment of finance costs - note 13 and 22	(18,218,302)	(15,127,256)	(15,228,579)
Payment of borrowings - note 13	(138,832,820)	(125,939,638)	(118,420,600)
Additional advances from related parties - note 23	143,352	1,500,000	3,500,000
Settlement of advances from related parties - note 23	(166,530)	(95,557,809)	(16,849,970)
Issuance of capital stock - note 17	-	-	83,250
Net cash used in financing activities	(26,414,477)	(95,465,758)	(44,734,400)
NET INCREASE (DECREASE) IN CASH	(10,748,134)	13,241,105	2,529,008
CASH - note 4			
At beginning of year	28,666,483	15,425,378	12,896,370
At end of year	₱ 17,918,349	₱ 28,666,483	₱ 15,425,378

(The accompanying notes are an integral part of these consolidated financial statements.)

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY

Notes to Consolidated Financial Statements

As at December 31, 2025 and 2024 and for each of the three years
in the period ended December 31, 2025

1. CORPORATE INFORMATION

Philippine Estates Corporation (the ‘Parent Company’) was incorporated in the Philippines on May 30, 1983 as “Philippine Cocoa Estates Corporation”. It was registered with the Securities and Exchange Commission (SEC) with its new corporate name on May 16, 1996 and started its commercial operations in 1996. The Parent Company’s shares are listed and traded in the Philippine Stock Exchange (PSE).

The principal activity of the Parent Company is to engage in the business of holding and developing real estate or other properties for industrial, commercial, residential, leisure or sports purposes, and in pursuance thereof, to acquire by purchase, lease or otherwise, real estate and/or appurtenant properties and/or interest therein. The Parent Company’s condominium projects and other developmental activities are located in the cities of Manila, Bulacan, Tagaytay, Cavite, Cebu and Iloilo.

The registered office of the Parent Company, which is also its principal place of business, is at 35th Floor, One Corporate Center, Doña Julia Vargas Ave., corner Meralco Avenue, Ortigas Center, Pasig City.

The Parent Company owns 100% of the shares of stocks issued and outstanding of Mariano Arroyo Development Corporation (MADCorp), its Subsidiary.

The financial position and results of operations of the Parent Company and its Subsidiary, (herein referred to as the ‘Group’) are consolidated in these financial statements.

The accompanying consolidated financial statements as at and for the year ended December 31, 2025 including its comparatives for 2024 and 2023 were approved and authorized for issue by its Board of Directors (BOD) on April 24, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of Compliance

The consolidated financial statements of the Group have prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. The term PFRS Accounting Standards in general includes all applicable PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Interpretations issued by the former Standing Interpretations Committee (SIC), the Philippine Interpretations Committee (PIC) and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial and Sustainability Reporting Standards Council (FSRSC).

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for the Group's financial assets at FVOCI, which are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso (₱), the Group's functional currency. All amounts are rounded to the nearest peso except when otherwise indicated.

Current and Non-Current Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and tax liabilities are classified as non-current assets and non-current liabilities, respectively.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiary it controls. Control is achieved when the Parent Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control.

When the Parent Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

Consolidation of subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Income and expenses of subsidiary acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

The financial statements of the subsidiary are prepared for the same reporting year, using accounting policies that are consistent with those of the Parent Company. Intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated in full in the consolidation.

Changes in the ownership interests in subsidiary that do not result in the loss of control are accounted for as equity transactions.

If the Parent Company losses control over its subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss.

Composition of the Group

Details of the Parent Company's subsidiary as at December 31 are as follows:

	Percentage of ownership	
	2025	2024
Mariano Arroyo Development Corporation	100%	100%

The subsidiary's registered office is at 35th Floor, One Corporate Center Doña Julia Vargas Avenue corner Meralco Avenue Ortigas Center, Pasig City.

Changes in Accounting Policies and Disclosures

The Group adopted for the first time the following amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2025.

The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability (Amendments to PAS 21). The amendment specifies that a currency is exchangeable when an entity can exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at measurement date and for a specified purpose while a currency is not exchangeable into other currency if an entity can only obtain an insignificant amount of the other currency. When a currency is not exchangeable, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions. The amendment requires the disclosure of additional information when a currency is not exchangeable.

The management assessed that the amendments have no significant impact to the Group.

New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to January 1, 2025

PFRS 18, Presentation and Disclosure in Financial Statements. This standard supersedes *PAS 1, Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The standard requires an entity to clearly identify the financial statements, which must be distinguished from other information in the same published document, as well as each primary financial statement and the notes to the financial statements. In addition, the following information must be displayed prominently, and repeated as necessary:

- the name of the reporting entity and any change in the name
- whether the financial statements are a group of entities or an individual entity
- information about the reporting period
- the presentation currency (as defined by *PAS 21, The Effects of Changes in Foreign Exchange Rates*)
- the level of rounding used (e.g., thousands, millions).

Retrospective application of the standard is mandatory for annual reporting periods starting from January 1, 2027 onwards but earlier application is permitted provided that this fact is disclosed. The Management assessed that the application of these amendments will have an impact on the Group's consolidated financial statements in future periods.

PFRS 18 supersedes PAS 1, carrying forward many of the requirements in PAS 1 unchanged and complementing them with new requirements with movements on certain paragraphs into PAS 8 and PFRS 7. Furthermore, there were also minor amendments to PAS 7 and PAS 33 earnings per share. The new standard introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

The amendment is effective for annual periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to PAS 7 and PAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies PFRS 18.

The Group anticipate that the application of these amendments will result in change in presentation of the consolidated financial statements and disclosure in the notes to the consolidated financial statements.

PFRS 19, Subsidiaries without Public Accountability: Disclosures. The standard specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other PFRS. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate.

A subsidiary has public accountability if its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

An entity electing to apply PFRS 19 applies the requirements in other PFRS, except for the disclosure requirements. Instead of the disclosure requirements, the entity applies the requirements in PFRS 19. Therefore, an entity applying PFRS 19 is not required to apply the disclosure requirements in other PFRS nor apply any statements about, or references to, those disclosure requirements except for certain exceptions. An entity is required to consider whether to provide additional disclosures when compliance with the specific requirements in PFRS 19 is insufficient to enable users of financial statements to understand the effect of transactions and other events and conditions on the entity's financial position and financial performance.

The new standard is effective for annual periods beginning on or after January 1, 2027, with earlier application permitted provided that this fact is disclosed.

The management assessed that the amendments are not applicable to the Group.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and PFRS 7). The amendments address matters identified during the post-implementation review of the classification and measurement requirements of *PFRS 9, Financial Instruments*. The amendments include:

- a) derecognition of financial liability settled through electronic transfer - The amendments to the application guidance of PFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.
- b) classification of financial assets - The amendments provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement, enhance description of the term 'non-recourse' and clarify the characteristics of contractually linked instruments that distinguish them from other transactions.

- c) disclosures - The requirements in PFRS 7 are amended for disclosures that an entity provides in respect of investments in equity instruments designated at fair value through other comprehensive income. The amendments also require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

The amendments also include amendments to *PFRS 19, Subsidiaries without Public Accountability: Disclosures*, which limit the disclosure requirements for qualifying subsidiaries.

The amendments are effective for reporting periods beginning on or after January 1, 2026, with earlier application permitted provided that this fact is disclosed.

Annual Improvements to PFRS — Volume 11. The pronouncement comprises the following amendments:

- PFRS 1: Hedge accounting by a first-time adopter - The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of PFRS 1 and requirements for hedge accounting in PFRS 9 Financial Instruments.
- PFRS 7: Gain or loss on derecognition - The amendment addresses a potential confusion in paragraph B38 of PFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13 Fair Value Measurement was issued.
- PFRS 7: Disclosure of deferred difference between fair value and transaction price - The amendment addresses an inconsistency between paragraph 28 of PFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of PFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
- PFRS 7: Introduction and credit risk disclosures - The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7 and by simplifying some explanations.
- PFRS 9: Lessee derecognition of lease liabilities - The amendment addresses a potential lack of clarity in the application of the requirements in PFRS 9 to account for an extinguishment of a lessee's lease liability that arises because paragraph 2.1(b)(ii) of PFRS 9 includes a cross-reference to paragraph 3.3.1, but not to paragraph 3.3.3 of PFRS 9.
- PFRS 9: Transaction price - The amendment addresses a potential confusion arising from a reference in Appendix A to PFRS 9 to the definition of 'transaction price' in PFRS 15 Revenue from Contracts with Customers while term 'transaction price' is used in particular paragraphs of PFRS 9 with a meaning that is not necessarily consistent with the definition of that term in PFRS 15.
- PFRS 10: Determination of a 'de facto agent' - The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of PFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
- PAS 7: Cost method - The amendment addresses a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term 'cost method' that is no longer defined in IFRS Accounting Standards.

The amendments are effective for reporting periods beginning on or after January 1, 2026, with earlier application permitted provided that this fact is disclosed.

The Group has not early adopted the previously mentioned new, amended and improved accounting standards and interpretations. The Group continues to assess the impact of the above new, amended and improved accounting standards and interpretations that are effective subsequent to January 1, 2025 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

Determination of Fair Value and Fair Value Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value measurement disclosures of financial and non-financial assets are presented in Note 32 of the consolidated financial statements.

“Day 1” difference

When the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the consolidated statements of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statements of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference amount.

Financial Instruments

Initial Recognition, Measurement and Classification

The Group recognizes financial assets and financial liabilities in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

Financial assets and financial liabilities are recognized initially at fair value including transaction costs, except for those financial assets and liabilities at FVPL where the transaction costs are charged to expense in the period incurred.

The Group classifies its financial assets as subsequently measured at amortized cost and fair value through other comprehensive income (FVOCI) and FVPL.

The classification of financial assets depends on the financial assets’ contractual cash flow characteristics and the Group’s business model for managing the financial assets. The Group’s business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group’s business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group classifies its financial liabilities as subsequently measured at amortized cost using the effective interest method or at FVPL.

The Group does not have any financial instruments that are measured and classified at FVPL.

Financial assets at amortized cost

Financial assets are measured at amortized cost when both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, financial assets at amortized cost are subsequently measured using the effective interest method less allowance for impairment. Gains and losses are recognized in the consolidated statements of comprehensive income when the financial assets at amortized cost are derecognized, modified or impaired. These financial assets are included in current assets if maturity is within twelve (12) months from the end of the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025 and 2024, included under financial assets at amortized cost are the Group's cash, trade and other receivables, advances to related parties and other noncurrent assets (see Notes 4, 5, 11 and 23).

Cash represents cash on hand and cash in banks. Cash in banks earn interest at respective bank deposit rate.

Trade and other receivables consist of installment contract receivables, advances to homeowners, advances to employees, receivables from contractors, and others.

Other noncurrent assets consist of refundable deposits.

Equity instruments designated at FVOCI

When the equity instrument is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss, but is transferred to retained earnings. Dividends on such investments are recognized in profit or loss when the right of payment has been established, except when the dividends represent a recovery of part of the cost of the investment, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment. These financial assets are classified as noncurrent assets.

As at December 31, 2025 and 2024 the Group elected to classify irrevocably its unquoted equity investments under this category (see Note 8).

Financial liabilities at amortized cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated as at FVPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

As at December 31, 2025 and 2024, included under financial liabilities at amortized cost are the Group's accounts payable and other liabilities, borrowings, retention payable and refundable bonds, lease liabilities and advances from related parties (see Notes 12, 13, 15, 23 and 27).

Accounts payable and other liabilities

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other liabilities include non-trade payables (mainly payable to government agencies), accrued expenses and other payables which composed of collections from customers for payment of retitling and property taxes.

Retention payable and refundable bonds

Retention payable pertains to ten percent (10%) of each progress payment retained by the Group until full completion of the contract while refundable bonds is equivalent to ten percent (10%) of the contract price covering a period of one (1) year after the final completion of contracted jobs.

Lease liabilities

Lease liabilities represent the Group's obligation to make lease payments for all leases with a term of more than twelve (12) months, unless the underlying asset is of low value is effectively treated as a financial liability which is measured at amortized cost, using the rate of interest implicit in the lease as the effective interest rate.

Advances from related parties

Advances from related parties pertain to various cash advances for working capital and expenses initially shouldered by the related parties.

Borrowings

Borrowings are recognized initially at the transaction price which is composed of the present value of cash payable to the bank, including transaction costs. Borrowings are subsequently stated at amortized cost.

All borrowing costs are recognized as an expense in profit or loss in the period incurred. Borrowing costs are recognized on the basis of the effective interest method and are included under 'Finance costs' in the consolidated statements of comprehensive income.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Group's consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derecognition of Financial Instruments

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability was discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Group consolidated statements of comprehensive income.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments that are measured at amortized cost. ECL is a probability-weighted estimate of credit losses over the expected life of the financial asset.

Credit losses are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group assesses at each end of the reporting period whether the credit risk on a financial asset has increased significantly since initial recognition. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to the lifetime ECL. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve (12) months after the reporting period.

For trade and other receivables, the Group applies a simplified approach in calculating ECL. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including time value of money where appropriate.

For advances to related parties, the Group applies a general approach in calculating ECL. The Group recognizes a loss allowance using management's adopted policy on ECL at the end of each reporting period.

When the credit risk on financial instruments for which lifetime ECLs have been recognized subsequently improves, and the requirement for recognizing lifetime ECLs is no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting period, except for assets for which simplified approach was used.

The Group recognizes impairment loss (reversals) in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset in the consolidated statements of financial position.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considers the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are one (1) day past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition of the financial instrument is determined to have low credit risk at the end of reporting period. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of investment grade in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of performing. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than one (1) year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over five (5) year past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Real Estate Inventories

Real estate inventories are property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation.

On initial recognition, real estate inventories are measured at cost which includes cost of land, amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs during the construction period.

Real estate inventories are subsequently carried at lower of cost and net realizable value. The cost of real estate inventories as disclosed in the consolidated statements of financial position is determined using the specific identification and cost allocation for non-specific cost. Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs to completion and the estimated costs of sale.

When the net realizable value of the real estate inventories is lower than costs, the Group provides for an allowance for the decline in the value and recognizes the write-down as an expense in the consolidated statements of comprehensive income. The amount of any reversal of write-down of real estate inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of real estate inventories recognized as an expense in the period in which the reversal occurs.

The cost of inventory recognized in the Group's consolidated statements of comprehensive income on disposal is determined with reference to the specific costs incurred on the property sold.

Prepayments and Other Current Assets

Prepayments are expenses paid in advance and recorded as an asset before they are utilized. Prepayments are initially recognized at cost and subsequently measured at cost less any utilized portion and impairment loss. This account comprises prepaid items which are apportioned over the period covered by the payment and charged to the appropriate accounts in the Group's consolidated statements of comprehensive income when incurred.

Prepayments that are expected to be realized within twelve (12) months after the reporting date are classified as current assets, otherwise, these are classified as other noncurrent asset.

An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. Prepayments are derecognized upon consumption and usage.

Input Tax and Other Prepaid Taxes

Input tax is the indirect tax paid by the Group on the local purchase of goods or services from a value-added tax (VAT)-registered person. Creditable withholding tax is deducted from income tax payable in the same year the revenue was recognized. Final withholding VAT pertains to the 5% tax withheld by the government for the Group's expropriation claim from DPWH which is creditable against the VAT payable of the Group.

The Group's input tax and other prepaid taxes are initially recognized at face value and subsequently measured at cost less provision for impairment, if any. Allowance for unrecoverable input tax and other prepaid taxes, if any, are maintained by the Group at a level considered adequate to provide for potential uncollectible portion of the claims. The Group, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

Interest in Joint Operations

The Group has entered into various jointly controlled operations. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Group undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.

- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the PFRS applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the consolidated financial statements only to the extent of other parties' interests in the joint operation.

When an entity transacts with a joint operation in which entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

Property and Equipment

Property and equipment are tangible assets that are held for use in production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one (1) period.

Property and equipment are initially recognized at cost which comprises its purchase price, including taxes and any directly attributable costs of bringing the asset to its working condition and location necessary for it to be capable of operating in the manner intended by management.

Property and equipment account are subsequently carried at cost less accumulated depreciation and any impairment in value.

Right-of-use assets are assets that represent lessee's right to use assets over the lease term.

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets are available for use). Right-of-use assets are initially measured at cost which includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

When right-of-use assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Expenses that provide incremental future economic benefits to the Group are added to the carrying amount of an item of property and equipment. All other expenses are recognized in the consolidated statements of comprehensive income as incurred.

Depreciation of property and equipment commences once the property and equipment are available for use and computed using the straight-line basis over the estimated useful life of property and equipment as follows:

	In Years
Building and improvements	25
Transportation equipment	5
Machinery, furniture and fixtures	3
Right-of-use assets	3-5

The useful lives and depreciation method are reviewed annually to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and accumulated impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations. Fully depreciated and amortized property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged against current operations.

Investment Property

Investment property is property held to earn rentals or for capital appreciation.

Land is measured initially at cost, including transaction costs. Land is subsequently measured at cost less any impairment in value.

Expenses that provide incremental future economic benefits to the Group are added to the carrying amount of an item of investment property. All other expenses are recognized in the consolidated statements of comprehensive income as incurred.

Investment property is derecognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal.

Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statements of comprehensive income in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Impairment of Non-financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income.

Contract liabilities

Contract liabilities pertain to the obligation to transfer goods or services to the buyer for which the Group has received the consideration (or an amount of consideration is due) from the buyer. If the buyer pays consideration before the entities transfer goods or services to the buyer, a contract liability is recognized when the payment is made, or payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the entities perform under the contract.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are measured (initial and subsequent) at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Capital stock represents the par value of the shares of the Parent Company that are issued and outstanding as at the reporting date.

Deficit includes all current and prior period results of operations as disclosed in the consolidated statements of comprehensive income.

Stock transaction costs of an equity transaction are accounted for as a deduction from equity.

Revenue Recognition

The Group recognizes revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Group's activities.

Revenue is recognized when control of the goods or services are transferred to customer at an amount that reflects the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is shown net of value-added tax and discounts.

To determine whether to recognize revenue, the Group follows a five-step process:

- (1) identifying the contract with a customer;
- (2) identifying the performance obligation;
- (3) determining the transaction price;
- (4) allocating the transaction price to the performance obligations; and,
- (5) recognizing revenue when/as performance obligations are satisfied

Real estate sales

Revenues from transactions covering sales of real estate, which include sales of residential houses, condominium units and developed lots are accounted for under the percentage-of-completion method. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the entities' performance does not create an asset with an alternative use and the entities have an enforceable right to payment for performance completed to date.

Revenue from sales of completed real estate properties and undeveloped land are accounted for using the full accrual method. Under the full accrual method, revenue is recognized when the risks and rewards of ownership on the properties have been passed to the buyer and the amount of revenue can be measured reliably.

In measuring the progress of its performance obligation over time, the Group use input method. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group use the cost accumulated by the accounting department to determine the actual resources used. Input method excludes the effects of any inputs that do not depict the Group's performance in transferring control of goods or services to the buyer.

Any excess of progress of work over collections from customers is recognized as contract assets, excluding the amount presented as installment contract receivables. Installment contract receivables represent the Group's right to an amount of consideration that is unconditional.

Any excess of collections over the progress of work is included in the "Contract liabilities" account in the liabilities section of the consolidated statements of financial position.

Finance income

Interest and other financial income are recognized on time proportion basis that takes into account the effective yield on the asset or effective interest rate.

Miscellaneous income

Miscellaneous income is recognized when the right to receive cash from services provided is established.

Cost and Expense Recognition

Cost and expenses are recognized in the consolidated statements of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses in the consolidated statements of comprehensive income are presented using the functional method.

Cost of real estate sold

Cost of real estate sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the contractors and technical staff of the Group. The estimated expenditures work the full development of sold real estate property, as determined by the technical staff of the Group, are charged to the 'Cost of real estate sold'.

The Group recognizes the effect of revisions in the total project costs in the year these changes become known.

Operating expenses

Operating expenses are recognized in the consolidated statements of comprehensive income upon utilization of the service or at the date they are incurred. All finance costs are reported in the consolidated statements of comprehensive income, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset, on an accrual basis.

Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws in the period the temporary difference is expected to be recovered or settled that have been enacted or substantively enacted as at reporting period.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, carryforward benefits of unused tax credits from excess of MCIT over RCIT and unused NOLCO can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee Benefits

Short-term employee benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before twelve (12) months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement benefits obligation

The Group operates a defined benefit retirement plan. The retirement plan is generally funded through payments to a trustee bank determined by periodic actuarial calculations. A defined benefit plan is a retirement plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Retirement benefits obligation is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method. Defined benefit costs comprise service cost, net interest on the net defined benefit liability and remeasurements of net defined benefit liability.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. Past service costs are recognized immediately in profit or loss. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability is the change during the period in the net defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability. Net interest on the net defined benefit liability is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses and return on plan assets (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. Right-of-use asset is presented under property and equipment account.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group elects to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

Related Party Relationship and Transactions

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Related party relationship exists when: (a) a person or a close member of that person's family has control or joint control, has significant influence or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity; and (b) when any of the following conditions apply: (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party; (v) the entity is a post-employment benefit plan for the benefit of employees of the reporting entity; (vi) the entity is controlled or jointly controlled by a person as identified in (a) above; (vii) the entity or any member of a group of which it is part, provides key management personnel services to the reporting entity or to the parent of the reporting entity; (viii) a person identified in (a) above 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.

In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely the legal form.

Segment Reporting

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Operating segments are reported on the basis upon which the Group reports its primary segment information. Financial information on business segments is presented in Note 26.

Basic Earnings Per Share

Basic earnings per share are calculated by dividing the net income by the weighted average number of common shares outstanding during the year.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Group expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the consolidated statements of comprehensive income, net of any reimbursement.

Contingent liabilities are not recognized in the Group's consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the assets and the related income are recognized in the consolidated financial statements.

Events After the Reporting Date

The Group identifies post year-end events as events that occurred after the reporting date but before the date when the consolidated financial statements were authorized for issue. Post year-end events that provide additional information about the Group's position as at the reporting date (adjusting events) are reflected in the Group consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the Group consolidated financial statements when material.

3. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements in compliance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements. The judgments and estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances at the end of the reporting period. Actual results could differ materially from such judgments and estimates.

Judgments and estimates are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Material Accounting Judgments in Applying the Group's Accounting Policies

Interest in Joint Operation and Real Estate Inventories

The Group has entered into a Joint Venture Agreement with related parties for the development of real estate properties, whereby the Group acts as Developer. The following guidance was set by the Group to distinguish investment in joint venture from real estate inventories:

- Interest in joint venture involves the assets and other resources of each venturer. Each venturer uses its own property and carries its own inventories. It also incurs its own expenses and liabilities and raises its own finance, which represents its own obligations.
- Real estate inventories comprise properties that are held for sale in the ordinary course of business.

The Group's interest in joint venture represents cost incurred to develop and sell the real estate properties contributed by co-venturers, in the Group's ordinary course of business. Accordingly, the Group accounted its share in the joint venture as real estate inventories.

Revenue Recognition of Claims from Expropriation Case

In determining the amounts to be recognized in the consolidated financial statements, the Group has made significant judgments related to its expropriation claim with the Department of Public Works and Highways (DPWH). The claim, which totals ₱1.9 billion, is based on a final ruling from the Supreme Court regarding the just compensation for expropriated properties.

The Group has recognized revenue in the consolidated financial statements based on collections received from DPWH. Revenue is recognized upon collection since the collections remain contingent, despite the final ruling, for conservatism. There are uncontrollable factors that may affect the full collection of the claim, and the Group has opted to recognize revenue only when cash is actually received. Partial payments have been received, and the Group has recognized revenue for the amounts collected, totaling ₱351,864,866 and ₱193,526,106 (net of VAT), in 2025 and 2024, respectively, the period in which the collections were made (see Note 28).

Lease of office space

The Group has entered into contract of lease for its office space it occupies. In determining the substance of the lease, the Group considered, among others, whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Based on management judgment, the Group's leases for its office space have substance of lease, thus, the Group recognized right-of-use assets representing the right to use the leased assets and lease liabilities representing its obligation to make lease payments.

Realizability of Input Value-Added Tax (VAT)

The Group reviews and assesses its input VAT for its recoverability. Factors which primarily affect the recoverability include the completeness of the supporting documentation and entitlement to claim VAT paid as input tax credit against output tax liabilities. The Group believes that the input VAT is fully realizable since this can be claimed as a tax credit against the output VAT on its taxable sales.

The Group's input VAT amounted to ₱32,860,581 and ₱45,268,606 as at December 31, 2025 and 2024 respectively (see Note 7).

Operating Segments

The Group's operating business segments are organized and managed separately according to location of business activities. The Group classifies business segments based on the location of its real property projects as in the different geographical areas. Management considers the performance in Metro Manila, Bulacan, Cebu, Iloilo and Davao as its operating business segment (see Note 26).

Impairment of Non-financial assets

Property and equipment, and investment property are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized whenever there is existing evidence that the carrying amount is not recoverable.

Management believes that there are no indications that the property and equipment, and investment property are impaired as at December 31, 2025 and 2024.

Provisions and Contingencies

Estimate of the probable costs for the resolution of possible claims are being developed in consultation with outside counsel handling the Group's defense in these matters and are based upon analysis of potential results. The Group is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Group's management and legal counsel believe that the eventual settlement of these liabilities under these lawsuits or claims, if any, will not have a material impact on the consolidated financial statements. Accordingly, no provision for probable losses arising from contingencies was recognized in the consolidated financial statements as at December 31, 2025 and 2024.

Classifying financial instruments

The Group exercises judgment in classifying financial instruments in accordance with PFRS 9. The Group exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the Group's business model and its contractual cash flow characteristics and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position. Accordingly, the Group classified its cash in banks, trade and other receivables, advances to related parties and other noncurrent assets as financial assets at amortized cost because these are mainly held to receive contractual cash flow.

Material Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining the Fair Value of Financial Assets and Liabilities

The fair values of financial assets and liabilities that are not quoted in active market are determined by using generally accepted valuation techniques. Valuation involves significant judgement and it is likely that different valuation techniques will provide different results. This is because the inputs used, and any adjustments to those inputs, may differ depending on the technique used.

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. Inputs used in these models are from observable data and quoted market prices in respect of similar financial instruments.

All models are approved by the BOD before these are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Changes in assumptions about these factors could affect reported fair value of financial instruments. The Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the fair value of financial instruments that are not quoted in active market.

Information on fair values of financial assets and liabilities are disclosed in Note 32.

Revenue and Cost Recognition

The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue from sale of real estate inventories recognized based on percentage-of-completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project.

Estimating allowance for ECL

The Group uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments and related party transactions that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). For advances to related parties, the Group applies a general approach in calculating ECL. The Group recognizes a loss allowance using management's adopted policy on ECL at the end of each reporting period. Details about the ECL on the Group's trade and other receivables, and advances to related parties are disclosed in Note 30.

The carrying amount of the Group's trade and other receivables amounted to ₱173,773,874 and ₱251,691,755 net of allowance for ECL amounting to ₱4,263,038 and ₱5,235,969, as at December 31, 2025 and 2024, respectively (see Note 5).

The carrying amount of the Group's advances to related parties amounted to ₱1,083,849,102 and ₱738,543,555, net of allowance for ECL amounting to ₱40,622,812 as at December 31, 2025 and 2024, respectively (see Note 23).

Allowance for impairment on financial assets at FVOCI

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Since management has assessed that the financial assets at FVOCI cannot be recovered and the decline in book value per share is other than temporary, the Group has provided allowance for impairment loss.

The Group's financial assets at FVOCI amounted to ₱27,717,623, net of allowance amounted to ₱22,282,377 as at December 31, 2025 and 2024 (see Note 8).

Estimating Useful Lives of Assets

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property equipment would increase recorded operating expenses and decrease noncurrent assets.

The carrying value of property and equipment as at December 31, 2025 and 2024 amounted to ₱26,241,847 and ₱29,490,990, respectively (see Note 10).

Deferred Tax Assets

The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The Group's deferred tax assets, net of unrecognized deferred tax asset, as at December 31, 2025 and 2024 amounted to ₱13,600,862 and ₱20,657,521 respectively (see Note 24).

Retirement Benefits Obligation

The determination of the Group's obligation and cost of pension benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. The assumptions shown in Note 25 to the Group's consolidated financial statements include, among others, discount rates and rates of salary increase. While the Group believes that the assumptions made in the determination of retirement benefits are reasonable, significant change in assumptions materially affect the retirement obligation.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group's retirement benefits obligation as at December 31, 2025 and 2024 amounted to ₱6,128,130 and ₱7,912,561, respectively (see Note 25).

4. CASH

Cash as at December 31 consist of:

	2025	2024
Cash on hand	₱ 626,446	₱ 606,446
Cash in banks	17,291,903	28,060,037
	₱17,918,349	₱28,666,483

Cash in banks generally earns interest based on daily bank deposit rates ranging from 0.125% to 0.25% per annum in 2025 and 2024. Cash equivalents are short-term time deposits placements in local banks. The Group earns interest at the respective placement rates of 3.27% to 4.5% in 2025.

Interest income earned from cash in banks and cash equivalents amounted to ₱633,337, ₱14,334, and ₱14,868 in 2025, 2024 and 2023, respectively, and recognized as part of 'Other income (expenses)' in the consolidated statements of comprehensive income (see Note 20).

There is no restriction on the Group's cash in banks as at December 31, 2025 and 2024.

5. TRADE AND OTHER RECEIVABLES (net)

Trade and other receivables (net) as at December 31 consist of:

	2025	2024
Installment contract receivables from:		
External customers	₱155,723,977	₱230,081,110
Related parties – note 23	4,340,519	4,340,519
	160,064,496	234,421,629
Receivables from contractors	5,946,286	6,368,005
Advances to homeowners	4,047,179	5,374,546
Advances to employees	834,700	2,354,032
Other receivables	7,144,251	8,409,512
	178,036,912	256,927,724
Allowance for ECL	(4,263,038)	(5,235,969)
	₱173,773,874	₱251,691,755

Movements in the allowance for ECL as at December 31 are as follows:

	2025	2024
Balance as at beginning of year	₱5,235,969	₱4,929,630
Provision (recovery) during the year – note 20	(972,931)	306,339
Balance as at end of year	₱4,263,038	₱5,235,969

Installment contract receivables are collectible within a period of one (1) to nine (9) years, and are secured by mortgage on the property purchased by the buyer. These receivables bear interest at annual rates ranging from 12% to 19% in 2025, 2024 and 2023. Interest income earned amounted to ₱5,426,701, ₱5,662,824, and ₱7,869,962 in 2025, 2024 and 2023, respectively (see Note 20).

The Group partially finances its real estate projects through assignment of certain installment contract receivables to secure loans availed from local financial institutions. Assigned installment contract receivables as at December 31, 2025 and 2024 amounted to ₱151,573,469 and ₱155,157,706, respectively (see Note 13).

Advances to homeowners pertain to advances for the maintenance of residential subdivisions pending establishment of Homeowner's Associations.

Receivable from contractors pertains to the amount recoverable from construction projects.

Advances to employees are collected through salary deduction and/or liquidation within six (6) to twelve (12) months.

Other receivables consist of advances to suppliers and other miscellaneous receivables which are non-interest bearing and are collectible upon demand.

Except for the assigned installment contract receivables with a local financial institution, no other trade and other receivables as at December 31, 2025 and 2024 are held as collateral for its liabilities.

6. REAL ESTATE INVENTORIES

Real estate inventories as at December 31 consist of:

	2025	2024
At cost:		
Raw land inventory	₱ 880,095,186	₱ 879,062,090
Projects under development	728,405,752	718,291,843
House and lot	377,620,327	342,430,612
	₱1,986,121,265	₱1,939,784,545

Raw land inventory consists of parcels of land in the cities of Manila, Bulacan, Cavite, Cebu and Iloilo.

The cost of projects under development consists of costs of land, site preparation and development, and construction cost of real estate inventories.

The Group's real estate inventories consist of:

- Pacific Grand Villas in Cebu
- Wellford Residences in Cebu
- Pacific Grand Townhomes in Cebu
- Chateaux Geneva and Costa Esmeralda (Jaro Estates) in Iloilo
- Wellford Homes in Iloilo
- Wellford Homes in Malolos
- Metro Tech Industrial Park (formerly Plastic City Industrial Park) in Valenzuela

The Group has entered into a joint venture agreement with related parties whereby the related parties contribute real estate properties to be developed by the Group. The following projects were undertaken through these joint venture agreements:

a) *Chateaux Geneva*

The Group completed in 2005 its residential subdivision project in Iloilo called Chateaux Geneva. This project is a joint venture with Pacific Rehouse Corporation (PRC), an affiliate, by which they share on the net saleable areas of the joint venture property in accordance with their sharing agreement.

b) *Metro Tech Industrial Park (formerly Plastic City Industrial Park)*

In 1997, the Group also entered into a joint venture agreement with its related parties, Inland Container Corporation, International Polymer Corporation, Kennex Container Corporation, Pacific Rehouse Corporation, Rexlon Industrial Corporation and Ropeman International Corporation, for the development of a certain real estate property into an industrial estate for a developer's fee of equivalent to forty percent (40%) of the net sales proceeds after deducting all relevant taxes and marketing expenses and administrative expenses, with the remaining sixty percent (60%) to be remitted to the owners.

On November 6, 2018, the Group sold portion of its acquired interest and participation rights on the above-mentioned joint venture agreement on the parcels of land with an aggregate area of 3,886 square meters to Rexlon Industrial Corporation for a consideration amounting to ₱25,259,000 and total cost amounting to ₱10,198,993, resulting to realized gross profit amounting to ₱12,353,685 in the Group consolidated statements of comprehensive income.

The cost of inventories recognized as expense and included in 'Cost of real estate sold' in the consolidated statements of comprehensive income amounted to ₱89,372,657, ₱69,293,575 and ₱97,488,235 for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 19).

Real estate inventories with a total cost of ₱17.46 million as at December 31, 2025 and 2024, were used as collateral for borrowings obtained from Luzon Development Bank in 2013 (see Note 13).

Aside from the aforementioned information, no other real estate inventories as at December 31, 2025 and 2024 are held as collateral for its liabilities.

7. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets as at December 31 consist of:

	2025	2024
Input tax	₱32,860,581	₱45,268,606
Final withholding VAT	27,269,549	-
Prepaid expenses	479,535	835,649
Deferred input tax	171,407	171,407
Creditable withholding tax	-	5,684,522
	₱60,781,072	₱51,960,184

Input tax was derived mainly from transactions related to the materials and services used in construction of houses sold and certain general and administrative expenses. Management believes that the input tax is fully realizable or recoverable because of the revenue to be generated from the vatable sales.

Prepaid expenses pertain to prepaid insurance, taxes and licenses, and office supplies.

8. FINANCIAL ASSET AT FVOCI

Financial assets at FVOCI as at December 31 consist of:

	2025	2024
Unquoted shares		
Cost	₱50,000,000	₱50,000,000
Unrealized fair value loss	(22,282,377)	(22,282,377)
	₱27,717,623	₱27,717,623

The Group's financial assets at FVOCI consist of investment in unquoted shares of stock in Waterfront Manila Premier Development, Inc. This investment is irrevocably designated at FVOCI as the Group considers this investment to be strategic in nature and it holds this investment to foreseeable future.

This investment is classified as financial assets at FVOCI as the Group does not participate in the financial and operating policy of the investee would which manifest control, joint control or significant influence.

The Group's financial assets at FVOCI as at December 31, 2025 and 2024 are not held as collateral for its financial liabilities.

9. INVESTMENT PROPERTY

The Group's investment property pertains to the remaining 138,952 sq.m. land located in Davao which was not covered by the Comprehensive Agrarian Reform Law amounting to ₱162,394 as at December 31, 2025 and 2024.

No revenue nor direct expenses arose on the investment property for the years ended December 31, 2025 and 2024.

Investment property is held primarily for capital appreciation and is carried at deemed costs.

The aggregate fair value of the investment properties amounted to ₱180,637,600 based on the appraisal done by an independent appraiser on December 17, 2021. The fair value of investment properties was arrived at using a sales comparison approach. Sales comparison approach is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered.

The Group's investment property as at December 31, 2025 and 2024 is not held as collateral for its liabilities and is free from any encumbrances.

There are no restrictions on the realizability of its investment properties and no other contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The Group has not entered into any contractual commitments to purchase, construct or develop investment property as at December 31, 2025 and 2024.

10. PROPERTY AND EQUIPMENT (net)

Reconciliation of the Group's property and equipment (net) as at December 31 is as follows:

December 31, 2025	Building and improvements	Transportation equipment	Machinery, furniture and fixtures	Right-of-use assets	Computer software	Total
Cost						
At beginning of year	₱81,111,849	₱7,385,020	₱45,468,683	₱4,123,921	₱ 350,000	₱138,439,473
Additions	68,125	–	689,929	–	–	758,054
Write-off	–	–	–	(1,327,491)	–	(1,327,491)
At end of year	81,179,974	7,385,020	46,158,612	2,796,430	350,000	137,870,036
Accumulated depreciation						
At beginning of year	55,176,654	7,278,012	43,948,159	2,195,658	350,000	108,948,483
Depreciation – note 21	2,266,088	107,008	776,530	857,571	–	4,007,197
Write-off	–	–	–	(1,327,491)	–	(1,327,491)
At end of year	57,442,742	7,385,020	44,724,689	1,725,738	350,000	111,628,189
Carrying amount as at December 31, 2025	₱23,737,232	₱ –	₱1,433,923	₱1,070,692	₱ –	₱26,241,847
December 31, 2024						
December 31, 2024	Building and improvements	Transportation equipment	Machinery, furniture and fixtures	Right-of-use assets	Computer software	Total
Cost						
At beginning of year	₱81,111,849	₱7,385,020	₱44,295,919	₱4,123,921	₱ 350,000	₱137,266,709
Additions	–	–	1,172,764	–	–	1,172,764
At end of year	81,111,849	7,385,020	45,468,683	4,123,921	350,000	138,439,473
Accumulated depreciation						
At beginning of year	51,783,434	7,063,375	43,323,631	1,205,338	350,000	103,725,778
Depreciation – note 21	3,393,220	214,637	624,528	990,320	–	5,222,705
At end of year	55,176,654	7,278,012	43,948,159	2,195,658	350,000	108,948,483
Carrying amount as at December 31, 2024	₱25,935,195	₱ 107,008	₱ 1,520,524	₱1,928,263	₱ –	₱ 29,490,990

Fully depreciated property and equipment still in use as at December 31, 2025 and 2024 amounted to ₱91,215,819 and ₱90,622,873.

Write-off of right-of-use assets pertains to expired lease contracts.

The Group's property and equipment as at December 31, 2025 and 2024 are not held as collateral for its liabilities and are free from any encumbrances.

Based on the impairment review of the property and equipment, the Group believes that there is no indication that an impairment loss had occurred as at December 31, 2025 and 2024.

11. OTHER NONCURRENT ASSETS

Other noncurrent assets as at December 31 consist of:

	2025	2024
Refundable deposits	₱ 11,494,150	₱11,733,710
Other assets	243,463	243,463
	₱11,737,613	₱11,977,173

Refundable deposits consist mainly of security and utility deposits.

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities as at December 31 consist of:

	2025	2024
Accrued expenses	₱136,255,204	₱ 79,371,095
Government liabilities	83,909,933	40,123,614
Accounts payable	9,633,398	10,616,306
Other payables	48,200,651	44,697,920
	₱277,999,186	₱174,808,935

Accrued expenses are mainly composed of unpaid wages, security services, utility bills, professional and legal fees, and government liabilities.

Government liabilities include Social Security System (SSS) payables, Home Development Mutual Fund (HDMF) payables, Philippine Health Insurance Corporation (PhilHealth) payables, withholding taxes and other taxes payable to government agencies.

Accounts payable pertain to the amounts due to suppliers which are payable within thirty (30) to ninety (90) days from the date of purchase and do not bear any interest.

Other payables are composed of collections from customers for payment of retitling and property taxes.

13. BORROWINGS

Borrowings as at December 31 consist of:

	2025	2024
Current	₱103,293,919	₱108,235,784
Noncurrent	27,911,373	29,904,265
	₱131,205,292	₱138,140,049

The table below shows the movement of borrowings during the year:

	2025	2024
Balance at beginning of year	₱138,140,049	₱123,073,265
Additions	131,898,063	141,006,422
Payments	(138,832,820)	(125,939,638)
Balance at end of year	₱131,205,292	₱138,140,049

Total interest on borrowings charged as “Finance costs” in the Group consolidated statements of comprehensive income amounted to ₱18,218,302, ₱15,127,256 and ₱15,228,579 for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 22).

The details of borrowings of the Group are as follows:

Date obtained	Purpose	Maturity	Interest rate	Loan amount	Outstanding balance		Conditions
					2025	2024	
Luzon Development Bank							
6/18/2025	Working Capital	06/18/2028	12.00%	₱ 6,200,000	₱5,315,405	₱ –	[a]
04/02/2025	Working Capital	04/02/2028	12.00%	8,800,000	7,108,793	–	[a]
01/18/2025	Working Capital	1/28/2028	12.00%	23,000,000	16,820,735	–	[a]
05/29/2024	Working capital	05/29/2027	12.00%	8,000,000	4,136,638	6,662,755	[a]
02/21/2024	Working capital	02/21/2027	12.25%	14,500,000	6,275,017	10,987,537	[a]
10/05/2023	Working capital	10/05/2026	12.00%	14,800,000	4,657,529	9,667,883	[a]
09/13/2023	Working capital	09/13/2026	12.00%	10,000,000	2,845,781	6,264,510	[a]
02/07/2023	Working capital	02/07/2026	12.00%	10,000,000	654,102	4,318,094	[a]
12/05/2022	Working capital	12/05/2025	11.00%	10,000,000	–	3,704,875	[a]
08/23/2022	Working capital	08/23/2025	10.00%	10,000,000	–	2,515,001	[a]
06/10/2022	Working capital	06/10/2025	10.00%	30,000,000	–	5,715,603	[a]
Philippine Bank of Communications							
11/25/2025	Working capital	05/25/2027	9.00%	16,101,099	₱15,262,270	₱ –	[b]
08/14/2025	Working capital	02/14/2027	9.00%	27,423,570	21,644,140	–	[b]
07/17/2025	Working capital	01/17/2027	9.25%	13,468,291	9,911,859	–	[b]
05/06/2025	Working capital	11/06/2026	9.25%	22,994,991	14,428,090	–	[b]
02/21/2025	Working capital	07/21/2026	9.25%	13,910,112	5,639,031	–	[b]
10/28/2024	Working capital	04/28/2026	9.25%	26,301,753	6,162,935	23,555,617	[b]
09/10/2024	Working capital	03/10/2026	9.25%	20,869,652	2,880,003	17,588,574	[b]
08/08/2024	Working capital	01/11/2026	9.25%	20,073,771	1,189,495	14,773,246	[b]
04/12/2024	Working capital	10/12/2025	9.25%	15,965,020	–	9,141,078	[b]
03/11/2024	Working capital	09/11/2025	9.25%	9,321,854	–	4,821,919	[b]
02/06/2024	Working capital	08/06/2025	9.25%	19,700,904	–	9,092,860	[b]
08/01/2023	Working capital	02/01/2025	9.25%	17,290,426	–	2,041,271	[b]
07/13/2023	Working capital	01/13/2025	9.25%	19,360,857	–	1,015,757	[b]
Qwick							
10/07/2024	Working capital	10/10/2026	15%	6,273,469	6,273,469	6,273,469	[c]
				₱394,355,769	₱131,205,292	₱ 138,140,049	

a. Luzon Development Bank

Notes payable were obtained for working capital requirements. The notes carry an interest rate of 10% to 12.25% p.a. and payable in one (1) to six (6) years, with interest payable monthly in advance. The loan is secured by real estate inventories with a total cost of ₱17.46 million as at December 31, 2025 and 2024 (see Note 6).

b. Philippine Bank of Communications

Borrowings represent selling of installment contract receivables by virtue of various contracts to sell for a consideration amounting to ₱145,300,000 and ₱148,884,237 as at December 31, 2025 and 2024, respectively (see Note 5).

c. Qwick

Borrowings represent selling of installment contract receivables by virtue of various contracts to sell for a consideration of ₱6,273,469 as at December 31, 2025 and 2024 (see Note 5).

The Group's borrowings are not subject to any significant loan covenant.

14. CUSTOMERS' DEPOSITS

Customers' deposits represent reservation fees and initial collections received from the customers before the two parties enter into a sales agreement for the sale transaction.

As at December 31, 2025 and 2024, outstanding balance of the customers' deposits amounted to ₱8,685,818 and ₱6,122,924, respectively.

15. RETENTION PAYABLE AND REFUNDABLE BONDS

Retention payable and refundable bonds as at December 31 consist of:

	2025	2024
Retention payable	₱30,293,147	₱ 25,317,183
Refundable bonds	10,576,606	10,316,606
	₱40,869,753	₱ 35,633,789

Retention payable pertains to ten percent (10%) of each progress payment retained by the Group until full completion of the contract. The full amount of retention will be released by the Group to the contractors after the full completion and acceptance of satisfactory works by the Group and submission of the original, signed and sealed sets of prints of "As-built" drawings.

The refundable bonds pertain to collections from buyers which include construction, renovation and/ or fencing bonds which will be released by the Group upon completion of construction and/or renovation.

16. CONTRACT ASSETS AND LIABILITIES

Contract assets and liabilities as at December 31 consist of:

	2025	2024
Contract assets	₱ 207,891,333	₱108,687,214
Contract liabilities	138,750,380	79,301,353

Contract assets represent excess of progress of work over collections from real estate customers, excluding the amount presented as installment contract receivables.

Contract liabilities consist of collections from real estate customers over the goods and services transferred by the Group based on percentage of completion, excluding customers' deposits.

17. CAPITAL STOCK

Details of capital stock as at December 31 are as follows:

	2025	2024
Common stock: ₱1 par value		
Authorized: 5,000,000,000 shares	₱5,000,000,000	₱5,000,000,000
Issued and outstanding: 2,891,099,660 shares	₱2,891,099,660	₱2,891,099,660

The Parent Company has one (1) class of common shares which carry no right to fixed income.

Track Record of Registration of Securities

The Parent Company was originally registered as “Philippine Cocoa Estates Corporation” with the SEC on May 30, 1983 with an authorized capital stock of ₱1 million primarily to engage in all phases of agriculture. On February 29, 1984, the Parent Company increased its authorized capital stock to ₱140 million. The Parent Company was listed with the PSE on November 1, 1984.

On May 8, 1987, the Parent Company with the approval of SEC increased its authorized capital stock to ₱180 million and on October 22, 1987, increased to ₱300 million.

In 1996, The Wellex Group, Inc. (TWGI) gained majority control of the Parent Company and revamped its management. The new management opted for a change in business focus from agriculture to real estate, with the corporate vision of becoming a world-class real estate developer.

To align the Parent Company to this new corporate vision, management applied with the SEC for approval to carry out certain strategic corporate changes. Thus, on May 16, 1996, SEC approved the proposed changes, namely: (a) the change in the primary purpose clause from agriculture to the business of holding and developing real estate or other property; (b) the change in the corporate name to reflect the new business focus; (c) the removal of the Class “A” and Class “B” classification of the Parent Company’s shares; and (d) the change in par value of the shares from ₱10 to ₱1 per share.

Towards achieving its corporate vision, the Parent Company filed an application to increase its authorized capital stock from ₱300 million to ₱5 billion. Out of this increase of ₱4.7 billion, the amount of ₱1,194,333,800 was subscribed and paid up by five (5) corporate investors. The principal part of the subscription was paid up by way of transfers to the Parent Company of forty-five (45) parcels of land valued at ₱1,161,833,800, while a smaller portion of the subscription, amounting to ₱32,500,000 was paid through conversion of debt to equity. The increase in authorized capital stock to ₱5 billion was approved by SEC on March 26, 1997.

Share Rights Offer

In a special meeting held on March 25, 2021, the BOD authorized the Rights Offer of 1,445,549,830 common shares with par value of ₱1.00 per share, by way of stock rights offering to eligible and existing common shareholders of the Parent Company at the proportion of one (1) right share for every one (1) existing common share held as of record date. All rights shares will be issued from the Parent Company's unissued authorized capital stock.

After the issuance of 1,445,549,830 common shares subject to rights offer, a total of 2,891,099,660 common shares shall be issued and outstanding. The rights offer will represent 50% of the issued and outstanding common shares.

On November 15, 2021, the Parent Company received the Notice of Approval from the PSE for the Rights Offer. The offer period shall commence on December 6, 2021, and will end on December 13, 2021.

The gross proceeds from the Rights Offer are expected to be ₱1,445,549,830. The net proceeds from the Rights Offer after deducting taxes and PSE fees, are expected to be ₱1,423,000,000.

The net proceeds from the Rights Offer are intended for the acquisition of land properties for the Parent Company's pipeline of projects and the remaining balance to be used for general corporate purposes.

The Parent Company incurred stock rights offering cost, which were recognized as deduction from equity, amounting to ₱19,105,210 and ₱3,423,729 as at December 31, 2022 and 2021, respectively.

The number of shares owned by public totaled 765,712,740 and 1,030,863,340 shares or a public ownership of 26.48% and 35.66% as at December 31, 2025 and 2024, respectively.

The historical market value of the Parent Company's shares is as follows:

	Market value per share
December 31, 2025	₱0.320
December 31, 2024	0.255
December 31, 2023	0.340

18. REAL ESTATE SALES

Real estate sales for the years ended December 31 on the various projects are as follows:

	2025	2024	2023
House and lot	₱124,652,370	₱ 51,139,803	₱ 53,493,099
Lot	49,503,158	60,334,788	190,531,060
Condominium unit	4,471,591	27,150,155	33,100,711
	₱178,627,119	₱138,624,746	₱277,124,870

19. COST OF REAL ESTATE SOLD

Cost of real estate sold for the years ended December 31 is as follows:

	2025	2024	2023
House and lot	₱ 69,356,271	₱ 29,585,721	₱ 28,954,722
Lot	17,395,185	24,473,665	49,503,135
Condominium unit	2,621,201	15,234,189	19,030,378
	₱89,372,657	₱ 69,293,575	₱ 97,488,235

20. OTHER INCOME (EXPENSES) - net

Details of other income (expenses) - net for the years ended December 31 are as follows:

	2025	2024	2023
Finance income from:			
Advances to affiliates – note 23	₱13,769,116	₱12,477,003	₱12,076,021
Installment contract receivables – note 5	5,426,701	5,662,824	7,869,962
Cash in banks – note 4	633,337	14,334	14,868
Recovery of (provision for) ECL – note 5	972,931	(306,339)	(3,288,173)
Provision for losses, taxes and others	(56,906,349)	(34,053,005)	–
Miscellaneous income	5,009,247	6,684,585	6,822,282
	(₱31,095,017)	(₱9,520,598)	₱23,494,960

Provision for losses, taxes and others mainly represents recognition of possible losses on on-going projects, taxes and other expenses. The amount reflects Management's best estimates based on available information as of the reporting date.

Miscellaneous income mainly consists of forfeited customer's deposits, rental income in sub-leased properties and penalty charges for late payment of monthly amortizations.

21. OPERATING EXPENSES

Operating expenses for the years ended December 31 are as follows:

	2025	2024	2023
Salaries and wages	₱ 22,324,178	₱21,798,906	₱20,142,511
Loss on cancelled contracts	14,986,640	24,532,653	7,916,409
Taxes and licenses	9,165,091	8,107,819	18,590,307
Commissions	6,317,887	10,803,753	12,659,077
Representation and entertainment	5,693,282	6,734,930	7,587,133
Depreciation – note 10	4,007,197	5,222,705	3,959,224
Professional and legal fees	3,757,751	2,879,304	4,310,460
Communication, light and water	3,507,577	2,692,438	3,479,529
Employee benefits	3,339,092	3,180,593	2,902,803
Travel and transportation	3,163,100	1,491,354	1,958,193
Security services	3,072,835	2,155,101	1,608,726
Repairs and maintenance	2,187,492	3,467,988	1,782,839
Advertising	1,471,360	361,287	4,536,365
Retirement benefits – note 25	1,351,608	1,381,394	1,552,740
Dues and subscription	1,106,259	894,854	470,695
Supplies	1,036,494	931,296	976,023
Penalty fee, interests and surcharges	950,535	2,691,265	95,731
Insurance	623,863	343,505	779,910
Rental – note 27	607,152	302,893	261,573
Trainings and seminars	82,669	31,046	20,632
Director fees	68,929	68,929	98,929
Miscellaneous	15,538,244	7,844,710	8,009,056
	₱ 104,359,235	₱107,918,723	₱103,698,865

Miscellaneous expenses consist of input VAT allocable to exempt sales, bank charges, and other recreational expenses incurred by the Group.

22. FINANCE COSTS

Details of finance costs for the years ended December 31 is as follows:

	2025	2024	2023
Borrowings – note 13	₱18,218,302	₱15,127,256	₱15,228,579
Lease liabilities – note 27	108,426	177,320	144,198
	₱18,326,728	₱15,304,576	₱15,372,777

23. RELATED PARTY TRANSACTIONS

The Group makes advances to and from related parties for working capital requirements and for those related to joint venture agreements and other transactions.

Details of the Group's advances to related parties as at December 31, 2025 and 2024 are as follows:

December 31, 2025	At beginning of Year	Additional advances/ Impairment	Accrual of interest – note 20	Collection/ application/	At end of year
Common key management					
Plastic City Corp. (a)	₱210,387,928	₱493,868	₱4,115,570	₱–	₱214,997,366
Kennex Container Corp. (b)	38,875,126	91,256	760,468	–	39,726,850
Orient Pacific Corp. (b)	36,408,739	64,124	534,370	–	37,007,233
Noble Arch Realty and Construction (c)	5,464,508	61,101	105,144	–	5,630,753
Pacific Rehouse Corporation (f)	2,083,519	336,565,779	–	–	338,649,298
Pacific Wide Realtys and Development Corp. (i)	–	269,875	–	–	269,875
Metro Alliance Holdings and Equities Corporation (e)	292,456,385	631,201	5,260,007	–	298,347,593
Westland Pacific Properties Corp. (g)	46,737,519	107,358	894,646	–	47,739,523
The Wellex Group, Inc (TWGI) (h)	146,752,643	251,869	2,098,911	(7,000,000)	142,103,423
	779,166,367	338,536,431	13,769,116	(7,000,000)	1,124,471,914
Allowance for ECL	(40,622,812)	–	–	–	(40,622,812)
	₱738,543,555	₱338,536,431	₱13,769,116	(₱7,000,000)	₱1,083,849,102

December 31, 2024	At beginning of Year	Additional advances/ Impairment	Accrual of interest – note 20	Collection/ application/	At end of year
Common key management					
Plastic City Corp. (a)	₱205,778,489	₱ 493,867	₱4,115,572	₱ –	₱ 210,387,928
Forum Holdings Corp. (b)	40,905,810	98,174	818,116	(41,822,100)	–
Kennex Container Corp. (b)	38,023,402	91,256	760,468	–	38,875,126
Orient Pacific Corp. (b)	35,810,245	64,124	534,370	–	36,408,739
Noble Arch Realty and Construction (c)	5,298,995	60,369	105,144	–	5,464,508
Pacific Rehouse Corporation (f)	2,081,349	2,170	–	–	2,083,519
Metro Alliance Holdings and Equities Corporation (e)	286,565,177	631,201	5,260,007	–	292,456,385
Westland Pacific Properties Corp. (g)	45,748,194	105,999	883,326	–	46,737,519
The Wellex Group, Inc (TWGI) (h)	–	146,752,643	–	–	146,752,643
	660,211,661	148,299,803	12,477,003	(41,822,100)	779,166,367
Allowance for ECL	(40,622,812)	–	–	–	(40,622,812)
	₱619,588,849	₱148,299,803	₱12,477,003	(₱41,822,100)	₱ 738,543,555

Advances to related parties as at December 31 consist of:

	2025	2024
Current	₱634,963,327	₱ 164,395,842
Noncurrent	448,885,775	574,147,713
	₱1,083,849,102	₱ 738,543,555

Details of the Group's advances from related parties as at December 31, 2025 and 2024 are as follows:

December 31, 2025	At beginning of Year	Additional Advances	Settlement/ Reversal	At end of year
Common key management				
Manila Pavilion	₱ 166,530	₱ –	(₱166,530)	₱ –
Inland Container Corporation	500,000	–	–	500,000
Pacific Plastic Corporation	1,500,000	–	–	1,500,000
Stockholders				
International Polymer Corp.	3,686,500	143,352	–	3,829,852
	₱5,853,030	₱143,352	(₱166,530)	₱5,829,852

December 31, 2024	At beginning of Year	Additional Advances	Settlement/ Reversal	At end of year
Common key management				
Waterfront Cebu City Hotel	₱92,054,457	₱ –	(₱92,054,457)	₱ –
Manila Pavilion	166,530	–	–	166,530
Inland Container Corporation	1,500,000	–	(1,000,000)	500,000
Pacific Plastic Corporation	2,500,000	1,500,000	(2,500,000)	1,500,000
Stockholders				
International Polymer Corp.	3,689,852	–	(3,352)	3,686,500
	₱99,910,839	₱1,500,000	(₱95,557,809)	₱ 5,853,030

The Group obtained noninterest-bearing and unsecured cash advances from related parties to support its operations and will be settled through cash payment. The Group was granted an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. The management assessed that the advances from the related parties are not expected to be settled within 12 months from the reporting period. There have been no guarantees received for any related party payables.

On December 21, 2024, The Wellex Group Inc. (TWGI), Crisanta Realty Development Corporation (CRDC) entered into a Memorandum of Agreement with Pacific Rehouse Corporation (PRC) for the assignment of its related party balances with the Group. TWGI and CRDC assigned their rights for the collection of their receivables from the Group to PRC amounting to ₱7,938,239 and ₱12,679,735, respectively. These assignments partially settled their obligation to PRC.

On the same date, Rexlon Realty Group, Inc. (RRGI) assigned its right for collection of their receivable amounting to ₱442,480 in favor of the Group. The assignment settled the obligation of RRGI to the Group.

On December 19, 2024, Forum Holdings Corporation (FHC) and The Wellex Group Inc. (TWGI) entered into a Memorandum of Agreement for the assignment of FHC's related party balances with the Group amounting to ₱41,822,100.

a) *Plastic City Corporation (PCC)*

Advances to PCC represent unsecured and interest-bearing cash advances which bear an interest of 2% per annum. PCC issued a promissory note in favor of the Group. On May 2, 2011, PCC and the Group entered into a memorandum of agreement wherein PCC will transfer the ownership of eleven (11) properties located at Metrotech Industrial Park with a total area of 21,475 sq.m. valued at ₱6,450/sq.m. as payment to its outstanding obligation to the Group. On December 21, 2018, PCC reissued a promissory note indicating an extension of term for three (3) years, starting January 31, 2018, and will mature on January 31, 2021. On February 1, 2021, PCC reissued promissory note indicating an extension of term for another three (3) years, starting January 31, 2021, and will mature on January 31, 2024. On January 31, 2024, the promissory note was extended for another three (3) years.

b) *Forum Holdings Corp. (FHC), Kennex Container Corp. (KCC), and Orient Pacific Corporation (OPC)*

In 2009, FHC, KCC and OPC executed respective unsecured promissory notes (PN) to cover their respective advances to the Group with a term of five (5) years, and bear interest of two percent (2%) per annum, renewable upon agreement of the parties. These PNs were renewed in 2014 with a three-year term which matured during the year at interest of two percent (2%) per annum. These cash advances are to be settled through cash payments. On December 21, 2018, FHC, KCC and OPC reissued a promissory note indicating an extension of term for three (3) years, starting January 31, 2018, and will mature on January 31, 2021. On February 1, 2021, FHC, KCC and OPC reissued promissory note indicating an extension of term for another three (3) years, starting January 31, 2021, and will mature on January 31, 2024. On January 31, 2024, the promissory note was extended for another three (3) years.

c) *Noble Arch Realty and Construction Corporation (NARCC)*

In 2005, NARCC entered into a Contract to Sell with Union Bank of the Philippines involving eight (8) parcels of land located in Valenzuela City, with an aggregate area of 15,997 square meters. For the purpose of paying the obligation arising from the aforementioned contract, NARCC sought the assistance of the Group through interest bearing cash advances. In 2009, NARCC executed respective unsecured PN to cover their respective advances to the Group with a term of five (5) years, and bear interest of two percent (2%) per annum, renewable upon agreement of the parties. These PN's were renewed in 2014 with a three-year term at interest of two percent (2%) per annum. These cash advances are to be settled through cash payments. On March 23, 2015, the properties were transferred to the Group through Deed of Absolute Sale executed by the Group and Union Bank of the Philippines. On December 21, 2018, NARCC reissued a promissory note indicating an extension of term for three (3) years, starting January 31, 2018, and will mature on January 31, 2021, on the remaining balance. On February 1, 2021, NARCC reissued a promissory note indicating an extension of term for another three (3) years, starting January 31, 2021, and will mature on January 31, 2024. On January 31, 2024, the promissory note was extended for another three (3) years.

d) *Installment contract receivables from IPC*

In addition to the advances made to related parties, the Group also has unsecured and unguaranteed installment contract receivables from related parties due beyond one (1) year which are to be settled through cash amounting to ₱4,340,519 as at December 31, 2025 and 2024 (see Note 5).

e) Metro Alliance Holdings and Equities Corporation (MAHEC)

The Group has outstanding advances to MAHEC pertaining to the value of raw land inventories transferred by the Parent Company.

On March 15, 2021, MAHEC issued a promissory note amounting to ₱263,000,345. The term of the loan is five (5) years maturing on March 15, 2026, bearing an interest of 2% per annum. Accrued interest receivable for these advances amounted to ₱5,260,007 for the years ended December 31, 2025, 2024 and 2023.

f) Pacific Rehouse Corporation (PRC)

The advances represent reimbursable expenses paid by the Group in behalf of PRC. The advances are unsecured, unguaranteed and are to be settled in cash.

g) Westland Pacific Properties Corporation (WPPC)

On October 28, 2022, WPPC issued a promissory note amounting to ₱48,766,408. The term of the loan is three (3) years maturing on October 31, 2025, bearing an interest of 2% per annum. On November 17, 2025, the promissory note was extended for another three (3) years. Accrued interest receivable for these advances amounted to ₱894,647 and ₱883,328 as at December 31, 2025 and 2024, respectively.

h) The Wellex Group, Inc.

On September 1, 2024, TWGI issued a promissory note amounting to ₱104,945,543. The term of the loan is three (3) years maturing on September 1, 2027, bearing an interest of 2% per annum.

i) Pacific Wide Realtys and Development Corp. (PWRDC)

The advances represent reimbursable expenses paid by the Company on behalf of PWRDC. The advances are unsecured, unguaranteed and are to be settled in cash.

j) Remuneration of key management personnel

The remuneration of key management personnel of the Group under aggregate amount specified in PAS 24, 'Related Party Disclosures' for the years ended December 31 is as follows:

	2025	2024
Short-term employee benefits	₱3,280,794	₱ 4,224,082
Post-employment benefits	266,454	360,000
Share-based payments	—	—
Other long-term benefits	—	—
	₱3,547,248	₱ 4,584,082

k) Transaction with the retirement fund

The Group has no transactions with its retirement plan other than its benefits paid and contributions to the fund for the years ended December 31, 2025 and 2024.

24. INCOME TAX

Reconciliation of income tax expense

The reconciliation of income before tax computed at the regular corporate tax rate to the provision for income tax as shown in the Group's consolidated statements of comprehensive income is as follows:

	2025	2024	2023
Income before tax	₱284,062,260	₱ 95,068,875	₱84,059,953
Tax at applicable statutory rate:	71,015,983	23,768,102	21,015,890
Tax effect of:			
Nondeductible expenses	19,127,451	8,358,666	3,750,420
Expired NOLCO	18,433	–	–
Interest income subjected to final tax	(158,334)	(3,584)	(3,717)
Change in unrecognized deferred tax assets	(259,994)	80,119	825,646
Other movements	7,863,512	–	–
	₱97,607,051	₱ 32,203,303	₱25,588,239

The components of deferred tax assets and liabilities as at December 31 are as follows:

	2025	2024
Deferred tax assets		
Accrued expenses	₱ 8,347,573	₱ 15,209,680
Allowance for ECL	10,764,786	11,008,018
Retirement benefits obligation	5,089,706	5,001,804
Lease liabilities	163,583	446,037
NOLCO	14,500	31,261
	24,380,148	31,696,800
Less: Unrecognized deferred tax assets	(10,779,286)	(11,039,279)
	₱13,600,862	₱ 20,657,521

The components of deferred tax liabilities as at December 31 are as follows:

	2025	2024
Deferred tax liabilities		
Effect of adoption of PFRS 15	₱ 63,614,450	₱ 69,286,722
Claim from expropriated properties	85,685,199	30,404,469
Right-of-use assets	267,673	3,023,664
Remeasurement gain on retirement benefits	3,430,924	482,066
	₱ 152,998,246	₱103,196,921

Deferred tax liability on claim from expropriated properties pertains to portion of the expropriation claim amounting to ₱221.12 million and ₱121.62 million for the years ended December 31, 2025 and 2024, respectively, which was reported as income for financial reporting purposes but deferred for tax purposes. The Group believes the related income is not yet taxable due to its link to ongoing redevelopment activities that were brought by the expropriation.

Deferred tax assets and liabilities are determined using the income tax rates in the period the temporary differences are expected to be recovered or settled.

The component of deferred income tax recognized in other comprehensive income from actuarial gain on retirement benefits amounted to ₱407,260 and ₱359,863 for the years ended December 31, 2025 and 2024, respectively (see Note 25).

As at December 31, 2025, the Group's NOLCO that can be claimed as deduction from future taxable income follows:

Year Incurred	Expiration Date	2024	Additions	Expired	Claimed	2025
2025	2028	₱ –	₱ 8,361	₱ –	₱ –	₱ 8,361
2024	2027	17,670	–	–	–	17,670
2023	2026	18,017	–	–	–	18,017
2022	2025	73,170	–	(73,170)	–	–
2021	2026	28,452	–	–	–	28,452
2020	2025	18,997	–	(18,997)	–	–
		₱156,306	₱ 8,361	(₱92,167)	₱ –	₱ 72,500

25. RETIREMENT BENEFITS OBLIGATION

The Group has a funded, noncontributory, and tax-qualified defined benefits type of pension plan covering substantially all of its employees. The benefits are generally based on defined contribution formula with minimum lump-sum guarantee of 100% of the latest monthly salary per year of credited service.

The Group appointed a trustee bank to be responsible for the general administration of the retirement plan and retirement fund.

Actuarial valuations are made at least every one (1) to two (2) years. The Group's annual contributions to the defined benefits plan consist principally of payments covering the current service cost for the year and the required funding relative to the guaranteed minimum benefits as applicable.

The Group's latest actuarial valuation was on December 31, 2025.

The movement in the retirement benefits obligation for the years ended December 31 is as follows:

	Present value of retirement benefits obligation	Fair value of plan assets	Retirement benefits obligation
January 1, 2025	₱ 9,217,864	(₱ 1,305,303)	₱7,912,561
Retirement expense:			
Current service costs	890,492	–	890,492
Interest expense (income)	565,055	(103,939)	461,116
	1,455,547	(103,939)	1,351,608
Benefits paid from plan asset	(219,456)	219,456	–
Benefits shouldered by the company	(507,000)		(507,000)
Contribution		(1,000,000)	(1,000,000)
Remeasurements, gross of tax:			
Actuarial loss (gain) arising from:			
Changes in financial assumptions	(11,959)	–	(11,959)
Experience/return	(1,632,182)	(15,102)	(1,617,080)
	(1,644,141)	(15,102)	(1,629,039)
As at December 31, 2025	₱ 8,302,814	(₱2,174,684)	₱6,128,130

	Present value of retirement benefits obligation	Fair value of plan assets	Retirement benefits obligation
January 1, 2024	₱ 9,475,323	(₱ 504,704)	₱ 8,970,619
Retirement expense:			
Current service costs	858,582	–	858,582
Interest expense (income)	577,047	(54,235)	522,812
	1,435,629	(54,235)	1,381,394
Benefits paid	(228,300)	228,300	–
Contribution	–	(1,000,000)	(1,000,000)
Remeasurements, gross of tax:			
Actuarial loss (gain) arising from:			
Changes in financial assumptions	(15,097)	–	(15,097)
Experience/return	(1,449,691)	25,336	(1,424,355)
	(1,464,788)	25,336	(1,439,452)
As at December 31, 2024	₱ 9,217,864	(₱1,305,303)	₱7,912,561

Remeasurement gain on retirement benefits presented in the consolidated statements of financial position under equity section is as follows:

	2025	2024
Balance at beginning of year	₱9,070,990	₱7,991,401
Amounts recognized in OCI	1,629,039	1,439,452
	10,700,029	9,430,853
Attributable tax	(407,260)	(359,863)
Balance at end of year	₱10,292,769	₱9,070,990

Remeasurement gain on retirement benefits, net of related tax amounting to ₱407,260 and ₱359,863 (see Note 24), in the Group's consolidated statements of comprehensive income for the years ended December 31, 2025 and 2024 amounted to ₱1,221,779 and ₱1,079,589, respectively.

The total retirement benefits expense recognized is included in operating expenses for the years ended December 31, 2025, 2024 and 2023 amounted to ₱1,351,608, ₱ 1,381,394 and ₱ 1,552,740, respectively (see Note 21).

The fair value of the Group's retirement plan assets as at December 31 consist of:

	2025	2024
Cash and cash equivalents	₱ 1,054,069	₱ 911,624
Government bonds and securities	1,120,615	393,679
	₱ 2,174,684	₱1,305,303

The Group's plan assets are managed by a trustee bank, which is authorized to determine how the funds are invested with the objective of obtaining optimal return. The fair value of the plan assets is measured using the market-to-market approach. The fair value of plan assets approximates their carrying amount as at December 31, 2025 and 2024.

The actual return on plan assets for the years ended December 31 is as follows:

	2025	2024
Interest income	₱ 103,939	₱ 54,235
Loss on plan assets, excluding amounts included in net interest cost	(15,102)	(25,336)
	₱ 88,837	₱ 28,899

The principal actuarial assumptions used as at December 31 are as follows:

	2025	2024
Discount rate	6.16%	6.13%
Salary rate increase	5.00%	5.00%

The discount rate as at December 31, 2025 and 2024 was based on the BVAL benchmark market yields on government bonds as of the valuation dates (or latest available) considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

The sensitivity of the defined benefit obligation (DBO) to changes in the weighted principal assumptions is as follows:

December 31, 2025	Impact on retirement benefits obligations		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	100 bps	Decrease by 4.6%	Increase by 5.0%
Salary increase rate	100 bps	Increase by 5.0%	Decrease by 4.7%
December 31, 2024	Impact on retirement benefits obligations		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	100 bps	Decrease by 3.9%	Increase by 4.0%
Salary increase rate	100 bps	Increase by 4.3%	Decrease by 4.0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized within the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Through its defined benefit retirement plan, the Group is exposed to a number of risks, the most significant of which are as follows:

- a) Asset volatility – The plan liabilities are calculated using a discount rate set with reference to government bonds, if plan assets underperformed this yield, this will create a deficit. Most of the assets of the plan are government bonds and securities.
- b) Changes in bond yield – A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans’ bond holdings.

The retirement plan trustee has no specific asset-liability matching strategies to manage risks between the plan assets and the plan liabilities.

The weighted average duration of the defined benefit obligation in years is 4.8 years and 4.1 years, in 2025 and 2024, respectively.

The Group does not expect any contributions to post-employment benefit plans for the year ending December 31, 2026.

Expected maturity analysis of undiscounted retirement benefits obligation:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
2025					
Retirement benefits obligation	₱ –	₱ 3,012,762	₱ 3,759,810	₱ 5,863,776	₱ 12,636,348
2024					
Retirement benefits obligation	₱ –	₱ 3,899,094	₱ 4,480,299	₱ 13,135,006	₱ 21,514,399

26. BUSINESS SEGMENT INFORMATION

The Group's operating business segments are organized and managed separately according to location of business activities. The Group's management monitors the operating result of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

However, financing which includes finance cost, impairment of assets and income taxes are managed on a group basis and are not allocated to operating segments.

The Group classifies business segments based on location of its real property projects as in the following geographical areas:

- Metro Manila – industrial park and condominium projects
- Bulacan – subdivision, mixed use
- Other Luzon Areas such as Cavite – subdivision development
- Cebu – subdivision, mixed use and condominium projects
- Iloilo – subdivision, mixed use and condominium projects
- Davao – administrative office

Geographically, management considers the performance in Metro Manila, Cebu, Bulacan, Iloilo and Davao. Deferred tax assets and retirement benefits obligation are not allocated to geographic segments.

The segment information is as follows:

December 31, 2025	Metro Manila	Cebu	Bulacan	Iloilo	Davao	Valenzuela	Total
Revenue							
Sales	₱ –	₱ 14,789,613	₱ 79,393,142	₱ 84,444,365	₱ –	₱ –	₱178,627,119
Cost of sales	–	7,126,187	43,847,064	38,399,406	–	–	89,372,657
Gross profit	–	7,663,425	35,546,078	46,044,959	–	–	89,254,462
Operating expenses							
Depreciation	3,149,626	413,839	310,983	132,749	–	–	4,007,197
Loss on cancelled contracts	–	2,669,558	1,051,244	11,265,838	–	–	14,986,640
Retirement benefits expense	1,351,608	–	–	–	–	–	1,351,608
Other expenses	53,701,892	9,493,163	6,915,663	11,632,051	151,118	2,119,903	84,013,790
	58,203,126	12,576,560	8,277,890	23,030,638	151,118	2,119,903	104,359,235
Segment income (loss) from operations	(58,203,126)	(4,913,135)	27,268,188	23,014,321	(151,118)	(2,119,903)	(15,104,773)
Other income (expenses)	24,436,704	3,635,265	1,505,575	(1,811,453)	412,625	2,916,301	31,095,017
Claim from expropriation case	–	–	–	348,588,778	–	–	348,588,778
Finance cost	15,256,833	43,093	57,226	2,969,576	–	–	18,326,728
Segment income (loss) before tax	(111,213,289)	(1,320,963)	28,716,537	366,822,070	261,507	796,398	284,062,260
Provision for income tax	97,607,051	–	–	–	–	–	97,607,051
Net income (loss) for the year	(₱208,820,340)	(₱ 1,320,963)	₱ 28,716,537	₱ 366,822,070	₱ 261,507	₱ 796,398	₱ 186,455,209
Segment assets	₱1,364,296,578	₱418,759,915	₱382,814,494	₱1,412,030,858	₱2,616,308	₱15,676,319	₱3,596,194,472
Investment in a subsidiary	–	–	–	–	–	–	–
Deferred tax assets	13,600,862	–	–	–	–	–	13,600,862
Total assets	₱1,377,897,440	₱418,759,915	₱382,814,494	₱1,412,030,858	₱2,616,308	₱15,676,319	₱3,609,795,334
Segment liabilities	(₱ 40,829,035)	₱145,038,228	₱239,408,836	₱ 276,287,418	₱ 775,491	₱ 7,518,260	₱ 628,199,198
Borrowings	131,134,510	–	–	70,782	–	–	131,205,292
Retirement benefits obligation	6,128,130	–	–	–	–	–	6,128,130
Total liabilities	₱ 96,433,605	₱145,038,228	₱239,408,836	₱276,358,200	₱775,491	₱7,518,260	₱ 765,532,620

December 31, 2024	Metro Manila	Cebu	Bulacan	Iloilo	Davao	Valenzuela	Total
Revenue							
Sales	₱ –	₱ 29,445,247	₱79,570,596	₱29,608,903	₱ –	₱ –	₱ 138,624,746
Cost of sales	–	(16,423,069)	(40,248,301)	(12,622,205)	–	–	(69,293,575)
Gross profit	–	13,022,178	39,322,295	16,986,698	–	–	69,331,171
Operating expenses							
Depreciation	4,128,193	449,445	329,692	315,375	–	–	5,222,705
Loss on cancelled contracts	–	11,225,422	5,015,650	8,291,581	–	–	24,532,653
Retirement benefits expense	1,381,394	–	–	–	–	–	1,381,394
Other expenses	46,501,114	9,863,154	7,748,288	11,244,318	167,926	1,257,171	76,781,971
	52,010,701	21,538,021	13,093,630	19,851,274	167,926	1,257,171	107,918,723
Segment income (loss) from operations	(52,010,701)	(8,515,843)	26,228,665	(2,864,576)	(167,926)	(1,257,171)	(38,587,552)
Other income (expenses)	12,295,201	2,839,215	1,113,695	(30,861,316)	526,490	4,566,117	(9,520,598)
Claim from expropriation case	–	–	–	158,481,601	–	–	158,481,601
Finance cost	15,127,257	66,819	86,948	23,552	–	–	15,304,576
Segment income (loss) before tax	(54,842,757)	(5,743,447)	27,255,412	124,732,157	358,564	3,308,946	95,068,875
Provision for income tax	32,203,303	–	–	–	–	–	32,203,303
Net income (loss) for the year	(₱87,046,060)	(₱5,743,447)	₱27,255,412	₱124,732,157	₱ 358,564	₱ 3,308,946	₱62,865,572
Segment assets	₱1,493,111,068	₱411,824,112	₱319,530,009	₱948,176,615	₱2,276,952	₱13,763,160	₱ 3,188,681,916
Deferred tax assets	20,657,521	–	–	–	–	–	20,657,521
Total assets	₱1,513,768,589	₱411,824,112	₱319,530,009	₱948,176,615	₱2,276,952	₱13,763,160	₱ 3,209,339,437
Segment liabilities	₱ 19,481,292	₱ 89,991,116	₱170,142,477	₱121,797,908	₱ 417,055	₱ 4,871,253	₱ 406,701,101
Borrowings	138,069,267	–	–	70,782	–	–	138,140,049
Retirement benefits obligation	7,912,561	–	–	–	–	–	7,912,561
Total liabilities	₱ 165,463,120	₱ 89,991,116	₱170,142,477	₱121,868,690	₱ 417,055	₱ 4,871,253	₱ 552,753,711

Although Davao and Valenzuela segments do not meet the quantitative thresholds required by PFRS 8 for reportable segments as at December 31, 2025 and 2024, management has concluded that this segment should be reported, as it is closely monitored for potential growth that would contribute to revenue in the future.

27. LEASE COMMITMENTS

The Group has various non-cancellable office space lease agreements which are renewable upon mutual agreement with lessors as follows:

Lessor	Lease period
Grand Union Supermarket	September 1, 2023 to September 4, 2026
Arjay Realty	August 1, 2023 to August 1, 2026
Eumarc Real Estate	July 1, 2020 to June 30, 2025

The Group recognized the assets as ‘right-of-use assets’ and corresponding lease liabilities

The present value of the lease liabilities as at December 31 is as follows:

	2025	2024
Current	₱654,334	₱1,129,815
Noncurrent	–	654,334
	₱ 654,334	₱1,784,149

The future minimum lease payments as at December 31 are as follows:

	2025	2024
Not later than one year	₱694,756	₱ 1,238,241
Later than one year but not later than five years	–	694,756
Future minimum lease payments	694,756	1,932,997
Amounts representing finance charges	(40,422)	(148,848)
	₱ 654,334	₱ 1,784,149

The net carrying amount of the right-of-use assets recognized as at December 31, 2025 and 2024 is disclosed in Note 10.

Total finance costs charged to operations amounted to ₱108,426, ₱ 177,320 and ₱144,198 for the years ended December 31, 2025, 2024 and 2023 respectively (see Note 22).

The Group has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for the lease of printers as these are for short-term leases and of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

Total rental expense for the lease of printers and billboard space amounted to ₱607,152, ₱302,893 and ₱261,573, for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).

28. CLAIM FROM EXPROPRIATION CASE

In 2006, portions of the Group's and Pacific Rehouse Corporation's (PRC) properties, including Chateaux Geneva, were expropriated by the government for the Iloilo Flood Control Project of the Department of Public Works and Highways (DPWH). Initial payments totaling ₱188.31 million were received in 2006 and 2007, and shared between the Group and PRC. In 2007, a second expropriation case was filed involving additional adjacent properties.

The Group and PRC filed a total claim for just compensation amounting to ₱2.60 billion. After a series of court proceedings, the Supreme Court issued a final decision in February 2022 affirming the rulings of the lower courts, with modifications on the applicable legal interest. The decision became final and executory in October 2022, and a Writ of Execution was issued in February 2023. Enforcement actions, including garnishment, were initiated but remained pending. The Regional Trial Court also directed that the claims be submitted to the Commission on Audit.

On August 18, 2023, the Group and PRC entered into an agreement for the allocation of proceeds from the expropriation claim, with PRC to be prioritized. On July 4, 2024, the Group received partial collections of its share in the claim amounting to ₱193.53 million, net of VAT. The Group received partial collections of its share in the claim totaling ₱394.08 million, representing ₱197.04 million collected on January 16, 2025 and ₱197.04 million on March 10, 2025, net of VAT.

The details of the net claims from expropriation case is as follows:

	2025	2024
Collection from expropriation case	₱351,864,866	₱ 193,526,106
Costs	(3,276,088)	(35,044,505)
Net claims from expropriation case	₱348,588,778	₱ 158,481,601

Costs include the cost of the land, and other related expenses such as legal fees and other costs directly attributable to the expropriated properties.

29. EARNINGS PER SHARE

The following table presents information necessary to calculate the earnings per share:

	2025	2024	2023
Net income	₱ 186,455,209	₱ 62,865,572	₱ 58,471,714
Weighted average number of common shares outstanding during the year	2,891,099,660	2,891,099,660	2,891,058,035
Earnings per share	₱0.064	₱0.022	₱ 0.020

30. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors (BOD) is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It has also the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

The Group is exposed to a variety of financial risks, which result from both its operating and investing activities. The Group's principal financial instruments consist of cash in banks, trade and other receivables, financial assets at FVOCI, advances to and from related parties, refundable deposits, accounts payable and other liabilities, borrowings, lease liabilities and, retention payable and refundable bonds. The main purpose of these financial instruments is to raise finance for the Group's operations.

Financial risk management by the Group is coordinated with its BOD, in close cooperation with the local management. The Group's policies and guidelines cover credit risk and liquidity risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's results and financial position. The Group actively measures, monitors, and manages its financial risk exposure by various functions pursuant to the segregation of duties principles.

The Group forms a framework of guidelines and regulations for the management of financial risks, which result from its operating activities.

The most significant financial risks to which the Group is exposed to are described below.

Credit risk

Credit risk is the risk that the Group will incur a loss from customers or counterparties that fail to discharge their contractual obligations. The Group manages credit risk by setting limits on the amount of risk the Group is willing to accept from counterparties and by monitoring exposures in relation to such limits.

The Group's credit risks are primarily attributable to financial assets, especially on installment contract receivables. To manage credit risks, the Group maintains defined credit policies and monitors on a continuous basis its exposure to credit risks. Given the Group's diverse base of counterparties, it is not exposed to a large concentration of credit risk.

Credit risk arises from cash in banks, trade and other receivables, contract assets, advances to related parties (net) and refundable deposit lodged in "Other noncurrent assets".

The Group's current credit risk grading framework is as follows:

Category	Description	Basis for recognizing ECL	Base	Minimum allowance for credit losses	Stage
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECL	0%	0%	1
Doubtful	Amount is 1-30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired	25%	1%	2
	Amount is 31-90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – not credit-impaired	25%	5%	2
	Amount is 91-180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – not credit-impaired	25%	10%	2

	Amount is 181-360 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – not credit-impaired	25%	25%	2
In default	Amount is over 1 year to 2 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	50%	25%	3
	Amount is over 2 year to 3 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	100%	25%	3
	Amount is over 3 year to 5 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	100%	50%	3
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	100%	100%	3

The maximum credit risk exposure of the financial assets is the carrying amount of the financial assets shown in the Group's consolidated statements of financial position, as summarized below:

December 31, 2025					
		Basis of recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in banks – note 4	(a)		₱ 17,291,903	₱ –	₱ 17,291,903
Trade and other receivables – note 5	(b)	Simplified approach	178,036,912	(4,263,038)	173,773,874
Contract assets	(b)	Simplified approach	207,891,333	–	207,891,333
Advances to related parties – note 23	(c)	General approach	1,124,471,914	(40,622,812)	1,083,849,102
Refundable deposits classified as “Other noncurrent assets” – note 11	(d)		11,494,150	–	11,494,150
Total			₱1,539,186,212	₱44,885,850	₱1,494,300,362

December 31, 2024					
		Basis of recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in banks – note 4	(a)		₱ 28,060,037	₱ –	₱ 28,060,037
Trade and other receivables – note 5	(b)	Simplified approach	256,927,724	(5,235,969)	251,691,755
Contract assets	(b)	Simplified approach	108,687,214	–	108,687,214
Advances to related parties – note 23	(c)	General approach	779,166,367	(40,622,812)	738,543,555
Refundable deposits classified as “Other noncurrent assets” – note 11	(d)		11,733,710	–	11,733,710
Total			₱1,184,575,052	(₱45,858,781)	₱1,138,716,271

The credit quality of the Group's financial assets is discussed below:

(a) Cash in banks

The credit risk for cash in banks is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of ₱1,000,000 for every depositor per banking institution.

(b) Trade and other receivables and contract assets

Credit risk from installment contract receivables and contract assets are managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes credit review procedures for certain installment payment structures. The Group's stringent customer requirements and policies in place contribute to lower customer default. Customer payments are facilitated through various collection modes including the use of post-dated checks and direct bank deposit arrangements. Exposure to bad debts is not significant and the requirement for remedial procedures is minimal given the profile of buyers.

In addition, the Group has the right to forfeit all payments made by the customer including the real estate properties sold upon default subject to the terms of the contract. The Group has the liberty to dispose of forfeited real estate properties subject to terms of the contract.

Furthermore, the credit risk for installment contracts receivable and contract assets are mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject house in case of refusal by the buyer to pay on time the due installment contracts receivable. The risk is further mitigated because the corresponding title to subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

In respect to other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

(c) Advances to related parties

For advances to related parties, the Group has applied the general approach to measure the loss allowance using management's adopted policy on ECL. The Group determines the ECL on these items by using historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Group is pursuing cash collection of advances to related parties. In addition, the Group has entered into various arrangements with related parties to secure payment of receivables such as execution of PN on real estate mortgage. In the event the related parties are not in position to pay in cash, collection shall be effected by way of transfer of properties that have been identified and are strategically located in Metro Manila, Cebu, Iloilo, Bulacan and Davao.

(d) Refundable deposits

The Group ensures compliance with the terms and conditions of the contract necessary for the refund of utilities and other deposits.

The aging of trade and others receivables are as follows:

	2025	2024
Performing	₱168,278,631	₱ 244,606,679
Doubtful		
1-30 days	48,327	59,699
31-90 days	55,455	145,679
91-180 days	24,557	367,355
181-360 days	68,929	42,458
In default		
1-2 years	88,774	914,782
2-3 years	4,273,628	2,307,875
3-5 years	5,198,611	7,904,703
Write-off	-	578,494
	₱178,036,912	₱ 256,927,724

Liquidity risk

To cover the Group's financing requirements, financial readiness is maintained in the form of centrally available liquid fund and committed credit facilities extended by banks in the form of loans and rediscounting of receivables. As part of the Group's liquidity program, a regular monitoring of financial ratios is being done. Regular analysis shows that these financial ratios indicate positive liquidity condition.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payment for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

As at December 31, 2025 and 2024, the Group's financial liabilities have contractual maturities (with accounts payable and other liabilities exclude deferred output VAT and other taxes payable) which are presented below:

December 31, 2025	Maturing in			Total
	On Demand	Within 1 year	1 to 5 years	
Accounts payable and other liabilities*	₱194,089,253	₱ -	₱ -	₱194,089,253
Contract liabilities	-	138,750,380	-	138,750,380
Borrowings	-	103,293,919	27,911,373	131,205,292
Lease liabilities	-	654,334	-	654,334
Advances from related parties	-	-	5,829,852	5,829,852
Retention payable and guarantee bonds	-	-	40,869,753	40,869,753
	₱194,089,253	₱242,698,633	₱ 74,610,978	₱511,398,864

*excluding government liabilities

December 31, 2024	On Demand	Maturing in		Total
		Within 1 year	1 to 5 years	
Accounts payable and other liabilities*	₱134,685,321	₱ –	₱ –	₱134,685,321
Contract liabilities	–	79,301,353	–	79,301,353
Borrowings	–	108,235,784	29,904,265	138,140,049
Lease liabilities	–	1,129,815	654,334	1,784,149
Advances from related parties	–	–	5,853,030	5,853,030
Retention payable and guarantee bonds	–	–	35,633,789	35,633,789
	₱134,685,321	₱188,666,952	₱ 72,045,418	₱395,397,691

*excluding government liabilities

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting dates.

Market risk

Market risk is the risk of loss of future earnings or future cash flows arising from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchanges rates and other market changes. Market prices comprise three types of risk: Interest rate risk, equity price risk and other price risk such as equity risk. The Group's market risk is manageable within conservative bounds. As at December 31, 2025 and 2024, the Group has unquoted shares of stock classified as FVOCI.

Equity price risk

Equity price risk is the risk that the fair value of equity instrument decreases as a result of changes in the value of individual stocks. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments. The Group's financial asset at FVOCI has no significant price risk since it has no quoted price in an active market.

Equity instruments designated at FVOCI in listed and non-listed companies are held for strategic rather than trading purposes. The Group does not actively trade these investments.

If the price of financial asset at FVOCI had been 10% higher/lower, other comprehensive income for the years ended December 31, 2025 and 2024 would decrease/increase by ₱2,771,762.

Interest rate risk

Interest rate risk is the risk to earnings or capital resulting from adverse movements in the interest rates. The economic perspective of interest rate risk focuses on the value of a bank in the current interest rate environment and the sensitivity of that value to changes in interest rates.

To assure a fair margin of profitability, the Group keeps a reasonable spread between interest rate on installment contracts receivables and interest rates on borrowings. Fluctuation in interest rates has no material effect on Group's sales since the rates are fixed and predetermined at the inception of the contract.

The Group's policy is to minimize interest rate cash flow risk exposure on long-term financing. Long-term borrowings are therefore usually at fixed rates. As at December 31, 2025 and 2024, the Group is exposed to market interest rates through its borrowings and cash, installment contract receivables, and advances to related parties which are subject to fixed interest rates.

The terms and maturity profile of the interest-bearing financial assets and liabilities, together with their corresponding carrying amounts are shown in the following table:

December 31, 2025	Interest Rate	Interest Terms	Within 1 year	Within 1 to 7 years	Total
Financial assets					
Cash in banks	0.125% to 0.25%	Fixed at the date of investment	₱ 17,291,903	₱ –	₱ 17,291,903
Installment contract receivables, gross	12% to 19%	Fixed at the date of sale	160,064,496	–	160,064,496
Advances to related parties, gross	2%	Fixed based on PN renewed in 2021 -note 23	675,906,030	448,565,884	1,124,471,914
			₱853,262,429	₱448,565,884	₱1,301,828,313
Financial liability					
Borrowings (excluding non-interest bearing borrowings)	9.25% to 15%	Fixed based on PN issuance	₱ 103,293,919	₱27,911,373	₱ 131,205,292
December 31, 2024	Interest Rate	Interest Terms	Within 1 year	Within 1 to 7 years	Total
Financial assets					
Cash in banks	0.125% to 0.25%	Fixed at the date of investment	₱ 28,060,037	₱ –	₱ 28,060,037
Installment contract receivables, gross	12% to 19%	Fixed at the date of sale	234,421,629	–	234,421,629
Advances to related parties, gross	2%	Fixed based on PN renewed in 2021 -note 23	164,395,842	614,770,525	779,166,367
			₱426,877,508	₱614,770,525	₱1,041,648,033
Financial liability					
Borrowings (excluding non-interest bearing borrowings)	9.25% to 15%	Fixed based on PN issuance	₱108,235,784	₱29,904,265	₱ 138,140,049

The following demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variable held constant, of the Group's income before income tax:

	2025		2024		
Change in interest rate	Effect on income before tax	Effect on equity	Change in interest rate	Effect on income before tax	Effect on equity
+0.5%	₱5,853,115	₱4,389,836	+0.5%	₱4,517,540	₱ 3,388,155
-0.5%	(₱5,853,115)	(₱4,389,836)	-0.5%	(₱4,517,540)	(₱3,388,155)

31. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern; and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group defines capital as share capital and deficit for the purpose of capital management.

The Group regards and monitors as its capital the carrying amount of equity as presented in the Group's consolidated statements of financial position amounting to ₱2,844,262,714 and ₱2,656,585,726 as at December 31, 2025 and 2024, respectively.

The Group's goal in capital management is to maintain a minimum debt-to-equity structure ratio of 0.20:1 to 0.30:1 on a monthly basis as follows:

	2025	2024
Total liabilities	₱ 765,532,620	₱ 552,753,711
Total equity	2,844,262,714	2,656,585,726
	0.27:1.00	0.21:1.00

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group is not subject to any externally imposed capital requirements.

32. FAIR VALUE ESTIMATION

Assets measured at fair value

The following table gives information about how the fair values of the Group's assets, which are measured at fair value at the end of each reporting period, are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at December 31		Fair value hierarchy	Valuation techniques
	2025	2024		
Financial assets at FVOCI				
Unquoted	₱27,717,623	₱27,717,623	Level 3	Adjusted net asset method

Assets and liabilities not measured at fair value

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

December 31, 2025	Carrying value	Fair value	Fair value hierarchy	Valuation technique
Financial assets				
Investment property	₱ 162,394	₱ 180,637,600	Level 2	(a)
Advances to related parties	1,083,849,102	1,039,245,482	Level 2	(b)
Refundable deposits	11,494,150	10,942,735	Level 2	(c)
	₱1,095,505,646	₱1,230,825,817		
Financial liabilities				
Advances from related parties	₱ 5,829,852	₱ 5,250,568	Level 2	(b)
Borrowings	131,205,292	128,431,873	Level 2	(d)
Retention payable and guarantee bonds	40,869,753	36,808,722	Level 2	(c)
Lease liabilities	654,334	654,334	Level 2	(d)
	₱178,559,231	₱171,145,497		
December 31, 2024	Carrying value	Fair value	Fair value hierarchy	Valuation technique
Financial assets				
Investment property	₱ 162,394	₱ 180,637,600	Level 2	(a)
Advances to related parties	738,543,555	716,248,700	Level 2	(b)
Refundable deposits	11,733,710	11,067,387	Level 2	(c)
	₱ 750,439,659	₱907,953,687		
Financial liabilities				
Advances from related parties	₱ 5,853,030	₱ 5,625,750	Level 2	(b)
Borrowings	138,140,049	134,834,712	Level 2	(d)
Retention payable and guarantee bonds	35,633,789	31,695,165	Level 2	(c)
Lease liabilities	1,784,149	1,711,825	Level 2	(d)
	₱ 181,411,017	₱173,867,452		

The fair values of cash in banks and, trade and other receivables, accounts payable and other liabilities (excluding government liabilities) approximate their carrying amounts as at reporting dates.

Fair value estimation

- (a) The fair value was determined by reference to zonal values of real properties located in each zone or area upon consultation with competent appraisers both public and private sector.
- (b) The fair value of advances to related parties and advances from related parties is determined based on discounted value using the applicable rate of 2% in 2025 and 2024.
- (c) The fair value of refundable deposits, and retention payable and guarantee bonds is determined based on discounted value using the applicable rate of 5.04% to 5.38% in 2025 and 6.05% to 6.18% in 2024.

- (d) The fair value of interest-bearing fixed rate loans is based on the discounted value of expected future cash flows using the applicable interest rates for similar types of loans. Discount rates used of 5.04% in 2025 and 6.18% in 2024.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The reconciliation about the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes are as follows:

	Balance as at January 1, 2025	Changes from financing cash flows	Balance as at December 31, 2025
Borrowings	₱138,140,049	(₱ 6,934,757)	₱131,205,292
Advances from related parties	5,853,030	(23,178)	5,829,852
Lease liabilities	1,784,149	(1,129,815)	654,334
	₱145,777,228	(₱8,087,750)	₱ 137,689,478

	Balance as at January 1, 2024	Changes from financing cash flows	Balance as at December 31, 2024
Borrowings	₱123,073,265	₱ 15,066,784	₱138,140,049
Advances from related parties	99,910,839	(94,057,809)	5,853,030
Lease liabilities	2,954,306	(1,170,157)	1,784,149
	₱225,938,410	(₱80,161,182)	₱145,777,228

34. RECLASSIFICATION OF ACCOUNTS

Certain accounts in 2024 consolidated financial statements were reclassified to conform to the current year presentation.

* * *

Components of Financial Soundness Indicators

To the Board of Directors and Stockholders of
PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
35th Floor, One Corporate Center
Doña Julia Vargas Ave., corner Meralco Avenue
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of **Philippine Estates Corporation and Subsidiary** (the ‘Group’) as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 24, 2026. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, is the responsibility of the Group’s management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the consolidated financial statements as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

DIAZ MURILLO DALUPAN AND COMPANY

Tax Identification No. 003-294-822

BOA/PRC No. 0234, effective until June 23, 2026

SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022 and
valid in the audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001911-000-2025, effective until March 11, 2028

By:


Richard Noel M. Ponce
Partner

CPA Certificate No. 120457

SEC Accreditation No. 1738-A, Group A, issued on March 31, 2022 and
valid in the audit of 2021 to 2025 financial statements

Tax Identification No. 257-600-228

PTR No. 10771458, January 11, 2026, Makati City

BIR Accreditation No. 08-001911-006-2025, effective until October 10, 2028

April 24, 2026

Global Reach, Global Quality

Head Office : 7th Floor, Don Jacinto Building, De la Rosa corner Salcedo Sts., Legaspi Village, Makati City 1229 Philippines • Phone: +63(2) 894 5892 / 844 9421 / Fax: +63(2) 818 1872
Cebu Office : Unit 504 Cebu Holdings Building, Cebu Business Park, Mabolo, Cebu City 6000 Philippines • Phone: +63(32) 415 8108 - 10 / Fax: +63(32) 232 8029
Davao Office : 3rd Floor Building B Plaza De Luisa, Ramon Magsaysay Avenue, Davao City 8000 Philippines • Phone/Fax: +63(82) 222 6636
Palawan Office : 2F MRC Building, Pineda Road, Brgy. San Pedro, Puerto Princesa City, Palawan 5300 Philippines • Phone +63(48) 716 1580
Website : www.dmdcpa.com.ph

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
SCHEDULE SHOWING FINANCIAL SOUNDNESS
PURSUANT TO REVISED SRC RULE 68
DECEMBER 31, 2025

Ratio	Formula	2025	2024
Profitability ratios: Return on assets	Net income	₱ 186,455,209	₱ 62,865,572
	Divided by: Total assets	3,609,795,334	3,209,339,436
	Return on assets	0.05:1	0.02:1
Return on equity	Net income	₱ 186,455,209	₱ 62,865,572
	Divided by: Total equity	2,844,262,714	2,656,585,725
	Return on equity	0.07:1	0.02:1
Net profit margin	Net income	₱ 186,455,209	₱ 62,865,572
	Divided by: Total revenue	178,627,119	138,624,746
	Net profit margin	1.04:1	0.45:1
Gross profit margin	Total revenue	₱ 178,627,119	₱ 138,624,746
	Less: Cost of real estate sold	89,372,657	69,293,575
	Gross profit	89,254,462	69,331,171
	Divided by: Total revenue	178,627,119	138,624,746
	Gross profit margin	0.50:1	0.50:1
Solvency and liquidity ratios: Current ratio	Current assets	₱3,081,449,220	₱2,545,186,023
	Divided by: Current liabilities	531,795,266	369,598,811
	Current ratio	5.79::1	6.89:1
Debt to equity ratio	Total liabilities	₱ 765,532,620	₱ 552,753,711
	Divided by: Total shareholder's equity	2,844,262,714	2,656,585,725
	Debt to equity ratio	0.27:1	0.21:1
Quick ratio	Quick assets*	₱ 826,655,550	₱ 444,754,080
	Divided by: Current liabilities	531,795,266	369,598,811
	Quick ratio	1.55:1	1.20:1
Cashflow liquidity ratio	Cashflow from operations	₱347,721,268	₱218,086,134
	Divided by: Current liabilities	531,795,266	369,598,811
	Cashflow liquidity ratio	65.39%	59.01%

Financial leverage ratio Asset to equity ratio	Total assets	₱3,609,795,334	₱3,209,339,437
	Divided by: Total shareholder's equity	2,844,262,714	2,656,585,726
	Asset to equity ratio	1.27:1	1.21:1
Debt to asset ratio	Total liabilities	₱ 765,532,620	₱ 552,753,711
	Divided by: Total assets	3,609,795,334	3,209,339,437
	Debt to asset ratio	0.21:1	0.17:1
Interest rate coverage ratio	Earnings before interest and tax	₱ 302,388,988	₱ 110,373,451
	Divided by: Interest expense	18,326,728	15,304,576
	Interest rate coverage ratio	16.50:1	7.21:1

**Includes Cash and Current Receivables*

**Statement Required by Rule 68, Part I, Section 5,
Revised Securities Regulation Code (SRC)**

To the Board of Directors and Stockholders of
PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
35th Floor, One Corporate Center
Doña Julia Vargas Ave., corner Meralco Avenue
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of **Philippine Estates Corporation and Subsidiary** (the ‘Group’) as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 24, 2026. The supplementary information shown in the *List of Supplementary Information* as additional component required by Rule 68, Part I, Section 5 of the Revised Securities Regulation Code, is presented for the purpose of filing with the Securities and Exchange Commission and is not a required part of basic consolidated financial statements. Such information is the responsibility of management and has been subjected to auditing procedures applied in the audit of basic consolidated financial statements. In our opinion, the information has been prepared in accordance with Rule 68 of the Revised Securities Regulation Code.

DIAZ MURILLO DALUPAN AND COMPANY

Tax Identification No. 003-294-822


BOA/PRC No. 0234, effective until June 23, 2026

SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022 and

valid in the audit of 2021 to 2025 financial statements of SEC covered institutions

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By:


Richard Noel M. Ponce
Partner

CPA Certificate No. 120457

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Website : www.dmdcpa.com.ph

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY

List of Supplementary Information

DECEMBER 31, 2025

SEC Supplementary Schedule as Required by the Revised SRC Rule 68

- A. Financial Asset at Fair Value through Other Comprehensive Income (FVOCI)
- B. Amounts Receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
- C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
- D. Long-Term Debt
- E. Indebtedness of Related Parties
- F. Guarantees of Securities of Other Issuers
- G. Capital Stock

Other Required Information

Reconciliation of Retained Earnings Available for Dividend Declaration

Map showing the Relationship between the Company and its Related Entities

Supplementary Schedule of External Auditor Fee-Related Information

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
Schedule A. Financial Asset at Fair Value through Other Comprehensive Income (FVOCI)
December 31, 2025

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the Statement of Financial Position	Valued based on market quotation at balance sheet date	Income received and accrued
Financial assets at FVOCI				
Waterfront Manila Premier Development, Inc.	500,000	₱50,000,000	₱27,717,623	₱ —

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
Schedule B – Amounts Receivable from Directors, Officers, Employees,
Related Parties and Principal Stockholders (Other Than Related Parties)
December 31, 2025

Name and designation of debtor	Balance at beginning of period	Additional	Accrual of Interest	Amounts collected (applied)	Amounts written-off	Current	Non-Current	Balance at end of period
Instalment contract receivable								
International Polymer Corp.	₱4,340,519	₱ –	₱ –	₱ –	₱ –	₱4,340,519	₱ –	₱ 4,340,519
Advances to employees <i>(under Trade and other receivables)</i>	2,354,032	–	–	(1,519,332)	–	834,700	–	834,700
Plastic City Corp.	210,387,928	493,868	4,115,570	–	–	–	214,997,366	214,997,366
Kennex Container Corp.	38,875,126	91,256	760,468	–	–	–	39,726,850	39,726,850
Orient Pacific Corp.	36,408,739	64,124	534,370	–	–	–	37,007,233	37,007,233
Noble Arch Realty and Construction Pacific Wide Realtys and Development Corp	5,464,508	61,101	105,144	–	–	–	5,630,753	5,630,753
Pacific Rehouse Corporation	–	269,875	–	–	–	269,875	–	269,875
Metro Alliance Holdings and Equities Corporation	2,083,519	336,565,779	–	–	–	338,649,298	–	338,649,298
Westland Pacific Properties Corp	292,456,385	631,201	5,260,007	–	–	298,347,593	–	298,347,593
The Wellex Group, Inc	46,737,519	107,358	894,646	–	–	–	47,739,523	47,739,523
	146,752,643	251,869	2,098,911	(7,000,000)	–	–	142,103,423	142,103,423
	₱785,860,918	₱338,536,431	₱13,769,116	(₱8,519,332)	₱ –	₱642,441,985	₱487,205,148	₱1,129,647,133

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statement
December 31, 2025

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-Current	Balance at end of period
Subsidiary Mariano Arroyo Development Corporation	₱ 311,430	₱ 8,461	₱ –	₱ –	₱ 319,891	₱ –	₱ 319,891

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
Schedule D – Long Term Debt
December 31, 2025

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long term debt" in related statement of financial position	Amount shown under caption "Long-term debt" in the related statement of financial position
Loan payable	Not Applicable	₱ 103,293,919	₱ 27,911,373

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
Schedule E – Indebtedness to Related Parties (Long Term Loans
From Related Companies)
December 31, 2025

Name of related party	Balance at beginning of period	Balance at end of period
Affiliates		
Inland Container Corporation	₱ 500,000	₱ 500,000
Manila Pavilion	166,530	–
Pacific Plastic Corporation	1,500,000	1,500,000
Stockholders		
International Polymer Corp.	3,686,500	3,829,852
	₱ 5,853,030	₱ 5,829,852

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
Schedule F – Guarantees of Securities of Other Issuers
December 31, 2025

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
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Not Applicable

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
Schedule G – Capital Stock
December 31, 2025

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares reversed for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	5,000,000,000	2,891,099,660	–	2,122,420,520	2,966,400	765,712,740

Reconciliation of Retained Earnings Available for Dividend Declaration

For the reporting ended December 31, 2025

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY

35th Floor, One Corporate Center, Doña Julia Vargas Ave., cor. Meralco Ave., Ortigas Center, Pasig City,
Philippines

Unappropriated Retained Earnings, beginning of reporting period	₱	—
Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	—	
Effect of restatements or prior-period adjustments	—	
Others	—	—
		<hr/>
Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	—	
Retained Earnings appropriated during the reporting period	—	
Effect of restatements or prior-period adjustments	—	
Others	—	—
		<hr/>
Unappropriated Retained Earnings, as adjusted		—
Add/Less: Net Income (loss) for the current year		—
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	—	
Unrealized fair value adjustment (mark-to-market gains) to financial instruments at fair value through profit or loss (FVTPL)	—	
Unrealized fair value gain of Investment Property	—	
Other realized gains or adjustments to the retained earnings as a Result of certain transactions accounted for under the PFRS	—	
Sub-total		<hr/> <hr/>
Add: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	—	
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—	
Realized fair value gain of Investment Property	—	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	
Sub-total		<hr/> <hr/>

Add: Category C.3: Unrealized income recognized in profit or loss in Prior periods but reversed in the current reporting period (net of tax)

Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	—
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Reversal of previously recorded fair value gain of Investment Property	—
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	—
Sub-total	—

Adjusted Net Income/Loss

Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)

Depreciation on revaluation increment (after tax)	—
Sub-total	—

Add/Less: Category E: Adjustments related to relief granted by the SEC And BSP

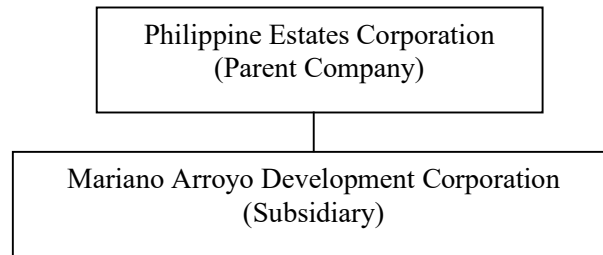
Amortization of the effect of reporting relief	—
Total amount of reporting relief granted during the year	—
Others	—
Sub-total	—

Add/Less: Category F: Other items that should be excluded from the Determination of the amount of available for dividends distribution

Net movement of treasury shares (except for reacquisition of redeemable shares)	—
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	—
Net movement in deferred tax asset and deferred tax liabilities	—
Related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	—
Adjustment due to deviation from PFRS/GAAP – gain (loss)	—
Others	—
Sub-total	—

Total Retained Earnings, end of the reporting period available for dividend	₱	—
--	----------	----------

PHILIPPINE ESTATES CORPORATION AND CONSOLIDATED SUBSIDIARY
Map of Conglomerate or Group of Companies within which the Company Belongs
December 31, 2025



PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
Supplementary Schedule of External Auditor Fee-Related Information
December 31, 2025

	2025	2024
Total Audit Fees	₱ 693,000	₱ 660,000
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Non-audit Fees	—	—
Total Audit and Non-audit Fees	₱ 693,000	₱ 660,000

Audit and Non-audit fees of other related entities

	2025	2024
Audit Fees (Subsidiaries)	₱—	₱—
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Audit and Non-audit Fees of other related entities	₱—	₱—



Phes Finance <phesfinance@gmail.com>

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Wed, Apr 29, 2026 at 7:02 PM

To: PHILESTATES96@gmail.com

Cc: PHESFINANCE@gmail.com

Hi PHILIPPINE ESTATES CORPORATION,

Valid files

- EAFS000263366TCRTY122025-84.pdf
- EAFS000263366RPTY122025.pdf
- EAFS000263366ITRTY122025.pdf
- EAFS000263366TCRTY122025-79.pdf
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- <None>

Transaction Code: **AFS-0-BGBBDHH0C9CJ9EG6NT4WP3QZ08BGJGA87**Submission Date/Time: **Apr 29, 2026 07:02 PM**Company TIN: **000-263-366**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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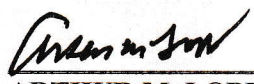


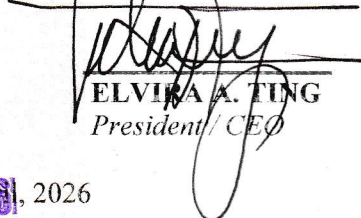
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

The Management of **PHILIPPINE ESTATES CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited to, the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, Management affirms that the attached audited financial statements for the year ended December 31, 2025 and the accompanying Annual Income Tax Return are in accordance with the books and records of **PHILIPPINE ESTATES CORPORATION** is complete and correct in all material respects. Management likewise affirms that:

- (a) The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) **PHILIPPINE ESTATES CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.


ARTHUR M. LOPEZ
Chairman of the Board


ELVIRA A. TING
President / CEO


RICHARD L. RICARDO
Treasurer

Signed this APR 24 2026 day of April, 2026

APR 24 2026 **PASIG CITY**

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2026 affiants exhibited to me their respective competent evidences of identity as follows:

Name	Tax Identification Number	Issuer
Arthur M. Lopez	050-181-980-515	Bureau of Internal Revenue
Elvira A. Ting	117-922-153-000	Bureau of Internal Revenue
Richard L. Ricardo	140-857-860-000	Bureau of Internal Revenue

FERDINAND D. AYAHAO
Notary Public

Doc No. 286
 Page No. 19
 Book No. 34
 Series of 2026

For and in Pasig City and the Municipality of Pateros
 Commission No. 122 (2026-2027) valid until 12/31/2027
 MCLB Exemption No. VII-DEP003234, until 04/14/28
 Roll No. 46377; PRR LRN 02458; OR 02588
 TIR 25-011-785; PIR 4018763AA; 01/09/26; Pasig City
 www.phes.com.ph
 Ortigas Center, Pasig City, NCR, 1605 Philippines

Statement Required by Section 8-A, Revenue Regulations No. V-1

To the Board of Directors and Stockholders of
PHILIPPINE ESTATES CORPORATION
35th Floor, One Corporate Center
Doña Julia Vargas Ave., corner Meralco Ave.
Ortigas Center, Pasig City

None of the partners in this firm have any financial interest in the Parent Company or any family relationships with its president, directors or principal stockholders.

The supplementary information on taxes and licenses is presented in Note 35 to the Parent Company financial statements.

DIAZ MURILLO DALUPAN AND COMPANY


Tax Identification No. 003-294-822

BOA/PRC No. 0234, effective until June 23, 2026

SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022 and
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By:


Richard Noel M. Ponce
Partner

CPA Certificate No. 120457

SEC Accreditation No. 1738-A, Group A, issued on March 31, 2022 and
valid in the audit of 2021 to 2025 financial statements

Tax Identification No. 257-600-228

PTR No. 10771458, January 11, 2026, Makati City

BIR Accreditation No. 08-001911-006-2025, effective until October 10, 2028

April 24, 2026

Global Reach, Global Quality

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Philippine Estates Corporation

Financial Statements
December 31, 2025 and 2024

and

Independent Auditors' Report

Independent Auditors' Report

To the Board of Directors and Stockholders of
PHILIPPINE ESTATES CORPORATION
35th Floor, One Corporate Center
Doña Julia Vargas Ave., corner Meralco Ave.
Ortigas Center, Pasig City

Report on the Audits of Parent Company Financial Statements

Opinion

We have audited the Parent Company financial statements of **Philippine Estates Corporation** (the 'Parent Company'), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to Parent Company financial statements, including material accounting policy information.

In our opinion, the accompanying Parent Company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2025, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Parent Company's Financial Statements* section of our report. We are independent of the Parent Company in accordance with Code of Ethics for Professional Accountants in the Philippines (the 'Code of Ethics'), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the financial statements of public interest entities in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 24 of the financial statements, which describes the management's position regarding the tax treatment for the claim received due to the expropriation of certain properties. Management is in the process of assessing the need for further tax rulings or clarification from the Bureau of Internal Revenue (BIR) to determine the proper tax treatment of the claim received. The outcome of this assessment could have a material impact on the Parent Company's tax liabilities and financial statements, pending final guidance from the BIR. Our opinion is not modified in respect of this matter.

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Website : www.dmdcpa.com.ph

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audits of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described in the succeeding pages to be the key audit matters to be communicated in our report.

Revenue Recognition and Realization of Gross Profit

The Parent Company's revenue recognition process, policies and procedures requires management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Parent Company's revenue from sale of real estate inventories is recognized based on percentage-of-completion and are measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project. However, for income tax computation purposes, the realized gross profit is computed based on collections.

Our Response

Our audit procedures to address the risk of material misstatement relating to revenue recognition, which was considered to be a significant risk, included:

- Evaluating the revenue recognition policy and assessing its compliance with PFRS Accounting Standards;
- Testing selected real estate sale transactions to assess whether revenue was recognized in accordance with the stated policies and applicable standards;
- Reviewing and testing management's estimates of total project costs and actual costs incurred, including the reasonableness of assumptions and any cost revisions;
- Assessing the reliability of the stage of completion computation, including review of project progress reports and third-party certifications, where applicable;
- Evaluating the collectibility of contract receivables for selected projects;
- Reviewing the reconciliation between accounting gross profit and realized gross profit reported for tax purposes;
- Assessing the adequacy of disclosures related to revenue recognition, estimation uncertainty, and the tax treatment of realized profit.
- Performed site visits for sample of properties (focused primarily on projects under development stage) to assessed the stage of completion.

The Parent Company's disclosures about its sales, cost of sales as well as the contract assets and liabilities are included in Notes 16, 18, and 19.

Recognition of Claim from Expropriation Case

The Parent Company received proceeds related to the expropriation of certain inventories. A portion of this pertains to a legal claim for additional compensation, which was settled in 2025 and 2024 following a favorable Supreme Court ruling. The recognition of this claim requires significant judgment regarding its treatment in the financial statements, as well as its tax implications. We focused on the accounting for the claim in relation to its impact on the financial position and the timing of tax recognition.

Our Response

- Reviewed the legal documentation and evaluated the appropriateness of the accounting treatment applied by the Parent Company, including the recognition of deferred tax liabilities.
- Assessed management's disclosure on the potential tax implications and the appropriateness of recognizing provisions under PAS 37 – Provisions, Contingent Liabilities, and Contingent Assets, in relation to the redevelopment project.

Reasonableness of the Assumptions and Estimates Used in Determining Fair value of Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

The Parent Company's assumptions used in determining the fair value of unquoted equity investments under financial assets at FVOCI are significant to our audit due to high degree of management judgment and estimation involved. The management applies unobservable inputs that require measuring the fair values of these recognized and unrecognized assets and liabilities in the investee's statement of financial position. This includes consideration of investee's liquidity position as well as other relevant facts and circumstances.

As at December 31, 2025 and 2024 the fair value of unquoted equity investments amounted to ₱27,717,623.

Our Response

Our audit procedures to address the reasonableness of fair value of unquoted equity investments includes the following:

- Obtained an understanding of the approved methodologies used by the Parent Company and assessed whether these are acceptable under the requisites of *PFRS 13 Fair Value Measurements*.
- Checked the methodology used in determining the fair value by evaluating the key inputs, assumptions, and relevant formulas used and verified related supporting documents.
- Evaluating the adequacy of related disclosures in the financial statements regarding valuation techniques, key assumptions, and the level of measurement uncertainty.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the Parent Company financial statements and our auditor's report thereon. These documents are expected to be made available to us after the date of this auditor's report.

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

In connection with our audits of the Parent Company financial statements, our responsibility is to read the other information indented above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Parent Company financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the Parent Company financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines it is necessary to enable the preparation of Parent Company financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Parent Company's financial reporting process.

Auditors' Responsibilities for the Audits of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Parent Company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Parent Company financial statements.

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

- Identify and assess the risks of material misstatement of the Parent Company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Parent Company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Parent Company financial statements, including the disclosures, and whether the Parent Company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Parent Company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Supplementary Information required by the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of **Philippine Estates Corporation** taken as a whole. The supplementary information in Note 35 to the Parent Company financial statements is presented for purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic Parent Company financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audits of the Parent Company basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the Parent Company basic financial statements taken as a whole.

DIAZ MURILLO DALUPAN AND COMPANY


Tax Identification No. 003-294-822

BOA/PRC No. 0234, effective until June 23, 2026

SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022 and
valid in the audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001911-000-2025, effective until March 11, 2028

By:


Richard Noel M. Ponce
Partner

CPA Certificate No. 120457

SEC Accreditation No. 1738-A, Group A, issued on March 31, 2022 and
valid in the audit of 2021 to 2025 financial statements

Tax Identification No. 257-600-228

PTR No. 10771458, January 11, 2026, Makati City

BIR Accreditation No. 08-001911-006-2025, effective until October 10, 2028

April 24, 2026

PHILIPPINE ESTATES CORPORATION
Parent Company Statements of Financial Position

	As at December 31	
	2025	2024
ASSETS		
Current Assets		
Cash - note 4	₱ 17,828,508	₱ 28,576,742
Trade and other receivables (net) - note 5	173,773,874	251,691,755
Contract assets - note 16	207,891,333	108,687,214
Advances to related parties (net) - note 23	635,283,218	164,395,842
Real estate inventories - note 6	1,986,121,265	1,939,784,545
Prepayments and other current assets - note 7	60,781,071	51,960,183
	3,081,679,269	2,545,096,281
Noncurrent Assets		
Advances to related parties (net) - note 23	448,885,775	574,459,143
Investment in a subsidiary - note 8	7,800,000	7,800,000
Financial assets at FVOCI - note 9	27,717,623	27,717,623
Property and equipment (net) - note 10	26,241,847	29,490,990
Deferred tax assets (net) - note 24	13,600,862	20,657,521
Other noncurrent assets - note 11	11,669,432	11,908,992
	535,915,539	672,034,269
TOTAL ASSETS	₱3,617,594,808	₱3,217,130,550
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities - note 12	₱ 277,662,148	₱ 174,471,897
Borrowings - note 13	103,293,919	108,235,784
Income tax payable	2,411,629	-
Lease liabilities - note 27	654,334	1,129,815
Contract liabilities - note 16	138,750,380	79,301,353
Customers' deposits - note 14	8,685,818	6,122,924
	531,458,228	369,261,773
Noncurrent Liabilities		
Retention payable and refundable bonds - note 15	40,869,753	35,633,789
Borrowings (net of current portion) - note 13	27,911,373	29,904,265
Lease liabilities (net of current portion) - note 27	-	654,334
Advances from related parties - note 23	5,829,852	5,853,030
Retirement benefits obligation - note 25	6,128,130	7,912,561
Deferred tax liabilities - note 24	152,998,246	103,196,921
	233,737,354	183,154,900
	765,195,582	552,416,673
Equity		
Capital stock - note 17	2,891,099,660	2,891,099,660
Remeasurement gain on retirement benefits (net) - note 25	10,292,769	9,070,990
Unrealized fair value loss on financial assets at FVOCI - note 9	(22,282,377)	(22,282,377)
Deficit	(26,710,826)	(213,174,396)
	2,852,399,226	2,664,713,877
TOTAL LIABILITIES AND EQUITY	₱3,617,594,808	₱3,217,130,550

(The accompanying notes are an integral part of these Parent Company financial statements.)

PHILIPPINE ESTATES CORPORATION
Parent Company Statements of Comprehensive Income

	For the Years Ended December 31		
	2025	2024	2023
REAL ESTATE SALES - note 17	₱178,627,119	₱138,624,746	₱277,124,870
COST OF REAL ESTATE SOLD - note 18	(89,372,657)	(69,293,575)	(97,488,235)
GROSS PROFIT	89,254,462	69,331,171	179,636,635
OPERATING EXPENSES - note 20	(104,350,874)	(107,901,053)	(103,680,848)
INCOME (LOSS) FROM OPERATIONS	(15,096,412)	(38,569,882)	75,955,787
OTHER INCOME (EXPENSES) - note 19	(31,095,017)	(9,520,598)	23,494,960
CLAIM FROM EXPROPRIATION CASE (net) - note 28	348,588,778	158,481,601	-
FINANCE COSTS - note 22	(18,326,728)	(15,304,576)	(15,372,777)
INCOME BEFORE INCOME TAX	284,070,621	95,086,545	84,077,970
PROVISION FOR INCOME TAX - note 24			
Current	41,156,327	26,114,565	10,973,153
Deferred	56,450,724	6,088,738	14,615,086
	97,607,051	32,203,303	25,588,239
NET INCOME FOR THE YEAR	186,463,570	62,883,242	58,489,731
OTHER COMPREHENSIVE INCOME (LOSS)			
Not subject to reclassification adjustment:			
Remeasurement gain on retirement benefits (net) - note 25	1,221,779	1,079,589	916,685
Unrealized fair value loss on financial assets at FVOCI - note 9	-	(22,282,377)	-
TOTAL COMPREHENSIVE INCOME			
FOR THE YEAR	₱ 187,685,349	₱ 41,680,454	₱ 59,406,416
EARNINGS PER SHARE - note 29	₱ 0.0645	₱ 0.0218	₱ 0.0202

(The accompanying notes are an integral part of these Parent Company financial statements.)

PHILIPPINE ESTATES CORPORATION
Parent Company Statements of Changes in Equity

	Capital Stock (Note 16)	Remeasurement Gain on Retirement Benefits (net) (Note 25)	Unrealized Fair Value Loss on Financial Assets at FVOCI (Note 9)	Deficit	Total
Balance as at January 1, 2023	₱ 2,891,016,410	₱ 7,074,716	₱ –	(₱ 334,547,369)	₱ 2,563,543,757
Issuance of capital stock - note 16	83,250	–	–	–	83,250
Comprehensive income					
Net income for the year	–	–	–	58,489,731	58,489,731
Remeasurement gain for the year	–	916,685	–	–	916,685
Total comprehensive income for the year	–	916,685	–	58,489,731	59,406,416
Balance as at December 31, 2023	2,891,099,660	7,991,401	–	(276,057,638)	2,623,033,423
Comprehensive income (loss)					
Net income for the year	–	–	–	62,883,242	62,883,242
Remeasurement gain for the year	–	1,079,589	–	–	1,079,589
Unrealized fair value loss - note 9	–	–	(22,282,377)	–	(22,282,377)
Total comprehensive income (loss) for the year	–	1,079,589	(22,282,377)	62,883,242	41,680,454
Balance as at December 31, 2024	2,891,099,660	9,070,990	(22,282,377)	(213,174,396)	2,664,713,877
Comprehensive income					
Net income for the year	–	–	–	186,463,570	186,463,570
Remeasurement gain for the year	–	1,221,779	–	–	1,221,779
Total comprehensive income for the year	–	1,221,779	–	186,463,570	187,685,349
Balance as at December 31, 2025	₱ 2,891,099,660	₱ 10,292,769	(₱ 22,282,377)	(₱ 26,710,826)	₱ 2,852,399,226

(The accompanying notes are an integral part of these Parent Company financial statements.)

PHILIPPINE ESTATES CORPORATION
Parent Company Statements of Cash Flows

	For the Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax	₱ 284,070,621	₱ 95,086,545	₱ 84,077,970
Adjustments for:			
Loss on cancelled contracts - note 21	14,986,640	24,532,653	7,916,409
Finance costs - notes 13 and 27	18,326,728	15,304,576	15,372,777
Depreciation - note 10	4,007,197	5,222,705	3,959,224
Retirement benefits expense - note 25	1,351,608	1,381,394	1,552,740
Interest income - notes 4, 5 and 23	(19,829,154)	(18,154,161)	(19,960,852)
Recovery of ECL - note 5	(972,931)	(223,820)	(2,336,330)
Provision for ECL - notes 5 and 23	-	530,159	5,624,503
Operating income before working capital changes	301,940,709	123,680,051	96,206,441
Decrease (increase) in:			
Trade and other receivables	63,904,172	29,635,200	(71,443,813)
Contract assets	(99,204,119)	132,890,601	(1,904,683)
Real estate inventories	(46,336,720)	(196,609,892)	9,818,698
Prepayments and other current assets	(8,820,889)	23,720,608	24,106,701
Increase (decrease) in:			
Retention payable and guarantee bonds	5,235,964	4,750,368	4,560,505
Contract liabilities	59,449,027	58,418,021	(56,754,594)
Accounts payable and other liabilities	103,190,251	62,893,216	12,948,216
Customers' deposit	2,562,894	163,038	2,441,456
Cash generated from operating activities	381,921,289	239,541,211	19,978,927
Contributions to retirement fund - note 25	(1,000,000)	(1,000,000)	(500,000)
Retirement benefits paid - note 25	(507,000)		-
Interest received - notes 4 and 5	6,060,038	5,677,158	7,884,830
Income tax paid	(38,744,698)	(26,114,565)	(10,973,153)
Net cash provided by operating activities	347,729,629	218,103,804	16,390,604
CASH FLOWS FROM INVESTING ACTIVITIES			
Collection of advances to related parties - note 23	7,000,000	41,822,100	33,472,913
Additional advances to related parties - note 23	(338,544,892)	(148,317,574)	(1,922,725)
Additions to property and equipment - note 10	(758,054)	(1,172,764)	(715,800)
Utilization of (additions to) other noncurrent assets	239,560	(1,728,803)	38,316
Net cash provided by (used in) investing activities	(332,063,386)	(109,397,041)	30,872,704
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings - note 13	131,898,063	141,006,422	103,481,498
Payment of lease liabilities	(1,238,240)	(1,347,477)	(1,299,999)
Payment of finance costs - note 13	(18,218,302)	(15,127,256)	(15,228,579)
Payments of borrowings - note 13	(138,832,820)	(125,939,638)	(118,420,600)
Additional advances from related parties - note 23	143,352	1,500,000	3,500,000
Payment of advances from related parties - note 23	(166,530)	(95,557,809)	(16,849,970)
Issuance of capital stock - note 17	-	-	83,250
Net cash used in financing activities	(26,414,477)	(95,465,758)	(44,734,400)
NET INCREASE (DECREASE) IN CASH	(10,748,234)	13,241,005	2,528,908
CASH - note 4			
At beginning of year	28,576,742	15,335,737	12,806,829
At end of year	₱ 17,828,508	₱ 28,576,742	₱ 15,335,737

(The accompanying notes are an integral part of these Parent Company financial statements.)

PHILIPPINE ESTATES CORPORATION

Notes to Parent Company Financial Statements

As at December 31, 2025 and 2024 and for each of the three years
in the period ended December 31, 2025

1. CORPORATE INFORMATION

Philippine Estates Corporation (the ‘Parent Company’) was incorporated in the Philippines on May 30, 1983, as “Philippine Cocoa Estates Corporation”. It was registered with the Securities and Exchange Commission (SEC) with its new corporate name on May 16, 1996, and started its commercial operations in 1996. The Parent Company’s shares are listed and traded in the Philippine Stock Exchange (PSE).

The principal activity of the Parent Company is to engage in the business of holding and developing real estate or other properties for industrial, commercial, residential, leisure or sports purposes, and in pursuance thereof, to acquire by purchase, lease or otherwise, real estate and/or appurtenant properties and/or interest therein. The Parent Company’s condominium projects and other developmental activities are located in the cities of Manila, Bulacan, Cavite, Cebu and Iloilo.

The registered office of the Parent Company, and also its principal place of business, is at 35th Floor, One Corporate Center, Doña Julia Vargas Ave. corner Meralco Avenue, Ortigas Center, Pasig City.

The Parent Company owns 100% of the shares of stocks issued and outstanding of Mariano Arroyo Development Corporation (MADCorp), its Subsidiary.

The Parent Company’s financial statements as at and for the year ended December 31, 2025, with its comparatives for 2024 and 2023, were approved and authorized for issue by the Board of Directors (BOD) on April 24, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies that have been used in the preparation of the Parent Company financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of Compliance

The financial statements of the Parent Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. The term PFRS Accounting Standards in general includes all applicable PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Interpretations issued by the former Standing Interpretations Committee (SIC), the Philippine Interpretations Committee (PIC) and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial and Sustainability Reporting Standards Council (FSRSC).

These are the separate financial statements of the Parent Company. The Parent Company also prepares consolidated financial statements that include the financial statements of its subsidiary. The Group's consolidated financial statements could be obtained from the Parent Company's registered address as disclosed in Note 1.

The Parent Company is required by the SEC to prepare both separate and consolidated financial statements which are available for public use under full PFRS Accounting Standards.

Basis of Preparation

The financial statements have been prepared on a historical cost basis, except for the Parent Company's financial assets at FVOCI, which are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Functional and Presentation Currency

The financial statements are presented in Philippine peso (₱), the Parent Company's functional currency. All amounts are rounded to the nearest peso except when otherwise indicated.

Current and Non-Current Classification

The Parent Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and non-current liabilities, respectively.

Changes in Accounting Policies and Disclosures

The Parent Company adopted for the first time the following amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2025.

The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability (Amendments to PAS 21). The amendment specifies that a currency is exchangeable when an entity can exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at measurement date and for a specified purpose while a currency is not exchangeable into other currency if an entity can only obtain an insignificant amount of the other currency. When a currency is not exchangeable, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions. The amendment requires the disclosure of additional information when a currency is not exchangeable.

The management assessed that the amendments have no significant impact to the Parent Company.

New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to January 1, 2025

PFRS 18, Presentation and Disclosure in Financial Statements. This standard supersedes *PAS 1, Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The standard requires an entity to clearly identify the financial statements, which must be distinguished from other information in the same published document, as well as each primary financial statement and the notes to the financial statements. In addition, the following information must be displayed prominently, and repeated as necessary:

- the name of the reporting entity and any change in the name
- whether the financial statements are a group of entities or an individual entity
- information about the reporting period
- the presentation currency (as defined by *PAS 21, The Effects of Changes in Foreign Exchange Rates*)
- the level of rounding used (e.g., thousands, millions).

Retrospective application of the standard is mandatory for annual reporting periods starting from January 1, 2027 onwards but earlier application is permitted provided that this fact is disclosed. The Management assessed that the application of these amendments will have an impact on the Parent Company's financial statements in future periods.

PFRS 18 supersedes PAS 1, carrying forward many of the requirements in PAS 1 unchanged and complementing them with new requirements with movements on certain paragraphs into PAS 8 and PFRS 7. Furthermore, there were also minor amendments to PAS 7 and PAS 33 earnings per share. The new standard introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

The amendment is effective for annual periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to PAS 7 and PAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies PFRS 18.

The Parent Company anticipate that the application of these amendments will result in change in presentation of the financial statements and disclosure in the notes to the financial statements.

PFRS 19, Subsidiaries without Public Accountability: Disclosures. The standard specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other PFRS. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate.

A subsidiary has public accountability if its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

An entity electing to apply PFRS 19 applies the requirements in other PFRS, except for the disclosure requirements. Instead of the disclosure requirements, the entity applies the requirements in PFRS 19. Therefore, an entity applying PFRS 19 is not required to apply the disclosure requirements in other PFRS nor apply any statements about, or references to, those disclosure requirements except for certain exceptions. An entity is required to consider whether to provide additional disclosures when compliance with the specific requirements in PFRS 19 is insufficient to enable users of financial statements to understand the effect of transactions and other events and conditions on the entity's financial position and financial performance.

The new standard is effective for annual periods beginning on or after January 1, 2027, with earlier application permitted provided that this fact is disclosed.

The management assessed that the amendments are not applicable to the Parent Company.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and PFRS 7). The amendments address matters identified during the post-implementation review of the classification and measurement requirements of *PFRS 9, Financial Instruments*. The amendments include:

- a) derecognition of financial liability settled through electronic transfer - The amendments to the application guidance of PFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.
- b) classification of financial assets - The amendments provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement, enhance description of the term 'non-recourse' and clarify the characteristics of contractually linked instruments that distinguish them from other transactions.

- c) disclosures - The requirements in PFRS 7 are amended for disclosures that an entity provides in respect of investments in equity instruments designated at fair value through other comprehensive income. The amendments also require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

The amendments also include amendments to *PFRS 19, Subsidiaries without Public Accountability: Disclosures*, which limit the disclosure requirements for qualifying subsidiaries.

The amendments are effective for reporting periods beginning on or after January 1, 2026, with earlier application permitted provided that this fact is disclosed.

Annual Improvements to PFRS — Volume 11. The pronouncement comprises the following amendments:

- PFRS 1: Hedge accounting by a first-time adopter - The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of PFRS 1 and requirements for hedge accounting in PFRS 9 Financial Instruments.
- PFRS 7: Gain or loss on derecognition - The amendment addresses a potential confusion in paragraph B38 of PFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13 Fair Value Measurement was issued.
- PFRS 7: Disclosure of deferred difference between fair value and transaction price - The amendment addresses an inconsistency between paragraph 28 of PFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of PFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
- PFRS 7: Introduction and credit risk disclosures - The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7 and by simplifying some explanations.
- PFRS 9: Lessee derecognition of lease liabilities - The amendment addresses a potential lack of clarity in the application of the requirements in PFRS 9 to account for an extinguishment of a lessee's lease liability that arises because paragraph 2.1(b)(ii) of PFRS 9 includes a cross-reference to paragraph 3.3.1, but not to paragraph 3.3.3 of PFRS 9.
- PFRS 9: Transaction price - The amendment addresses a potential confusion arising from a reference in Appendix A to PFRS 9 to the definition of 'transaction price' in PFRS 15 Revenue from Contracts with Customers while term 'transaction price' is used in particular paragraphs of PFRS 9 with a meaning that is not necessarily consistent with the definition of that term in PFRS 15.
- PFRS 10: Determination of a 'de facto agent' - The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of PFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
- PAS 7: Cost method - The amendment addresses a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term 'cost method' that is no longer defined in IFRS Accounting Standards.

The amendments are effective for reporting periods beginning on or after January 1, 2026, with earlier application permitted provided that this fact is disclosed.

The Parent Company has not early adopted the previously mentioned new, amended and improved accounting standards and interpretations. The Parent Company continues to assess the impact of the above new, amended and improved accounting standards and interpretations that are effective subsequent to January 1, 2025 on its financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

“Day 1” Difference

When the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Parent Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Parent Company determines the appropriate method of recognizing the “Day 1” difference amount.

Financial Instruments

Initial Recognition, Measurement and Classification

The Parent Company recognizes financial assets and financial liabilities in the statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

Financial assets and financial liabilities are recognized initially at fair value including transaction costs, except for those financial assets and liabilities at FVPL where the transaction costs are charged to expense in the period incurred.

The Parent Company classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVPL.

The classification of financial assets depends on the financial asset’s contractual cash flow characteristics and the Parent Company’s business model for managing the financial assets. The Parent Company’s business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Parent Company’s business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Parent Company classifies its financial liabilities as subsequently measured at amortized cost using the effective interest method or at FVPL.

The Parent Company does not have any financial instruments that are measured and classified at FVPL.

Financial assets at amortized cost

Financial assets are measured at amortized cost when both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, financial assets at amortized cost are subsequently measured using the effective interest method less allowance for impairment. Gains and losses are recognized in the statements of comprehensive income when the financial assets at amortized cost are derecognized, modified or impaired. These financial assets are included in current assets if maturity is within twelve (12) months from the end of the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025 and 2024, included under financial assets at amortized cost are the Parent Company's cash, trade and other receivables, advances to related parties and other noncurrent assets (see Notes 4, 5, 11 and 23).

Cash represents cash on hand and cash in banks. Cash in banks earn interest at respective bank deposit rate.

Trade and other receivables consist of installment contract receivables, advances to homeowners, advances to employees, receivables from contractors, and others.

Other noncurrent assets consist of refundable deposits.

Equity instruments designated at FVOCI

When the equity instrument is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss but is transferred to retained earnings. Dividends on such investments are recognized in profit or loss when the right of payment has been established, except when the dividends represent a recovery of part of the cost of the investment, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment. These financial assets are classified as noncurrent assets.

As at December 31, 2025 and 2024, the Parent Company elected to classify irrevocably its unquoted equity investments under this category (see Note 9).

Financial liabilities at amortized cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated as at FVPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

As at December 31, 2025 and 2024, included under financial liabilities at amortized cost are the Parent Company's accounts payable and other liabilities, borrowings, retention payable and refundable bonds, lease liabilities and advances from related parties (see Notes 12, 13, 15, 23 and 27).

Accounts payable and other liabilities

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other liabilities include non-trade payables (mainly payable to government agencies), accrued expenses and other payables which composed of collections from customers for payment of retitling and property taxes.

Retention payable and refundable bonds

Retention payable pertains to ten percent (10%) of each progress payment retained by the Parent Company until full completion of the contract while refundable bonds pertain to construction, renovation and/or fencing bonds collected from buyer which will be released by the Parent Company upon completion of construction and/or renovation.

Lease liabilities

Lease liabilities represent the Parent Company's obligation to make lease payments for all leases with a term of more than twelve (12) months, unless the underlying asset is of low value is effectively treated as a financial liability which is measured at amortized cost, using the rate of interest implicit in the lease as the effective interest rate.

Advances from related parties

Advances from related parties pertain to various cash advances for working capital and expenses initially shouldered by the related parties.

Borrowings

Borrowings are recognized initially at the transaction price which is composed of the present value of cash payable to the bank, including transaction costs. Borrowings are subsequently stated at amortized cost.

All borrowing costs are recognized as an expense in profit or loss in the period incurred. Borrowing costs are recognized on the basis of the effective interest method and are included under 'Finance costs' in the Parent Company statements of comprehensive income.

Borrowings are classified as current liabilities unless the Parent Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount reported in the Parent Company statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derecognition of Financial Instruments

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to third party under a “pass-through” arrangement; or
- the Parent Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset but has transferred control of the asset.

Where the Parent Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Parent Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability was discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Parent Company statements of comprehensive income.

Impairment of Financial Assets

The Parent Company recognizes an allowance for expected credit losses (ECL) for all debt instruments that are measured at amortized cost. ECL is a probability-weighted estimate of credit losses over the expected life of the financial asset.

Credit losses are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Parent Company assesses at each end of the reporting period whether the credit risk on a financial asset has increased significantly since initial recognition. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to the lifetime ECL. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve (12) months after the reporting period.

For trade and other receivables, the Parent Company applies a simplified approach in calculating ECL. The ECL on these financial assets are estimated using a provision matrix based on the Parent Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including time value of money where appropriate.

For advances to related parties, the Parent Company applies a general approach in calculating ECL. The Parent Company recognizes a loss allowance using management's adopted policy on ECL at the end of each reporting period.

When the credit risk on financial instruments for which lifetime ECL have been recognized subsequently improves, and the requirement for recognizing lifetime ECL is no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting period, except for assets for which simplified approach was used.

The Parent Company recognizes impairment loss (reversals) in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset in the statements of financial position.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Parent Company compares the risk of a default occurring on the financial instrument at the end of reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Parent Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considers the future prospects of the industries in which the Parent Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Parent Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Parent Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are one (1) day past due, unless the Parent Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Parent Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition of the financial instrument is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Parent Company considers a financial asset to have low credit risk when the asset has external credit rating of investment grade in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of performing. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Parent Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Parent Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Parent Company, in full (without taking into account any collateral held by the Parent Company).

Irrespective of the above analysis, the Parent Company considers that default has occurred when a financial asset is more than one (1) year past due unless the Parent Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Parent Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over five (5) year past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Parent Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Real Estate Inventories

Real estate inventories are property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation.

On initial recognition, real estate inventories are measured at cost which includes cost of land, amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs during the construction period.

Real estate inventories are subsequently carried at lower of cost and net realizable value. The cost of real estate inventories as disclosed in the Parent Company's statements of financial position is determined using the specific identification and cost allocation for non-specific cost. Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs to completion and the estimated costs of sale.

When the net realizable value of the real estate inventories is lower than costs, the Parent Company provides for an allowance for the decline in the value and recognizes the write-down as an expense in the Parent Company statements of comprehensive income. The amount of any reversal of write-down of real estate inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of real estate inventories recognized as an expense in the period in which the reversal occurs.

The cost of inventory recognized in the Parent Company statements of comprehensive income on disposal is determined with reference to the specific costs incurred on the property sold.

Prepayments and Other Current Assets

Prepayments are expenses paid in advance and recorded as an asset before they are utilized. Prepayments are initially recognized at cost and subsequently measured at cost less any utilized portion and impairment loss. This account comprises prepaid items which are apportioned over the period covered by the payment and charged to the appropriate accounts in the Parent Company statements of comprehensive income when incurred.

Prepayments that are expected to be realized within twelve (12) months after the reporting date are classified as current assets, otherwise, these are classified as other noncurrent asset.

An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. Prepayments are derecognized upon consumption and usage.

Input Tax and Other Prepaid Taxes

Input tax is the indirect tax paid by the Parent Company on the local purchase of goods or services from a VAT-registered person. Creditable withholding tax is deducted from income tax payable on the same year the revenue was recognized.

Final withholding VAT pertains to the 5% tax withheld by the government for the Parent Company's expropriation claim from DPWH which is creditable against the VAT payable of the Parent Company.

The Parent Company's input tax and other prepaid taxes are initially recognized at face value and subsequently measured at face value less provision for impairment, if any. Allowance for unrecoverable input tax and other prepaid taxes, if any, are maintained by the Parent Company at a level considered adequate to provide for a potential uncollectible portion of the claims. The Parent Company, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment loss.

Interest in Joint Operation

The Parent Company has entered into jointly controlled operations. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Parent Company undertakes its activities under joint operations, the Parent Company as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Parent Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the PFRS applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Parent Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Parent Company's financial statements only to the extent of other parties' interests in the joint operation.

When an entity transacts with a joint operation in which entity is a joint operator (such as a purchase of assets), the Parent Company does not recognize its share of the gains and losses until it resells those assets to a third party.

Investment in a Subsidiary

Subsidiary is an entity over which the Parent Company has control. The Parent Company controls the subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Investment in a subsidiary is initially measured at cost. Subsequent to initial recognition, investment in a subsidiary is carried in the Parent Company separate financial statements at cost less any accumulated impairment losses.

The Parent Company's accounting policy for impairment of financial assets is applied to determine whether it is necessary to recognize any impairment loss with respect to its investment in a subsidiary. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the Parent Company's accounting policy on impairment of tangible and intangible assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases. Investment in a subsidiary is derecognized upon disposal or when no future economic benefits are expected to arise from the investment.

Gain or loss arising from the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in a subsidiary and is recognized in statements of comprehensive income.

Based on the management's impairment review of the Parent Company's assets, the Parent Company believes that there is no indication that an impairment loss has occurred on its investment in a subsidiary as at December 31, 2025 and 2024.

Property and Equipment

Property and equipment are tangible assets that are held for use in production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

Property and equipment are initially recognized at cost which comprises its purchase price, including taxes and any directly attributable costs of bringing the asset to its working condition and location necessary for it to be capable of operating in the manner intended by management.

Property and equipment account are subsequently carried at cost less accumulated depreciation and any impairment in value.

Right-of-use assets are assets that represent the lessee's right to use an asset over the lease term. The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost which includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

Expenses that provide incremental future economic benefits to the Parent Company are added to the carrying amount of an item of property and equipment. All other expenses are recognized in the Parent Company statements of comprehensive income as incurred.

Depreciation of property and equipment commences once the property and equipment are available for use and computed using the straight-line basis over the estimated useful life of property and equipment as follows:

	In Years
Building and improvements	25
Transportation equipment	5
Machinery, furniture and fixture	3
Right-of-use assets	3-5

The useful lives and depreciation method are reviewed annually to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and accumulated impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations. Fully depreciated and amortized property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged against current operations.

Impairment of Non-financial Assets

At the end of each reporting period, the Parent Company reviews the carrying amounts of its investments in a subsidiary and property and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When the asset does not generate cash flows that are independent from other assets, the Parent Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income.

Contract liabilities

Contract liabilities pertain to the obligation to transfer goods or services to the buyer for which the Parent Company has received the consideration (or an amount of consideration is due) from the buyer. If the buyer pays consideration before the entities transfer goods or services to the buyer, a contract liability is recognized when the payment is made, or payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the entities perform under the contract.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Parent Company after deducting all of its liabilities. Equity instruments are measured (initial and subsequent) at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Capital stock represents the par value of the shares that are issued and outstanding as at the reporting date.

Deficit includes all current and prior period results of operations as disclosed in the Parent Company statements of comprehensive income.

Stock transaction costs of an equity transaction are accounted for as a deduction from equity.

Revenue Recognition

The Parent Company recognizes revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Parent Company's activities.

Revenue is recognized when control of the goods or services are transferred to customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is shown net of value-added tax and discounts.

To determine whether to recognize revenue, the Parent Company follows a five-step process:

- (1) identifying the contract with a customer;
- (2) identifying the performance obligation;
- (3) determining the transaction price;
- (4) allocating the transaction price to the performance obligations; and,
- (5) recognizing revenue when/as performance obligations are satisfied

Real estate sales

Revenues from transactions covering sales of real estate, which include sales of residential houses, condominium units and developed lots are accounted for under the percentage-of-completion method. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the entities' performance does not create an asset with an alternative use and the entities have an enforceable right to payment for performance completed to date.

Revenue from sales of completed real estate properties and undeveloped land are accounted for using the full accrual method. Under the full accrual method, revenue is recognized when the risks and rewards of ownership on the properties have been passed to the buyer and the amount of revenue can be measured reliably.

In measuring the progress of its performance obligation over time, the Parent Company use input method. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Parent Company use the cost accumulated by the accounting department to determine the actual resources used. Input method excludes the effects of any inputs that do not depict the Parent Company's performance in transferring control of goods or services to the buyer.

Any excess of progress of work over collections from customers is recognized as contract assets, excluding the amount presented as installment contract receivables. Installment contract receivables represent the Parent Company's right to an amount of consideration that is unconditional.

Any excess of collections over the progress of work is included in the "Contract liabilities" account in the liabilities section of the statements of financial position.

Finance income

Interest and other financial income are recognized on time proportion basis that takes into account the effective yield on the asset or effective interest rate.

Miscellaneous income

Miscellaneous income is recognized when the right to receive cash from services provided is established.

Cost and Expense Recognition

Cost and expenses are recognized in the Parent Company statements of comprehensive income when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses in the Parent Company statements of comprehensive income are presented using the functional method.

Cost of real estate sold

The Company recognizes cost of real estate sold relating to satisfied performance obligations as these are incurred. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs, if any. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Operating expenses

Operating expenses are recognized in the Parent Company statements of comprehensive income upon utilization of the service or at the date they are incurred. All finance costs are reported in the Parent Company statements of comprehensive income, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset, on an accrual basis.

Income Taxes

The tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Parent Company financial statements. Deferred income tax is determined using tax rates and laws in the period the temporary difference is expected to be recovered or settled that have been enacted or substantively enacted as at reporting period.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, carryforward benefits of unused tax credits from excess of MCIT over RCIT and unused NOLCO can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The Parent Company reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee Benefits

Short-term employee benefits

The Parent Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before twelve (12) months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Parent Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefits obligation is measured on an undiscounted basis and is expensed as the related service is provided.

Retirement benefits obligation

The Parent Company operates a defined benefit retirement plan. The retirement plan is generally funded through payments to a trustee bank determined by periodic actuarial calculations. A defined benefit plan is a retirement plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Retirement benefits obligation is the aggregate of the present value of the defined benefits obligation at the end of the reporting period reduced by the fair value of plan assets.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method. Defined benefit costs comprise service cost, net interest on the net defined benefit liability and remeasurements of net defined benefit liability.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. Past service costs are recognized immediately in profit or loss. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability is the change during the period in the net defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability. Net interest on the net defined benefit liability is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses and return on plan assets (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Leases

At inception of a contract, the Parent Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Parent Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Parent Company is reasonably certain to exercise that option. Right-of-use asset is presented under property and equipment account.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Parent Company's incremental borrowing rate. Generally, the Parent Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Parent Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Parent Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Parent Company elects to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

Related Party Relationship and Transactions

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Related party relationship exists when: (a) a person or a close member of that person's family has control or joint control, has significant influence or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity; and (b) when any of the following conditions apply: (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party; (v) the entity is a post-employment benefit plan for the benefit of employees of the reporting entity; (vi) the entity is controlled or jointly controlled by a person as identified in (a) above; (vii) the entity or any member of a group of which it is part, provides key management personnel services to the reporting entity or to the parent of the reporting entity; (viii) a person identified in (a) above 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.

In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely the legal form.

Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Operating segments are reported on the basis upon which the Parent Company's reports its primary segment information. Financial information on business segments is presented in Note 26.

Basic Earnings Per Share (EPS)

Basic earnings per share are calculated by dividing the profit by the weighted average number of common shares outstanding during the year.

Provisions and Contingencies

Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. When the Parent Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain, and its amount is estimable.

The expense relating to any provision is presented in the Parent Company statements of comprehensive income, net of any reimbursement.

Contingent liabilities are not recognized in the Parent Company financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the Parent Company financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the Parent Company financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the assets and the related income are recognized in the Parent Company financial statements.

Events After the Reporting Date

The Parent Company identifies post year-end events as events that occurred after the reporting date but before the date when the financial statements were authorized for issue. Post year-end events that provide additional information about the Parent Company's position at the reporting date (adjusting events) are reflected in the Parent Company financial statements. Post year-end events that are not adjusting events are disclosed in the Parent Company financial statements when material.

3. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Parent Company financial statements in compliance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the Parent Company financial statements. The judgments and estimates used in the Parent Company financial statements are based upon management's evaluation of relevant facts and circumstances at the end of the reporting period. Actual results could differ materially from such judgments and estimates.

Judgments and estimates and are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Material Accounting Judgments in Applying the Parent Company's Accounting Policies

Interest in Joint Operation and Real Estate Inventories

The Parent Company has entered into a Joint Venture Agreement with related parties for the development of real estate properties, whereby the Parent Company acts as Developer. The following guidance was set by the Parent Company to distinguish investment in joint venture from real estate inventories:

- Interest in joint venture involves the assets and other resources of each venturer. Each venturer uses its own property and carries its own inventories. It also incurs its own expenses and liabilities and raises its own finance, which represent its own obligations.
- Real estate inventories comprise properties that are held for sale in the ordinary course of business.

The Parent Company's interest in joint venture represents cost incurred to develop and sell the real estate properties contributed by co-venturers, in the Parent Company's ordinary course of business.

Accordingly, the Parent Company accounted for its share in the joint venture as real estate inventories.

Revenue Recognition of Claim from Expropriation Case

In determining the amounts to be recognized in the financial statements, the Parent Company has made significant judgments related to its expropriation claim with the Department of Public Works and Highways (DPWH). The claim, which totals ₱1.9 billion, is based on a final ruling from the Supreme Court regarding the just compensation for expropriated properties.

The Parent Company has recognized revenue in the financial statements based on collections received from DPWH. Revenue is recognized upon collection since the collections remain contingent, despite the final ruling, for conservatism. There are uncontrollable factors that may affect the full collection of the claim, and the Parent Company has opted to recognize revenue only when cash is actually received. Partial payments have been received, and the Parent Company has recognized revenue for the amounts collected, totaling ₱351,864,866 and ₱193,526,106 (net of VAT), in 2025 and 2024, respectively, the period in which the collections were made (see Note 28).

Lease of office space

The Parent Company has entered into contract of lease for the office space it occupies. In determining the substance of the lease, the Parent Company considered, among others, whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Based on management judgment, the Parent Company's leases for its office space have substance of lease, thus, the Parent Company recognized right-of-use assets representing the right to use the leased assets and lease liabilities representing its obligation to make lease payments.

Realizability of Input Value-Added Tax (VAT)

The Parent Company reviews and assesses its input tax for its recoverability. Factors which primarily affect the recoverability include the completeness of the supporting documentation, entitlement to claim VAT paid as input tax credit against output tax liabilities, future vatable revenue, and the possibility of VAT refund. Based on management assessment, input VAT is fully realizable since this can be claimed as a tax credit against the output VAT on its vatable sales.

The Company's input VAT amounted to ₱32,860,581 and ₱45,268,606 as at December 31, 2025 and 2024, respectively (see Note 7).

Operating Segments

The Parent Company's operating business segments are organized and managed separately according to the location of business activities. The Parent Company classifies business segments based on the location of its real property projects as in the different geographical areas. Management considers the performance in Metro Manila, Cebu, Bulacan, Iloilo and Davao as its operating business segment (see Note 26).

Investment in a Subsidiary

Based on the management's impairment review of the investment in a subsidiary, the Parent Company believes that there is no indication that an impairment loss has occurred on its investment in a subsidiary as at December 31, 2025 and 2024.

Impairment of property and equipment

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized whenever there is existing evidence that the carrying amount is not recoverable. Management believes that there are no indications that the property and equipment are impaired as at December 31, 2025 and 2024.

Provisions and Contingencies

Estimate of the probable costs for the resolution of possible claims are being developed in consultation with outside counsel handling the Parent Company's defense in these matters and are based upon analysis of potential results. The Parent Company is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Parent Company management and legal counsel believe that the eventual settlement of these liabilities under these lawsuits or claims, if any, will not have a material impact on the Parent Company financial statements. Accordingly, no provision for probable losses arising from contingencies was recognized in the Parent Company financial statements as at December 31, 2025 and 2024.

Classifying financial instruments

The Parent Company exercises judgment in classifying financial instruments in accordance with PFRS 9. The Parent Company exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the Parent Company's business model and its contractual cash flow characteristics and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position. Accordingly, the Parent Company classified its cash in banks, trade and other receivables, advances to related parties and other noncurrent assets as financial assets at amortized cost because these are mainly held to receive contractual cash flow.

Significant Accounting Estimates and Assumptions

The Parent Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining the Fair Value of Financial Assets and Liabilities

The fair values of financial assets and liabilities that are not quoted in active market are determined by using generally accepted valuation techniques. Valuation involves significant judgement and it is likely that different valuation techniques will provide different results. This is because the inputs used, and any adjustments to those inputs, may differ depending on the technique used.

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. Inputs used in these models are from observable data and quoted market prices in respect of similar financial instruments.

All models are approved by the BOD before these are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Changes in assumptions about these factors could affect reported fair value of financial instruments. The Parent Company considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the fair value of financial instruments that are not quoted in active market.

Information on fair values of financial assets and liabilities are disclosed in Note 32.

Revenue and Cost Recognition

The Parent Company's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Parent Company's revenue from sale of real estate inventories recognized based on percentage-of-completion are measured principally on the basis of the estimated completion of a physical proportion of the contract work, and by reference to the actual costs incurred to date over the estimated total costs of the project.

Estimating Allowance for ECL

The Parent Company uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments and related party transactions that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Parent Company's historical observed default rates. The Parent Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). For advances to related parties, the Parent Company applies a general approach in calculating ECL. The Parent Company recognizes a loss allowance using management's adopted policy on ECL at the end of each reporting period. Details about the ECL on the Parent Company's trade and other receivables, and advances to related parties are disclosed in Note 30.

The carrying amount of the Parent Company's trade and other receivables amounted to ₱173,773,874 and ₱251,691,755, net of allowance for ECL amounting to ₱4,263,038 and ₱5,235,969 as at December 31, 2025 and 2024, respectively (see Note 5).

The carrying amount of the Parent Company's advances to related parties amounted to ₱1,084,168,993 and ₱738,854,985 net of allowance for ECL amounting to ₱31,489,270 as at December 31, 2025 and 2024, respectively (see Note 23).

Allowance for impairment on financial assets at FVOCI

The Parent Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Since management has assessed that the financial assets at FVOCI cannot be recovered and the decline in book value per share is other than temporary, the Parent Company has provided allowance for impairment loss.

The Parent Company's financial assets at FVOCI amounted to ₱27,717,623, net of allowance amounted to ₱22,282,377 as at December 31, 2025 and 2024 (see Note 9).

Estimating Useful Lives of Assets

The Parent Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease noncurrent assets.

The carrying value of property and equipment as at December 31, 2025 and 2024 amounted to ₱26,241,847, and ₱29,490,990, respectively (see Note 10).

Deferred Tax Assets

The Parent Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The Parent Company's deferred tax assets, net of unrecognized deferred tax asset amounted to ₱13,600,862 and ₱20,657,521 as at December 31, 2025 and 2024, respectively (see Note 24).

Retirement Benefits Obligation

The determination of the Parent Company's obligation and cost of pension benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. The assumptions shown in Note 25 to the financial statements include, among others, discount rates and rates of salary increase. While the Parent Company's believes that the assumptions made in the determination of retirement benefits are reasonable, significant change in assumptions materially affect the retirement obligation.

The Parent Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Parent Company's retirement benefits obligation as at December 31, 2025 and 2024 amounted to ₱6,128,130 and ₱7,912,561, respectively (see Note 25).

4. CASH

Cash as at December 31 consists of:

	2025	2024
Cash on hand	₱ 626,446	₱ 606,446
Cash in banks	17,202,062	27,970,296
	₱ 17,828,508	₱ 28,576,742

Cash in banks generally earns interest based on daily bank deposit rates ranging from 0.125% to 0.25% per annum in 2025, 2024 and 2023. Cash equivalents are short-term time deposits placements in local banks. The Parent Company earns interest at the respective placement rates of 3.27% to 4.5% in 2025.

Interest income earned from cash in banks and cash equivalents amounted to ₱633,337, ₱14,334, and ₱14,868 in 2025, 2024 and 2023, respectively, and recognized as part of "Other income (expenses)" in the Parent Company statements of comprehensive income (see Note 20).

There is no restriction on the Parent Company's cash in banks as at December 31, 2025 and 2024.

5. TRADE AND OTHER RECEIVABLES (net)

Trade and other receivables (net) as at December 31 consist of:

	2025	2024
Installment contract receivables from:		
External customers	₱155,723,977	₱230,081,110
Related parties – note 23	4,340,519	4,340,519
	160,064,496	234,421,629
Receivables from contractors	5,946,286	6,368,005
Advances to homeowners	4,047,179	5,374,546
Advances to employees	834,700	2,354,032
Other receivables	7,144,251	8,409,512
	178,036,912	256,927,724
Allowance for ECL	(4,263,038)	(5,235,969)
	₱173,773,874	₱251,691,755

Movements in the allowance for ECL for the years ended December 31 are as follows:

	2025	2024
Balance as at beginning of year	₱5,235,969	₱4,929,630
Provision (recovery) during the year – note 20	(972,931)	306,339
Balance as at end of year	₱4,263,038	₱5,235,969

Installment contract receivables are collectible within a period of one (1) to nine (9) years and are secured by mortgage on the property purchased by the buyer. These receivables bear interest at annual rates ranging from 12% to 19% in 2025, 2024 and 2023. Interest income earned amounted to ₱5,426,701, ₱5,662,824 and ₱7,869,962 in 2025, 2024 and 2023, respectively (see Note 20).

The Parent Company partially finances its real estate projects through assignment of certain installment contract receivables to secure loans availed from local financial institutions. Assigned installment contract receivables as at December 31, 2025 and 2024 amounted to ₱167,416,708 and ₱155,157,706, respectively (see Note 13).

Receivables from contractors pertain to the amount recoverable from construction projects. Advances to homeowners pertain to advances for the maintenance of residential subdivisions pending establishment of Homeowner's Associations.

Advances to employees are collected through salary deduction and/or liquidation within six (6) to twelve (12) months.

Other receivables consist of advances to suppliers and other miscellaneous receivables which are non-interest bearing and are collectible upon demand.

Except for the assigned installment contract receivables with a local financial institution, no other trade and other receivables as at December 31, 2025 and 2024 are held as collateral for its liabilities.

6. REAL ESTATE INVENTORIES

Real estate inventories as at December 31 consist of:

	2025	2024
At cost:		
Raw land inventory	₱ 880,095,186	₱ 879,062,090
Projects under development	728,405,752	718,291,843
House and lot	377,620,327	342,430,612
	₱1,986,121,265	₱1,939,784,545

Raw land inventory consists of parcels of land in the cities of Manila, Bulacan, Cavite, Cebu and Iloilo.

The cost of projects under development consists of the costs of land, site preparation and development, and construction cost of real estate inventories.

The Parent Company's real estate inventories consist of:

- Pacific Grand Villas in Cebu
- Wellford Residences in Cebu
- Pacific Grand Townhomes in Cebu
- Chateaux Geneva and Costa Esmeralda (Jaro Estates) in Iloilo
- Wellford Homes in Iloilo
- Wellford Homes in Malolos
- Metro Tech Industrial Park (formerly Plastic City Industrial Park) in Valenzuela

The Parent Company has entered into a joint venture agreement with related parties whereby the related parties contribute real estate properties to be developed by the Parent Company. The following projects were undertaken through these joint venture agreements:

a) *Chateaux Geneva*

In 2005, the Parent Company completed its residential subdivision project in Iloilo called Chateaux Geneva. This project is a joint operation project with Pacific Rehouse Corporation (PRC), an affiliate, by which they share on the net saleable areas of the joint venture property in accordance with their sharing agreement.

b) *Metro Tech Industrial Park (formerly Plastic City Industrial Park)*

In 1997, the Parent Company also entered into a joint operation agreement with its related parties, Inland Container Corporation, International Polymer Corporation, Kennex Container Corporation, Pacific Rehouse Corporation, Rexlon Industrial Corporation and Ropeman International Corporation, for the development of a certain real estate property into an industrial estate for a developer's fee equivalent to forty percent (40%) of the net sales proceeds after deducting all relevant taxes and marketing expenses and administrative expenses, with the remaining sixty percent (60%) to be remitted to the owners.

On November 6, 2018, the Parent Company sold portion of its acquired interest and participation rights on the above-mentioned joint venture agreement on the parcels of land with an aggregate area of 3,886 square meters to Rexlon Industrial Corporation for a consideration of ₱25,259,000 with a total cost amounting to ₱10,198,993, resulting to realized gross profit of ₱12,353,685, which was reflected in the Parent Company statements of comprehensive income.

The cost of inventories recognized as expense and included in 'Cost of real estate sold' in the statements of comprehensive income amounted to ₱89,372,657, ₱69,293,575 and ₱97,488,235 for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 19).

Real estate inventories with a total cost of ₱17.46 million as at December 31, 2025 and 2024, were used as collateral for borrowings obtained from Luzon Development Bank in 2013 (see Note 13).

Aside from the aforementioned information, no other real estate inventories as at December 31, 2025 and 2024 are held as collateral for its liabilities.

7. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets as at December 31 consist of:

	2025	2024
Input tax	₱32,860,581	₱45,268,606
Final withholding VAT	27,269,549	-
Prepaid expenses	479,534	835,648
Deferred input tax	171,407	171,407
Creditable withholding tax	-	5,684,522
	₱60,781,071	₱51,960,183

Input tax was derived mainly from transactions related to the materials and services used in construction of houses sold and certain general and administrative expenses.

Management believes that the input tax is fully realizable or recoverable because of the revenue to be generated from the vatable sales.

Prepaid expenses pertain to prepaid insurance, taxes and licenses, and office supplies.

8. INVESTMENT IN A SUBSIDIARY

Investment in a subsidiary as at December 31 consists of:

	2025	2024
Mariano Arroyo Development Corp. (MADCorp)		
Percentage of ownership	100%	100%
Carrying amount	₱ 7,800,000	₱ 7,800,000

MADCorp. (the ‘Subsidiary’) was incorporated in the Philippines and registered with the SEC on October 18, 2001.

The principal activity of the subsidiary is to engage in the business of dealing in real estate or other properties for industrial, commercial, residential, leisure, or sports purposes, and in pursuance thereof, to acquire by purchase, lease or otherwise, real estate and/ or appurtenant properties, and/ or interest therein.

The registered office address of the subsidiary is located at 35th Floor, One Corporate Center, Doña Julia Vargas Avenue corner Meralco Ave., Ortigas Center, Pasig City.

In 1996, the subsidiary’s land, which was being leased to the Parent Company, was conveyed to the identified farmer beneficiaries by the Department of Agrarian Reform (DAR) upon settlement by a local bank of the corresponding compensation of ₱9.313 million plus interest. Since 1997, the subsidiary has no commercial operations.

Summarized financial information of the Parent Company’s subsidiary as at December 31 is as follows:

	2025	2024
Assets	₱ 320,416	₱ 320,316
Liabilities	656,929	648,468
Capital deficiency	(₱ 336,513)	(₱ 328,152)
Revenue	₱ –	₱ –
Expenses	(8,361)	(17,670)
Net loss	(₱ 8,361)	(₱ 17,670)

9. FINANCIAL ASSETS AT FVOCI

Financial assets at FVOCI as at December 31 consist of:

	2025	2024
Unquoted shares		
Cost	₱50,000,000	₱50,000,000
Unrealized fair value loss	(22,282,377)	(22,282,377)
	₱27,717,623	₱27,717,623

The Parent Company's financial assets at FVOCI consist of investment in unquoted shares of stock in Waterfront Manila Premier Development, Inc. This investment is irrevocably designated at FVOCI as the Parent Company considers this investment to be strategic in nature and it holds this investment to foreseeable future. This investment is classified as financial assets at FVOCI as the Parent Company does not participate in the financial and operating policy of the investee would which manifest control, joint control or significant influence.

The Parent Company's financial assets at FVOCI as at December 31, 2025 and 2024 are not held as collateral for its financial liabilities.

10. PROPERTY AND EQUIPMENT (net)

Reconciliation of the Parent Company's property and equipment (net) as at December 31 is as follows:

December 31, 2025	Building and improvements	Transportation equipment	Machinery, furniture and fixtures	Right-of-use assets	Computer software	Total
Cost						
At beginning of year	₱81,111,849	₱7,385,020	₱45,468,683	₱4,123,921	₱ 350,000	₱138,439,473
Additions	68,125	-	689,929	-	-	758,054
Write-off	-	-	-	(1,327,491)	-	(1,327,491)
At end of year	81,179,974	7,385,020	46,158,612	2,796,430	350,000	137,870,036
Accumulated depreciation						
At beginning of year	55,176,654	7,278,012	43,948,159	2,195,658	350,000	108,948,483
Depreciation – note 21	2,266,088	107,008	776,530	857,571	-	4,007,197
Write-off	-	-	-	(1,327,491)	-	(1,327,491)
At end of year	57,442,742	7,385,020	44,724,689	1,725,738	350,000	111,628,189
Carrying amount as at December 31, 2025	₱23,737,232	₱ -	₱1,433,923	₱1,070,692	₱ -	₱26,241,847

December 31, 2024	Building and improvements	Transportation equipment	Machinery, furniture and fixtures	Right-of-use assets	Computer software	Total
Cost						
At beginning of year	₱81,111,849	₱7,385,020	₱44,295,919	₱4,123,921	₱ 350,000	₱137,266,709
Additions	–	–	1,172,764	–	–	1,172,764
At end of year	81,111,849	7,385,020	45,468,683	4,123,921	350,000	138,439,473
Accumulated depreciation						
At beginning of year	51,783,434	7,063,375	43,323,631	1,205,338	350,000	103,725,778
Depreciation – note 21	3,393,220	214,637	624,528	990,320	–	5,222,705
At end of year	55,176,654	7,278,012	43,948,159	2,195,658	350,000	108,948,483
Carrying amount as at December 31, 2024	₱25,935,195	₱ 107,008	₱ 1,520,524	₱1,928,263	₱ –	₱ 29,490,990

Write-off of right-of-use assets pertain to expired lease contracts.

Fully depreciated property and equipment still in use as at December 31, 2025 and 2024 amounted to ₱91,215,819 and ₱90,622,873, respectively.

The Parent Company's property and equipment as at December 31, 2025 and 2024 are not held as collateral for its liabilities and are free from any encumbrances.

Based on the impairment review of the property and equipment, the Parent Company believes that there is no indication that an impairment loss had occurred as at December 31, 2025 and 2024.

11. OTHER NONCURRENT ASSETS

Other noncurrent assets as at December 31 consist of:

	2025	2024
Refundable deposits	₱11,494,150	₱11,733,710
Other assets	175,282	175,282
	₱11,669,432	₱11,908,992

Refundable deposits consist mainly of security and utility deposits.

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities as at December 31 consist of:

	2025	2024
Accrued expenses	₱ 135,918,166	₱ 79,034,058
Government liabilities	83,909,933	40,123,614
Accounts payable	9,633,398	10,616,306
Other payables	48,200,651	44,697,919
	₱ 277,662,148	₱ 174,471,897

Accrued expenses are mainly composed of unpaid wages, security services, utilities, professional and legal fees, and government liabilities.

Government liabilities include Social Security System (SSS) payables, Home Development Mutual Fund (HDMF) payables, Philippine Health Insurance Corporation (PhilHealth) payables, withholding taxes and other taxes payable to government agencies.

Accounts payable pertain to the amounts due to suppliers which are payable within thirty (30) to ninety (90) days from the date of purchase and do not bear any interest.

Other payables are composed of collections from customers for payment of retitling and property taxes.

13. BORROWINGS

Borrowings as at December 31 consist of:

	2025	2024
Current	₱ 103,293,919	₱ 108,235,784
Noncurrent	27,911,373	29,904,265
	₱ 131,205,292	₱ 138,140,049

The table below shows the movement of borrowings during the year:

	2025	2024
Balance at beginning of year	₱138,140,049	₱123,073,265
Additions	131,898,063	141,006,422
Payments	(138,832,820)	(125,939,638)
Balance at end of year	₱131,205,292	₱ 138,140,049

Total interest on borrowings charged as “Finance costs” in the Parent Company statements of comprehensive income amounted to ₱18,218,302, ₱15,127,256 and ₱15,228,579 for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 22).

The details of borrowings of the Parent Company are as follows:

Date obtained	Purpose	Maturity	Interest rate	Loan amount	Outstanding balance		Conditions
					2025	2024	
Luzon Development Bank							
6/18/2025	Working Capital	06/18/2028	12.00%	₱ 6,200,000	₱5,315,405	₱ –	[a]
04/02/2025	Working Capital	04/02/2028	12.00%	8,800,000	7,108,793	–	[a]
01/18/2025	Working Capital	01/28/2028	12.00%	23,000,000	16,820,735	–	[a]
05/29/2024	Working capital	05/29/2027	12.00%	8,000,000	4,136,638	6,662,755	[a]
02/21/2024	Working capital	02/21/2027	12.25%	14,500,000	6,275,017	10,987,537	[a]
10/05/2023	Working capital	10/05/2026	12.00%	14,800,000	4,657,529	9,667,883	[a]
09/13/2023	Working capital	09/13/2026	12.00%	10,000,000	2,845,781	6,264,510	[a]
02/07/2023	Working capital	02/07/2026	12.00%	10,000,000	654,102	4,318,094	[a]
12/05/2022	Working capital	12/05/2025	11.00%	10,000,000	–	3,704,875	[a]
08/23/2022	Working capital	08/23/2025	10.00%	10,000,000	–	2,515,001	[a]
06/10/2022	Working capital	06/10/2025	10.00%	30,000,000	–	5,715,603	[a]
Philippine Bank of Communications							
11/25/2025	Working capital	05/25/2027	9.00%	16,101,099	₱15,262,270	₱ –	[b]
08/14/2025	Working capital	02/14/2027	9.00%	27,423,570	21,644,140	–	[b]
07/17/2025	Working capital	01/17/2027	9.25%	13,468,291	9,911,859	–	[b]
05/06/2025	Working capital	11/06/2026	9.25%	22,994,991	14,428,090	–	[b]
02/21/2025	Working capital	07/21/2026	9.25%	13,910,112	5,639,031	–	[b]
10/28/2024	Working capital	04/28/2026	9.25%	26,301,753	6,162,935	23,555,617	[b]
09/10/2024	Working capital	03/10/2026	9.25%	20,869,652	2,880,003	17,588,574	[b]
08/08/2024	Working capital	01/11/2026	9.25%	20,073,771	1,189,495	14,773,246	[b]
04/12/2024	Working capital	10/12/2025	9.25%	15,965,020	–	9,141,078	[b]
03/11/2024	Working capital	09/11/2025	9.25%	9,321,854	–	4,821,919	[b]
02/06/2024	Working capital	08/06/2025	9.25%	19,700,904	–	9,092,860	[b]
08/01/2023	Working capital	02/01/2025	9.25%	17,290,426	–	2,041,271	[b]
07/13/2023	Working capital	01/13/2025	9.25%	19,360,857	–	1,015,757	[b]
Qwick							
10/07/2024	Working capital	10/10/2026	15%	6,273,469	6,273,469	6,273,469	[c]
				₱394,355,769	₱131,205,292	₱ 138,140,049	

a. Luzon Development Bank

Notes payable were obtained for working capital requirements. The notes carry an interest rate of 10% to 12.25% p.a. and payable in one (1) to six (6) years, with interest payable monthly in advance. The loan is secured by real estate inventories with a total cost of ₱17.46 million as at December 31, 2025 and 2024 (see Note 6).

b. Philippine Bank of Communications

Borrowings represent selling of installment contract receivables by virtue of various contracts to sell for a consideration amounting to ₱161,143,239 and ₱148,884,237 as at December 31, 2025 and 2024, respectively (see Note 5).

c. Qwick

Borrowings represent selling of installment contract receivables by virtue of various contracts to sell for a consideration of ₱6,273,469 as at December 31, 2025 and 2024, respectively (see Note 5).

The Parent Company's borrowings are not subject to any significant loan covenant.

14. CUSTOMERS' DEPOSITS

Customers' deposits represent reservation fees and initial collections received from the customers before the two parties enter into a sales agreement for the sale transaction.

As at December 31, 2025 and 2024, outstanding balance of the customers' deposits amounted to ₱8,685,818 and ₱6,122,924, respectively.

15. RETENTION PAYABLE AND REFUNDABLE BONDS

Retention payable and refundable bonds as at December 31 consist of:

	2025	2024
Retention payable	₱ 30,293,147	₱ 25,317,183
Refundable bonds	10,576,606	10,316,606
	₱ 40,869,753	₱ 35,633,789

Retention payable pertains to ten percent (10%) of each progress payment retained by the Parent Company until full completion of the contract. The full amount of retention will be released by the Parent Company to the contractors after the full completion and acceptance of satisfactory works by the Parent Company and submission of the original, signed and sealed sets of prints of "As-built" drawings.

The refundable bonds pertain to collections from buyers which include construction, renovation and/ or fencing bonds which will be released by the Parent Company upon completion of construction and/or renovation.

16. CONTRACT ASSETS AND LIABILITIES

Contract assets and liabilities as at December 31 consist of:

	2025	2024
Contract assets	₱ 207,891,333	₱108,687,214
Contract liabilities	138,750,380	79,301,353

Contract assets represent excess of progress of work over collections from real estate customers, excluding the amount presented as installment contract receivables.

Contract liabilities consist of collections from real estate customers, over the goods and services transferred by the Parent Company based on percentage of completion, excluding customers' deposits.

17. CAPITAL STOCK

Details of capital stock as at December 31 are as follows:

	2025	2024
Common stock: ₱1 par value		
Authorized: 5,000,000,000 shares	₱5,000,000,000	₱5,000,000,000
Issued and outstanding: 2,891,099,660 shares	₱2,891,099,660	₱2,891,099,660

The Parent Company has one (1) class of common shares which carry no right to fixed income.

Track Record of Registration of Securities

The Parent Company was originally registered as "Philippine Cocoa Estates Corporation" with the SEC on May 30, 1983 with an authorized capital stock of ₱1 million primarily to engage in all phases of agriculture. On February 29, 1984, the Parent Company increased its authorized capital stock to ₱140 million. The Parent Company was listed with the PSE on November 1, 1984.

On May 8, 1987, the Parent Company with the approval of SEC increased its authorized capital stock to ₱180 million and on October 22, 1987, increased to ₱300 million.

In 1996, The Wellex Group, Inc. (TWGI) gained majority control of the Parent Company and revamped its management. The new management opted for a change in business focus from agriculture to real estate, with the corporate vision of becoming a world-class real estate developer.

To align the Parent Company to this new corporate vision, management applied with the SEC for approval to carry out certain strategic corporate changes. Thus, on May 16, 1996, SEC approved the proposed changes, namely: (a) the change in the primary purpose clause from agriculture to the business of holding and developing real estate or other property; (b) the change in the corporate name to reflect the new business focus; (c) the removal of the Class "A" and Class "B" classification of the Parent Company's shares; and (d) the change in par value of the shares from ₱10 to ₱1 per share.

Towards achieving its corporate vision, the Parent Company filed an application to increase its authorized capital stock from ₱300 million to ₱5 billion. Out of this increase of ₱4.7 billion, the amount of ₱1,194,333,800 was subscribed and paid up by five (5) corporate investors. The principal part of the subscription was paid up by way of transfers to the Parent Company of forty-five (45) parcels of land valued at ₱1,161,833,800, while a smaller portion of the subscription, amounting to ₱32,500,000 was paid through conversion of debt to equity. The increase in authorized capital stock to ₱5 billion was approved by SEC on March 26, 1997.

Share Rights Offer

In a special meeting held on March 25, 2021, the BOD authorized the Rights Offer of 1,445,549,830 common shares with par value of ₱1.00 per share, by way of stock rights offering to eligible and existing common shareholders of the Parent Company at the proportion of one (1) right share for every one (1) existing common share held as of record date. All rights shares will be issued from the Parent Company's unissued authorized capital stock.

After the issuance of 1,445,549,830 common shares subject to rights offer, a total of 2,891,099,660 common shares shall be issued and outstanding. The rights offer will represent 50% of the issued and outstanding common shares.

On November 15, 2021, the Parent Company received the Notice of Approval from the PSE for the Rights Offer. The offer period shall commence on December 6, 2021, and will end on December 13, 2021.

The gross proceeds from the Rights Offer are expected to be ₱1,445,549,830. The net proceeds from the Rights Offer after deducting taxes and PSE fees, are expected to be ₱1,423,000,000.

The net proceeds from the Rights Offer are intended for the acquisition of land properties for the Parent Company's pipeline of projects and the remaining balance to be used for general corporate purposes.

The Parent Company incurred stock rights offering cost, which were recognized as deduction from equity, amounting to ₱19,105,210 and ₱3,423,729 as at December 31, 2022 and 2021, respectively.

The number of shares owned by public totaled 765,712,740 and 1,030,863,340 shares or a public ownership of 26.48% and 35.66% as at December 31, 2025 and 2024, respectively.

The historical market value of the Parent Company's shares is as follows:

	Market value per share
December 31, 2025	₱0.320
December 31, 2024	0.255
December 31, 2023	0.340

18. REAL ESTATE SALES

The details of real estate sales for the years ended December 31 are as follows:

	2025	2024	2023
House and lot	₱124,652,370	₱ 51,139,803	₱ 53,493,099
Lot	49,503,158	60,334,788	190,531,060
Condominium unit	4,471,591	27,150,155	33,100,711
	₱178,627,119	₱138,624,746	₱277,124,870

19. COST OF REAL ESTATE SOLD

The details of cost of real estate sold for the years ended December 31 are as follows:

	2025	2024	2023
House and lot	₱ 69,356,271	₱ 29,585,721	₱ 28,954,722
Lot	17,395,185	24,473,665	49,503,135
Condominium unit	2,621,201	15,234,189	19,030,378
	₱89,372,657	₱ 69,293,575	₱ 97,488,235

20. OTHER INCOME (EXPENSES) - net

Other income (expenses) - net for the years ended December 31 consists of:

	2025	2024	2023
Finance income from:			
Advances to affiliates – note 23	₱13,769,116	₱12,477,003	₱12,076,021
Installment contract receivables – note 5	5,426,701	5,662,824	7,869,962
Cash in banks – note 4	633,337	14,334	14,868
Recovery of (provision for) ECL – note 5	972,931	(306,339)	(3,288,173)
Provision for losses, taxes and others	(56,906,349)	(34,053,005)	–
Miscellaneous income	5,009,247	6,684,585	6,822,282
	₱31,095,017	(₱9,520,598)	₱23,494,960

Provision for losses, taxes and others mainly represents recognition of possible losses on on-going projects, taxes and other expenses. The amount reflects Management's best estimates based on available information as of the reporting date.

Miscellaneous income mainly consists of forfeited customer's deposits, rental income in sub-leased properties and penalty charges for late payment of monthly amortizations.

21. OPERATING EXPENSES

Operating expenses for the years ended December 31 consists of:

	2025	2024	2023
Salaries and wages	₱ 22,324,178	₱ 21,798,906	₱ 20,142,511
Loss on cancelled contracts	14,986,640	24,532,653	7,916,409
Taxes and licenses	9,157,105	8,107,819	18,590,307
Commissions	6,317,887	10,803,753	12,659,077
Representation and entertainment	5,693,282	6,734,930	7,587,133
Depreciation – note 10	4,007,197	5,222,705	3,959,224
Professional and legal fees	3,757,751	2,879,304	4,310,460
Communication, light and water	3,507,577	2,692,438	3,479,529
Employee benefits	3,339,092	3,180,593	2,902,803
Travel and transportation	3,163,100	1,491,354	1,958,193
Security services	3,072,835	2,155,101	1,608,726
Repairs and maintenance	2,187,492	3,467,988	1,782,839
Advertising	1,471,360	361,287	4,536,365
Retirement benefits – note 25	1,351,608	1,381,394	1,552,740
Dues and subscription	1,106,259	894,854	470,695
Supplies	1,036,494	931,296	976,023
Penalty fee, interests and surcharges	950,535	2,691,265	95,731
Insurance	623,863	343,505	779,910
Rental – note 27	607,152	302,893	261,573
Training and seminars	82,669	31,046	20,632
Director fees	68,929	68,929	98,929
Miscellaneous	15,537,869	7,827,040	7,991,039
	₱104,350,874	₱107,901,053	₱103,680,848

Miscellaneous expenses consist of input VAT allocable to exempt sales, bank charges, and other recreational expenses incurred by the Parent Company.

22. FINANCE COSTS

Details of finance costs for the years ended December 31 is as follows:

	2025	2024	2023
Borrowings – note 13	₱18,218,302	₱15,127,256	₱15,228,579
Lease liabilities – note 27	108,426	177,320	144,198
	₱18,326,728	₱15,304,576	₱15,372,777

23. RELATED PARTY TRANSACTIONS

The Parent Company makes advances to and from related parties for working capital requirements and for those related to joint venture agreements and other transactions.

Details of the Parent Company's advances to related parties as at December 31, 2025 and 2024 are as follows:

	At beginning of Year	Additional advances/ Impairment	Accrual of interest – note 20	Collection/ application/	At end of year
December 31, 2025					
Common key management					
Plastic City Corp. (a)	₱210,387,928	₱493,868	₱4,115,570	₱ –	₱214,997,366
Kennex Container Corp. (b)	38,875,126	91,256	760,468	–	39,726,850
Orient Pacific Corp. (b)	27,316,994	64,124	534,370	–	27,915,488
Noble Arch Realty and Construction (c)	5,422,711	61,101	105,144	–	5,588,956
Pacific Rehouse Corporation (f)	2,083,519	336,565,779	–	–	338,649,298
Pacific Wide Realtys and Development Corp. (i)	–	269,875	–	–	269,875
Metro Alliance Holdings and Equities Corporation (e)	292,456,385	631,201	5,260,007	–	298,347,593
Westland Pacific Properties Corp (g)	46,737,519	107,358	894,646	–	47,739,523
The Wellex Group, Inc (TWGI) (h)	146,752,643	251,869	2,098,911	(7,000,000)	142,103,423
Subsidiary					
Mariano Arroyo Dev't Corp	311,430	8,461	–	–	319,891
	770,344,255	338,544,892	13,769,116	(7,000,000)	1,115,658,263
Allowance for ECL	(31,489,270)	–	–	–	(31,489,270)
	₱738,854,985	₱338,544,892	₱13,769,116	(₱7,000,000)	₱1,084,168,993
December 31, 2024					
Common key management					
Plastic City Corp. (a)	₱205,778,488	₱ 493,868	₱ 4,115,572	₱ –	₱ 210,387,928
Forum Holdings Corp. (b)	40,905,810	98,174	818,116	(41,822,100)	–
Kennex Container Corp. (b)	38,023,402	91,256	760,468	–	38,875,126
Orient Pacific Corp. (b)	26,718,500	64,124	534,370	–	27,316,994
Noble Arch Realty and Construction (c)	5,257,198	60,369	105,144	–	5,422,711
Pacific Rehouse Corporation (f)	2,081,349	2,170	–	–	2,083,519
Metro Alliance Holdings and Equities Corporation (e)	286,565,177	631,201	5,260,007	–	292,456,385
Westland Pacific Properties Corp (g)	45,748,194	105,999	883,326	–	46,737,519
The Wellex Group, Inc (TWGI) (h)	–	146,752,643	–	–	146,752,643
Subsidiary					
Mariano Arroyo Dev't Corp	293,660	17,770	–	–	311,430
	651,371,778	148,317,574	12,477,003	(41,822,100)	770,344,255
Allowance for ECL	(31,489,270)	–	–	–	(31,489,270)
	₱619,882,508	₱148,317,574	₱12,477,003	(₱41,822,100)	₱ 738,854,985

Advances to related parties as at December 31 consist of:

	2025	2024
Current	₱ 635,283,218	₱ 164,395,842
Noncurrent	448,885,775	574,459,143
	₱1,084,168,993	₱ 738,854,985

Details of the Parent Company's advances from related parties as at December 31, 2025 and 2024 are as follows:

December 31, 2025	At beginning of Year	Additional Advances	Settlement/ Reversal	At end of year
Common key management				
Manila Pavilion	₱ 166,530	₱ –	(₱166,530)	₱ –
Inland Container Corporation	500,000	–	–	500,000
Pacific Plastic Corporation	1,500,000	–	–	1,500,000
Stockholders				
International Polymer Corp.	3,686,500	143,352	–	3,829,852
	₱5,853,030	₱143,352	(₱166,530)	₱5,829,852
<hr/>				
December 31, 2024	At beginning of Year	Additional Advances	Settlement/ Reversal	At end of year
Common key management				
Waterfront Cebu City Hotel	₱92,054,457	₱ –	(₱92,054,457)	₱ –
Manila Pavilion	166,530	–	–	166,530
Inland Container Corporation	1,500,000	–	(1,000,000)	500,000
Pacific Plastic Corporation	2,500,000	1,500,000	(2,500,000)	1,500,000
Stockholders				
International Polymer Corp.	3,689,852	–	(3,352)	3,686,500
	₱99,910,839	₱1,500,000	(₱95,557,809)	₱ 5,853,030

The Parent Company obtained noninterest-bearing and unsecured cash advances from related parties to support its operations and will be settled through cash payment. The Parent Company was granted an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. The management assessed that the advances from the related parties are not expected to be settled within 12 months from the reporting period. There have been no guarantees received for any related party payables.

On December 21, 2024, The Wellex Group Inc. (TWGI), Crisanta Realty Development Corporation (CRDC) entered into a Memorandum of Agreement with Pacific Rehouse Corporation (PRC) for the assignment of its related party balances with the Parent Company. TWGI and CRDC assigned their rights for the collection of their receivables from the Parent Company to PRC amounting to ₱7,938,239 and ₱12,679,735, respectively. These assignments partially settled their obligation to PRC.

On the same date, Rexlon Realty Group, Inc. (RRGI) assigned its right for collection of their receivable amounting to ₱442,480 in favor of the Parent Company. The assignment settled the obligation of RRGi to the Parent Company.

On December 19, 2024, Forum Holdings Corporation (FHC) and The Wellex Group Inc. (TWGI) entered into a Memorandum of Agreement for the assignment of FHC's related party balances with the Parent Company amounting to ₱41,822,100.

a) *Plastic City Corporation (PCC)*

Advances to PCC represent unsecured and interest-bearing cash advances which bear an interest of 2% per annum. PCC issued a promissory note in favor of Parent Company. On May 2, 2011, PCC and the Parent Company entered into a memorandum of agreement wherein PCC will transfer the ownership of eleven (11) properties located at Metrotech Industrial Park with a total area of 21,475 sq.m. valued at ₱6,450/sq.m. as payment to its outstanding obligation to the Parent Company. On December 21, 2018, PCC reissued a promissory note indicating an extension of term for another three (3) years, starting January 31, 2018, and will mature on January 31, 2021. On February 1, 2021, PCC and Parent Company reissued the promissory note indicating an extension of term for another three (3) years, starting January 31, 2021, and will mature on January 31, 2024. On January 31, 2024, PCC and Parent Company extended the promissory note for another three (3) years.

b) *Forum Holdings Corp. (FHC), Kennex Container Corp. (KCC) and Orient Pacific Corporation (OPC)*

In 2009, FHC, KCC and OPC executed respective unsecured promissory notes (PN) to cover their respective advances to the Parent Company with a term of five (5) years, and bear interest of two percent (2%) per annum, renewable upon agreement of the parties. These PNs were renewed in 2014 with a three-year term which matured during the year at interest of two percent (2%) per annum. These cash advances are to be settled through cash payments. On December 21, 2018, FHC, KCC and OPC, and Parent Company reissued a promissory note indicating an extension of term for another three (3) years, starting January 31, 2018, and will mature on January 31, 2021. On February 1, 2021, FHC, KCC and OPC, and Parent Company reissued promissory notes indicating an extension of term for another three (3) years, starting January 31, 2021, and will mature on January 31, 2024. On January 31, 2024, the promissory note was extended for another three (3) years.

c) *Noble Arch Realty and Construction Corporation (NARCC)*

In 2005, NARCC entered into a Contract to Sell with Union Bank of the Philippines involving eight (8) parcels of land located in Valenzuela City, with an aggregate area of 15,997 square meters. For the purpose of paying the obligation arising from the aforementioned contract, NARCC sought the assistance of the Parent Company through interest bearing cash advances. In 2009, NARCC executed respective unsecured PN to cover their respective advances to the Parent Company with a term of five (5) years, and bear interest of two percent (2%) per annum, renewable upon agreement of the parties. These PN's were renewed in 2014 with a three-year term which matured during the year at interest of two percent (2%) per annum. These cash advances are to be settled through cash payments. On March 23, 2015, the properties were transferred to the Parent Company through Deed of Absolute Sale executed by the Parent Company and Union Bank of the Philippines. On December 21, 2018, NARCC and the Parent Company reissued a promissory note indicating an extension of term for another three (3) years, starting January 31, 2018, and will mature on January 31, 2021 on the remaining balance. On February 1, 2021, NARCC and Parent Company reissued promissory note indicating an extension of term for another three (3) years, starting January 31, 2021, and will mature on January 31, 2024. On January 31, 2024, the promissory note was extended for another three (3) years.

d) Installment contract receivables from IPC

In addition to the advances made to related parties, the Parent Company also has unsecured and unguaranteed installment contract receivables from related parties due beyond one (1) year which are to be settled through cash amounting to ₱4,340,519 as at December 31, 2025 and 2024 (see Note 6).

e) Metro Alliance Holdings and Equities Corporation (MAHEC)

The Parent Company has outstanding advances to MAHEC pertaining to the value of raw land inventories transferred by the Parent Company.

On March 15, 2021, MAHEC issued a promissory note amounting to ₱263,000,345. The term of the loan is five (5) years maturing on March 15, 2026, bearing an interest of 2% per annum. Accrued interest receivable for these advances amounted to ₱5,260,007 for the years ended December 31, 2025, 2024 and 2023.

f) Pacific Rehouse Corporation (PRC)

The advances represent reimbursable expenses paid by the Company in behalf of PRC. The advances are unsecured, unguaranteed and are to be settled in cash.

g) Westland Pacific Properties Corporation (WPPC)

On October 28, 2022, WPPC issued a promissory note amounting to ₱48,766,408. The term of the loan is three (3) years maturing on October 31, 2025, bearing an interest of 2% per annum. On November 17, 2025, the promissory note was extended for another three (3) years. Accrued interest receivable for these advances amounted to ₱894,646 and ₱883,326 as at ended December 31, 2025 and 2024.

h) The Wellex Group, Inc

On September 1, 2024, TWGI issued a promissory note amounting to ₱104,945,543. The term of the loan is three (3) years maturing on September 1, 2027, bearing an interest of 2% per annum.

i) Pacific Wide Realtys and Development Corp. (PWRDC)

The advances represent reimbursable expenses paid by the Company on behalf of PWRDC. The advances are unsecured, unguaranteed and are to be settled in cash.

j) Remuneration of key management personnel

The remuneration of key management personnel of the Parent Company under aggregate amount specified in PAS 24, 'Related Party Disclosures' for the years ended December 31 is as follows:

	2025	2024
Short-term employee benefits	₱3,280,794	₱ 4,224,082
Post-employment benefits	266,454	360,000
Share-based payments	—	—
Other long-term benefits	—	—
	₱3,547,248	₱ 4,584,082

k) *Transaction with the retirement fund*

The Parent Company has no transactions with its retirement plan other than its benefits paid and contributions to the fund for the years ended December 31, 2025 and 2024.

24. INCOME TAX

Reconciliation of income tax expense

The reconciliation of income before tax computed at the regular corporate tax rate to the provision for income tax as shown in the Parent Company statement of comprehensive income is as follows:

	2025	2024	2023
Income before income tax	₱284,070,621	₱ 95,086,545	₱84,077,970
Tax at applicable statutory rate:	71,017,655	23,771,636	21,019,493
Tax effect of:			
Non-deductible expenses	19,127,451	8,358,666	3,750,420
Interest income subjected to final tax	(158,334)	(3,584)	(3,717)
Change in unrecognized deferred tax asset	(243,233)	76,585	822,043
Other movement	7,863,512	-	-
	₱ 97,607,051	₱ 32,203,303	₱25,588,239

The components of deferred tax assets (net) as at December 31 are as follows:

	2025	2024
Deferred tax assets		
Allowance for ECL	₱ 8,938,078	₱ 9,181,310
Accrued expenses	8,347,573	15,209,680
Retirement benefits obligation	5,089,706	5,001,804
Lease liabilities	163,583	446,037
	22,538,940	29,838,831
Less: Unrecognized deferred tax asset	(8,938,078)	(9,181,310)
	₱ 13,600,862	₱ 20,657,521

The components of deferred tax liabilities as at December 31 are as follows:

	2025	2024
Deferred tax liabilities		
Effect of adoption of PFRS 15	₱ 63,614,450	₱ 69,286,722
Claim from expropriated properties	85,685,199	30,404,469
Right-of-use assets	267,673	482,066
Remeasurement gain on retirement benefits	3,430,924	3,023,664
	₱ 152,998,246	₱103,196,921

Deferred tax liability on claim from expropriated properties pertains to portion of the expropriation claim amounting to ₱221.12 million and ₱121.62 million for the years ended December 31, 2025 and 2024, respectively, which was reported as income for financial reporting purposes but deferred for tax purposes. The Parent Company believes the related income is not yet taxable due to its link to ongoing redevelopment activities that were brought by the expropriation.

Deferred tax assets and liabilities are determined using the income tax rates in the period the temporary differences are expected to be recovered or settled.

The component of deferred income tax recognized in other comprehensive income from actuarial gain on retirement benefits amounted to ₱407,260 and ₱359,863 for the years ended December 31, 2025 and 2024, respectively (see Note 25).

25. RETIREMENT BENEFITS OBLIGATION

The Parent Company has a funded, noncontributory and tax-qualified defined benefits type of pension plan covering substantially all of its employees. The benefits are generally based on defined contribution formula with minimum lump-sum guarantee of 100% of the latest monthly salary per year of credited service.

The Parent Company appointed a trustee bank to be responsible for the general administration of the retirement plan and retirement fund.

Actuarial valuations are made at least every one (1) to two (2) years. The Parent Company's annual contributions to the defined benefits plan consist principally of payments covering the current service cost for the year and the required funding relative to the guaranteed minimum benefits as applicable.

The Parent Company's latest actuarial valuation is as at December 31, 2025.

The movement in the retirement benefits obligation for the years ended December 31, 2025 and 2024 is as follows:

	Present value of retirement benefits obligation	Fair value of plan assets	Retirement benefits obligation
January 1, 2025	₱ 9,217,864	(₱ 1,305,303)	₱7,912,561
Retirement expense:			
Current service costs	890,492	-	890,492
Interest expense (income)	565,055	(103,939)	461,116
	1,455,547	(103,939)	1,351,608
Benefits paid from plan asset	(219,456)	219,456	-
Benefits shouldered by the company	(507,000)	-	(507,000)
Contribution	-	(1,000,000)	(1,000,000)
Remeasurements, gross of tax:			
Actuarial loss (gain) arising from:			
Changes in financial assumptions	(11,959)	-	(11,959)
Experience/return	(1,632,182)	15,102	(1,617,080)
	(1,644,141)	15,102	(1,629,039)
As at December 31, 2025	₱ 8,302,814	(₱2,174,684)	₱6,128,130

	Present value of retirement benefits obligation	Fair value of plan assets	Retirement benefits obligation
January 1, 2024	₱ 9,475,323	(₱ 504,704)	₱ 8,970,619
Retirement expense:			
Current service costs	858,582	-	858,582
Interest expense (income)	577,047	(54,235)	522,812
	1,435,629	(54,235)	1,381,394
Benefits paid	(228,300)	228,300	-
Contribution	-	(1,000,000)	(1,000,000)
Remeasurements, gross of tax:			
Actuarial loss (gain) arising from:			
Changes in financial assumptions	(15,097)	-	(15,097)
Experience/return	(1,449,691)	25,336	(1,424,355)
	(1,464,788)	25,336	(1,439,452)
As at December 31, 2024	₱ 9,217,864	(₱1,305,303)	₱7,912,561

Remeasurement gain on retirement benefits presented in the statements of financial position under equity section is as follows:

	2025	2024
Balance at beginning of year	₱9,070,990	₱7,991,401
Amounts recognized in OCI	1,629,039	1,439,452
	10,700,029	9,430,853
Attributable tax	(407,260)	(359,863)
Balance at end of year	₱10,292,769	₱9,070,990

Remeasurement gain on retirement benefits, net of related tax amounting to ₱407,260 and ₱359,863 (see Note 24), in the Parent Company statements of comprehensive income for the years ended December 31, 2025 and 2024 amounted to ₱1,221,779 and ₱1,079,589, respectively.

The retirement benefits expense recognized is included in operating expenses for the years ended December 31, 2025, 2024 and 2023 amounted to ₱1,351,608, ₱ 1,381,394 and ₱1,552,740, respectively (see Note 21).

The fair value of the Parent Company's retirement plan assets as at December 31 consist of:

	2025	2024
Cash and cash equivalents	₱ 1,054,069	₱ 911,624
Government bonds and securities	1,120,615	393,679
	₱ 2,174,684	₱1,305,303

The Parent Company's plan assets are managed by a trustee bank, which is authorized to determine how the funds are invested with the objective of obtaining optimal return. The fair value of the plan assets measured using the market-to-market approach. The fair value of plan assets approximates their carrying amount as at December 31, 2025 and 2024.

The actual return on plan assets for the years ended December 31 is as follows:

	2025	2024
Interest income	₱ 103,939	₱ 54,235
Loss on plan assets, excluding amounts included in net interest cost	(15,102)	(25,336)
	₱ 88,837	₱ 28,899

The principal actuarial assumptions used as at December 31 are as follows:

	2025	2024
Discount rate	6.16%	6.13%
Salary rate increase	5.00%	5.00%

The discount rate at December 31, 2025 and 2024 was based on the BVAL benchmark market yields on government bonds as of the valuation dates (or latest available) considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

The sensitivity of the retirement benefits obligation to changes in the weighted principal assumptions is as follows:

December 31, 2025	Impact on retirement benefits obligations		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	100 bps	Decrease by 4.6%	Increase by 5.0%
Salary increase rate	100 bps	Increase by 5.0%	Decrease by 4.7%
<hr/>			
December 31, 2024	Impact on retirement benefits obligations		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	100 bps	Decrease by 3.9%	Increase by 4.3%
Salary increase rate	100 bps	Increase by 4.3%	Decrease by 4.0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating sensitivity of the retirement benefits obligation to significant actuarial assumptions the same method (present value of the retirement benefits obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized within the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Through its retirement benefits retirement plan, the Parent Company is exposed to a number of risks, the most significant of which are as follows:

- a) Asset volatility – The plan liabilities are calculated using a discount rate set with reference to government bonds, if plan assets underperformed this yield, this will create a deficit. Most of the assets of the plan are government bonds and securities.

- b) Changes in bond yield – A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans’ bond holdings.

The retirement plan trustee has no specific asset-liability matching strategies to manage risks between the plan assets and the plan liabilities.

The weighted average duration of the defined benefit obligation is 4.8 and 4.1 years, in 2025 and 2024, respectively.

The Parent Company does not expect any contributions to post-employment benefit plans for the year ending December 31, 2026.

Expected maturity analysis of undiscounted retirement benefits obligation:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
2025					
Retirement benefits obligation	₱ –	₱ 3,012,762	₱ 3,759,810	₱ 5,863,776	₱ 12,636,348
2024					
Retirement benefits obligation	₱ –	₱ 3,899,094	₱ 4,480,299	₱ 13,135,006	₱ 21,514,399

26. BUSINESS SEGMENT INFORMATION

The Parent Company’s operating business segments are organized and managed separately according to location of business activities. The Parent Company’s management monitors the operating result of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the Parent Company financial statements.

However, financing which includes finance cost, impairment of assets and income taxes are managed on a group basis and are not allocated to operating segments.

The Parent Company classifies business segments based on location of its real property projects as in the following geographical areas:

- Metro Manila – industrial park and condominium projects
- Bulacan – subdivision and mixed use
- Other Luzon Areas such as Cavite – subdivision development
- Cebu – subdivision, mixed use and condominium projects
- Iloilo – subdivision and mixed use
- Davao – administrative office

Geographically, management considers the performance in Metro Manila, Cebu, Bulacan, Iloilo and Davao. Deferred tax assets and retirement benefits obligation are not allocated to geographic segments.

The segment information is as follows:

December 31, 2025	Metro Manila	Cebu	Bulacan	Iloilo	Davao	Valenzuela	Parent Company Total
Revenue							
Sales	₱ –	₱ 14,789,613	₱ 79,393,142	₱ 84,444,365	₱ –	₱ –	₱178,627,120
Cost of sales	–	7,126,188	43,847,064	38,399,406	–	–	89,372,658
Gross profit	–	7,663,425	35,546,078	46,044,959	–	–	89,254,462
Operating expenses							
Depreciation	3,149,626	413,839	310,983	132,749	–	–	4,007,197
Loss on cancelled contracts		2,669,558	1,051,244	11,265,838			14,986,640
Retirement benefits expense	1,351,608	–	–	–	–	–	1,351,608
Other expenses	53,693,531	9,493,163	6,915,663	11,632,051	151,118	2,119,903	84,005,429
	58,194,765	12,576,560	8,277,890	23,030,638	151,118	2,119,903	104,350,874
Segment income (loss) from operations	(58,194,765)	(4,913,135)	27,268,188	23,014,321	(151,118)	(2,119,903)	(15,096,412)
Other income (expenses)	(37,753,330)	3,635,265	1,505,575	(1,811,453)	412,625	2,916,301	(31,095,017)
Claim from expropriation case	–	–	–	348,588,778	–	–	348,588,778
Finance cost	15,256,833	43,093	57,226	2,969,576	–	–	18,326,728
Segment income (loss) before tax	(111,204,928)	(1,320,963)	28,716,537	366,822,070	261,507	796,398	284,070,621
Provision for income tax	97,607,051	–	–	–	–	–	97,607,051
Net income (loss) for the year	(₱ 208,811,979)	(₱ 1,320,963)	₱ 28,716,537	₱ 366,822,070	₱ 261,507	₱ 796,398	₱ 186,463,570
Segment assets	₱1,372,096,052	₱418,759,915	₱382,814,494	₱1,412,030,858	₱2,616,308	₱15,676,319	₱3,603,993,946
Investment in a subsidiary	–	–	–	–	–	–	–
Deferred tax assets	13,600,862	–	–	–	–	–	13,600,862
Total assets	₱1,385,696,914	₱418,759,915	₱382,814,494	₱1,412,030,858	₱2,616,308	₱15,676,319	₱3,617,594,808
Segment liabilities	(₱ 41,166,073)	₱145,038,228	₱239,408,836	₱ 276,287,418	₱ 775,491	₱ 7,518,260	₱ 627,862,160
Borrowings	131,134,510	–	–	70,782	–	–	131,205,292
Retirement benefits obligation	6,128,130	–	–	–	–	–	6,128,130
Total liabilities	₱ 96,096,567	₱145,038,228	₱239,408,836	₱276,358,200	₱775,491	₱7,518,260	₱ 765,195,582

December 31, 2024	Metro Manila	Cebu	Bulacan	Iloilo	Davao	Valenzuela	Parent Company Total
Revenue							
Sales	₱ –	₱ 29,445,247	₱ 79,570,596	₱ 29,608,903	₱ –	₱ –	₱ 138,624,746
Cost of sales	–	(16,423,069)	(40,248,301)	(12,622,205)	–	–	(69,293,575)
Gross profit	–	13,022,178	39,322,295	16,986,698	–	–	69,331,171
Operating expenses							
Depreciation	4,128,193	449,445	329,692	315,375	–	–	5,222,705
Retirement benefits expense	–	11,225,422	5,015,650	8,291,581	–	–	24,532,653
Loss on cancelled contracts	1,381,394	–	–	–	–	–	1,381,394
Other expenses	46,483,444	9,863,154	7,748,288	11,244,318	167,926	1,257,171	76,764,302
Segment income (loss)	51,993,031	21,538,021	13,093,630	19,851,274	167,926	1,257,171	107,901,053
Other income	(51,993,031)	(8,515,843)	26,228,665	(2,864,576)	(167,926)	(1,257,171)	(38,569,882)
Claim from expropriation case	12,295,201	2,839,215	1,113,695	(30,861,316)	526,490	4,566,117	(9,520,598)
Finance cost	–	–	–	158,481,601	–	–	158,481,601
Segment income before tax	15,127,257	66,819	86,948	23,552	–	–	15,304,576
Provision for income tax	(54,825,087)	(5,743,447)	27,255,412	124,732,157	358,564	3,308,946	95,086,545
Net income (loss) for the year	32,203,303	–	–	–	–	–	32,203,303
	₱ (87,028,391)	₱ (5,743,447)	₱ 27,255,412	₱ 124,732,157	₱ 358,564	₱ 3,308,946	₱ 62,883,242
Segment assets	₱ 1,493,102,181	411,824,112	₱ 319,530,009	₱ 948,176,615	₱ 2,276,952	₱ 13,763,160	₱ 3,188,673,029
Investment in a subsidiary	7,800,000	–	–	–	–	–	7,800,000
Deferred tax assets	20,657,521	–	–	–	–	–	20,657,521
Total assets	₱ 1,521,559,702	₱ 411,824,112	₱ 319,530,009	₱ 948,176,615	₱ 2,276,952	₱ 13,763,160	₱ 3,217,130,550
Segment liabilities	₱ 19,144,254	₱ 89,991,116	₱ 170,142,477	₱ 121,797,908	₱ 417,055	₱ 4,871,253	₱ 406,364,063
Borrowings	138,069,267	–	–	70,782	–	–	138,140,049
Retirement benefits obligation	7,912,561	–	–	–	–	–	7,912,561
Total liabilities	₱ 165,126,082	₱ 89,991,116	₱ 170,142,477	₱ 121,868,690	₱ 417,055	₱ 4,871,253	₱ 552,416,673

Although Davao and Valenzuela segments do not meet the quantitative thresholds required by PFRS 8 for reportable segments as at December 31, 2025 and 2024, management has concluded that this segment should be reported, as it is closely monitored for potential growth that would contribute to revenue in the future

27. LEASE COMMITMENTS

The Parent Company has various non-cancellable office space lease agreements which are renewable upon mutual agreement with lessors as follows:

Lessor	Lease period
Grand Union Supermarket	September 1, 2023 to September 4, 2026
Arjay Realty	August 1, 2023 to August 1, 2026
Eumarc Real Estate	July 01, 2020 to June 30, 2025

The Parent Company recognized the assets as ‘right-of-use assets’ and corresponding lease liabilities.

The present value of the lease liabilities as at December 31 is as follows:

	2025	2024
Current	₱654,334	₱1,129,815
Noncurrent	–	654,334
	₱ 654,334	₱1,784,149

The future minimum lease payments as at December 31 are as follows:

	2025	2024
Not later than one year	₱694,756	₱ 1,238,241
Later than one year but not later than five years	–	694,756
Future minimum lease payments	694,756	1,932,997
Amounts representing finance charges	(40,422)	(148,848)
	₱ 654,334	₱ 1,784,149

The net carrying amount of the right-of-use assets recognized as at December 31, 2025 and 2024 is disclosed in Note 10.

Total finance costs charged to operations amounted to ₱108,426, ₱177,320 and ₱144,198 for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 22).

The Parent Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for the lease of printers as these are for short-term leases and of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

Total rental expense for the lease of printers and billboard space amounted to ₱607,152, ₱302,893 and ₱261,573 for the years ended December 31, 2025, 2024 and 2023, respectively (see Note 21).

28. CLAIM FROM EXPROPRIATION CASE

In 2006, portions of the Parent Company's and Pacific Rehouse Corporation's (PRC) properties, including Chateaux Geneva, were expropriated by the government for the Iloilo Flood Control Project of the Department of Public Works and Highways (DPWH). Initial payments totaling ₱188.31 million were received in 2006 and 2007, and shared between the Parent Company and PRC. In 2007, a second expropriation case was filed involving additional adjacent properties.

The Parent Company and PRC filed a total claim for just compensation amounting to ₱2.60 billion. After a series of court proceedings, the Supreme Court issued a final decision in February 2022 affirming the rulings of the lower courts, with modifications on the applicable legal interest. The decision became final and executory in October 2022, and a Writ of Execution was issued in February 2023. Enforcement actions, including garnishment, were initiated but remained pending. The Regional Trial Court also directed that the claims be submitted to the Commission on Audit.

On August 18, 2023, the Parent Company and PRC entered into an agreement for the allocation of proceeds from the expropriation claim, with PRC to be prioritized. On July 4, 2024, the Parent Company received partial collections of its share in the claim amounting to ₱193.53 million, net of VAT. The Parent Company received partial collections of its share in the claim totaling ₱394.08 million, representing ₱197.04 million collected on January 16, 2025 and ₱197.04 million on March 10, 2025, net of VAT.

The details of the net claims from expropriation case is as follows:

	2025	2024
Collection from expropriation case	₱351,864,866	₱ 193,526,106
Costs	(3,276,088)	(35,044,505)
Net claims from expropriation case	₱348,588,778	₱ 158,481,601

Costs include the cost of the land, and other related expenses such as legal fees and other costs directly attributable to the expropriated properties.

29. EARNINGS PER SHARE

The following table presents information necessary to calculate the earnings per share for the years ended December 31:

	2025	2024	2023
Net income	₱186,463,570	₱ 62,883,242	₱ 58,489,731
Weighted average number of common shares outstanding during the year	2,891,099,660	2,891,099,660	2,891,099,660
Earnings per share	₱0.0645	₱ 0.0218	₱ 0.0202

30. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Parent Company. It has also the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Parent Company's approach to risk issues in order to make relevant decisions.

The Parent Company is exposed to a variety of financial risks, which result both from its operating and investing activities. The Parent Company's principal financial instruments consist of cash in banks, trade and other receivables, financial asset at FVOCI, advances to and from related parties, accounts payable and other liabilities (excluding government liabilities), borrowings, lease liabilities, and retention payable and refundable bonds. The main purpose of these financial instruments is to raise finance for the Parent Company's operations.

Financial risk management by the Parent Company is coordinated with its BOD, in closed cooperation with the local management. Parent Company's policies and guidelines cover credit risk and liquidity risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Parent Company's results and financial position. The Parent Company actively measures, monitors and manages its financial risk exposure by various functions pursuant to the segregation of duties principles.

The Parent Company forms a framework of guidelines and regulations for the management of financial risks, which result from its operating activities.

The most significant financial risks to which the Parent Company is exposed to are described below:

Credit risk

Credit risk is the risk that the Parent Company will incur loss from customers or counter parties that fail to discharge their contractual obligation.

The Parent Company's credit risks are primarily attributable to financial assets, especially on installment contract receivables. To manage credit risks, the Parent Company maintains defined credit policies and monitors on a continuous basis its exposure to credit risks. Given the Parent Company's diverse base of counterparties, it is not exposed to a large concentration of credit risk.

Credit risk arises from cash in banks, trade and other receivables, contract assets, advances to related parties and refundable deposit lodged in "Other noncurrent assets".

The Parent Company's current credit risk grading framework is as follows:

Category	Description	Basis for recognizing ECL	Base	Minimum allowance for credit losses	Stage
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECL	0%	0%	1
Doubtful	Amount is 1-30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired	25%	1%	2
	Amount is 31-90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – not credit-impaired	25%	5%	2
	Amount is 91-180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – not credit-impaired	25%	10%	2
	Amount is 181-360 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – not credit-impaired	25%	25%	2
In default	Amount is over 1 year to 2 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	50%	25%	3
	Amount is over 2 year to 3 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	100%	25%	3
	Amount is over 3 year to 5 years past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	100%	50%	3
Write off	There is evidence indicating that the debtor is in severe financial difficulty and the Parent Company has no realistic prospect of recovery	Amount is written off	100%	100%	3

The maximum credit risk exposure of the financial assets is the carrying amount of the financial assets shown on the Parent Company statements of financial position, as summarized below:

		December 31, 2025			
		Basis of recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in banks – note 4	(a)		₱ 17,202,062	₱ –	₱ 17,202,062
Trade and other receivables – note 5	(b)	Simplified approach	178,036,912	(4,263,038)	173,773,874
Contract assets – note 16	(b)	Simplified approach	207,891,333	–	207,891,333
Advances to related parties – note 23	(c)	General approach	1,115,658,263	(31,489,270)	1,084,168,993
Refundable deposits classified as “Other noncurrent assets” - note 11	(d)		11,669,432	–	11,669,432
Total			₱1,530,458,002	(₱35,752,308)	₱1,494,705,694
December 31, 2024					

		Basis of recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in banks – note 4	(a)		₱ 27,970,296	₱ –	₱ 27,970,296
Trade and other receivables – note 5	(b)	Simplified approach	256,927,724	(5,235,969)	251,691,755
Contract assets – note 16	(b)	Simplified approach	108,687,214	–	108,687,214
Advances to related parties – note 23	(c)	General approach	770,344,255	(31,489,270)	738,854,985
Refundable deposits classified as “Other noncurrent assets” - note 11	(d)		11,733,710	–	11,733,710
Total			₱1,175,663,199	(₱36,725,239)	₱1,138,937,960

The credit quality of the Parent Company’s financial assets is discussed below:

(a) Cash in banks

The credit risk for cash in banks is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱1,000,000 for every depositor per banking institution.

(b) Trade and other receivables and contract assets

Credit risk from installments contract receivables and contract assets are managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Parent Company also undertakes credit review procedures for certain installment payment structures. The Parent Company’s stringent customer requirements and policies in place contribute to lower customer default. Customer payments are facilitated through various collection modes including the use of post-dated checks and direct bank deposit arrangements. Exposure to bad debts is not significant and the requirement for remedial procedures is minimal given the profile of buyers.

In addition, the Parent Company has the right to forfeit all payments made by the customer including the real estate properties sold upon default subject to the terms of the contract. The Parent Company has the liberty to dispose of forfeited real estate properties subject to terms of the contract.

Furthermore, the credit risk for installment contracts receivable and contract assets are mitigated as the Parent Company has the right to cancel the sales contract without need for any court action and take possession of the subject house in case of refusal by the buyer to pay on time the due installment contracts receivable. The risk is further mitigated because the corresponding title to subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

In respect to other receivables, the Parent Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

(c) Advances to related parties

For advances to related parties, the Parent Company has applied the general approach to measure the loss allowance using management's adopted policy on ECL. The Parent Company determines the ECL on these items by using historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Parent Company is pursuing cash collection of the advances to related parties. In addition, the Parent Company has entered into various arrangements with related parties to secure payment of receivables such as execution of PN on real estate mortgage. In the event the related parties are not in position to pay in cash, collection shall be effected by way of transfer of properties that have been identified and are strategically located in Metro Manila, Cebu, Iloilo, Bulacan and Davao.

(d) Refundable deposits

The Parent Company ensures compliance with the terms and conditions of the contract necessary for the refund of utilities and other deposits.

The aging of trade and other receivables are as follows:

	2025	2024
Performing	₱168,278,631	₱ 244,606,679
Doubtful		
1-30 days	48,327	59,699
31-90 days	55,455	145,679
91-180 days	24,557	367,355
181-360 days	68,929	42,458
In default		
1-2 years	88,774	914,782
2-3 years	4,273,628	2,307,875
3-5 years	5,198,611	7,904,703
Write-off	-	578,494
	₱178,036,912	₱ 256,927,724

Liquidity risk

To cover the Parent Company's financing requirements, financial readiness is maintained in the form of centrally available liquid fund and committed credit facilities extended by banks in the form of loans and rediscounting of receivables. As part of the Parent Company's liquidity program, a regular monitoring of financial ratios is being done. Regular analysis shows that these financial ratios indicate positive liquidity condition.

The Parent Company manages its liquidity needs by carefully monitoring scheduled debt servicing payment for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

As at December 31, 2025 and 2024, the Parent Company's financial liabilities have contractual maturities (with accounts payable and other liabilities exclude government liabilities) which are presented below:

December 31, 2025	Maturing in			
	On Demand	Within 1 year	1 to 5 years	Total
Accounts payable and other liabilities*	₱193,752,215	₱ –	₱ –	₱193,752,215
Contract liabilities	–	138,750,380	–	138,750,380
Borrowings	–	103,293,919	27,911,373	131,205,292
Lease liabilities	–	654,334	–	654,334
Advances from related parties	–	–	5,829,852	5,829,852
Retention payable and refundable bonds	–	–	40,869,753	40,869,753
	₱193,752,215	₱242,698,633	₱74,610,978	₱511,061,826

*excluding government liabilities

December 31, 2024	Maturing in			
	On Demand	Within 1 year	1 to 5 years	Total
Accounts payable and other liabilities *	₱134,348,283	₱ –	₱ –	₱134,348,283
Contract liabilities	–	79,301,353	–	79,301,353
Borrowings	–	108,235,784	29,904,265	138,140,049
Lease liabilities	–	1,129,815	654,334	1,784,149
Advances from related parties	–	–	5,853,030	5,853,030
Retention payable and refundable bonds	–	–	35,633,789	35,633,789
	₱134,348,283	₱188,666,952	₱ 72,045,418	₱395,060,653

*excluding government liabilities

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting dates.

Market risk

Market risk is the risk of loss of future earnings or future cash flows arising from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchanges rates and other market changes. Market prices comprise three types of risk: Interest rate risk, equity price risk and other price risk such as equity risk. The Parent Company's market risk is manageable within conservative bounds. As at December 31, 2025 and 2024, the Parent Company has unquoted shares of stock classified as FVOCI. The cost of the financial asset at FVOCI approximates its fair value.

Equity price risk

Equity price risk is the risk that the fair value of equity instrument decreases as a result of changes in the value of individual stocks. It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments. The Parent Company's financial asset at FVOCI has no significant price risk since it has no quoted price in an active market.

Equity instruments designated at FVOCI in listed and non-listed companies are held for strategic rather than trading purposes. The Parent Company does not actively trade these investments.

If the price of financial asset at FVOCI had been 10% higher/lower, other comprehensive income for the years ended December 31, 2025 and 2024 would decrease/increase by ₱2,771,762, respectively.

Interest rate risk

Interest rate risk is the risk to earnings or capital resulting from adverse movements in the interest rates. The economic perspective of interest rate risk focuses on the value of a bank in the current interest rate environment and the sensitivity of that value to changes in interest rates.

To assure a fair margin of profitability, the Parent Company keeps a reasonable spread between interest rate on installment contracts receivables and interest rates on borrowings. Fluctuation in interest rates has no material effect on Parent Company's sales since the rates are fixed and predetermined at the inception of the contract.

The Parent Company's policy is to minimize interest rate cash flow risk exposure on long-term financing. Long-term borrowings are therefore usually at fixed rates. As at December 31, 2025 and 2024, the Parent Company is exposed to market interest rates through its borrowings and cash, installment contract receivables, and advances to related parties which are subject to fixed interest rates.

The terms and maturity profile of the interest-bearing financial assets and liabilities, together with their corresponding carrying amounts are shown in the following table:

December 31, 2025	Interest Rate	Interest Terms	Within 1 year	Within 1 to 7 years	Total
Financial assets					
	0.125% to 0.25%	Fixed at the date of investment	₱ 17,202,062	₱ -	₱ 17,202,062
Cash in banks					
Installment contract receivables, gross	12% to 19%	Fixed at the date of sale	160,064,496	-	160,064,496
Advances to related parties, gross	2%	Fixed based on PN renewed in 2021 -note 23	637,586,656	478,071,607	1,115,658,263
			₱814,853,214	₱478,071,607	₱1,292,924,821
Financial liability					
Borrowings (excluding non-interest bearing borrowings)	9.00% to 15%	Fixed based on PN issuance	₱ 103,293,919	₱27,911,373	₱ 131,205,292

December 31, 2024	Interest Rate	Interest Terms	Within 1 year	Within 1 to 7 years	Total
Financial assets					
Cash in banks	0.125% to 0.25%	Fixed at the date of investment	₱ 27,970,296	₱ –	₱ 27,970,296
Installment contract receivables, gross	12% to 19%	Fixed at the date of sale	234,421,629	–	234,421,629
Advances to related parties, gross	2%	Fixed based on PN renewed in 2021 -note 23	164,395,842	605,948,413	770,344,255
			₱ 426,787,767	₱ 605,948,413	₱ 1,032,736,180
Financial liability					
Borrowings (excluding non-interest bearing borrowings)	9.25% to 15%	Fixed based on PN issuance	₱ 107,174,005	₱ 30,966,044	₱ 138,140,049

The following demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variable held constant, of the Parent Company's income before income tax:

2025			2024		
Change in interest rate	Effect on income before tax	Effect on equity	Change in interest rate	Effect on income before tax	Effect on equity
+0.5%	₱5,808,598	₱4,356,448	+0.5%	₱4,472,981	₱3,354,736
-0.5%	(₱5,808,598)	(₱4,356,448)	-0.5%	(₱4,472,981)	(3,354,736)

31. CAPITAL MANAGEMENT

The Parent Company's capital management objectives are to ensure the Parent Company's ability to continue as a going concern; and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Parent Company defines capital as share capital and deficit for the purpose of capital management.

The Parent Company regards and monitors as its capital the carrying amount of equity as presented on the Parent Company statements of financial position amounting to ₱2,852,399,226 and ₱2,664,713,877 as at December 31, 2025 and 2024, respectively.

The Parent Company's goal in capital management is to maintain a minimum debt-to-equity structure ratio of 0.20:1 to 0.30:1 on annual basis as follows:

	2025	2024
Total liabilities	₱ 765,195,582	₱ 552,416,673
Total equity	2,852,399,226	2,664,713,877
	0.27:1.00	0.21:1.00

The Parent Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Parent Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Parent Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Parent Company is not subject to any externally imposed capital requirements.

32. FAIR VALUE INFORMATION

Assets measured at fair value

The following table gives information about how the fair values of the Company's assets, which are measured at fair value at the end of each reporting period, are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at December 31		Fair value hierarchy	Valuation techniques
	2025	2024		
Financial assets at FVOCI				
Unquoted	₱27,717,623	₱27,717,623	Level 3	Adjusted net asset method

Assets and liabilities not measured at fair value

The following table gives information about how the fair values of the Company's assets and liabilities, which are not measured at fair value but the fair values are disclosed at the end of each reporting period, are determined.

December 31, 2025	Carrying value	Fair value	Fair value hierarchy	Valuation technique
Financial assets				
Advances to related parties	₱1,084,168,993	₱1,039,565,373	Level 2	(b)
Refundable deposits	11,494,150	10,942,735	Level 2	(c)
	₱1,095,663,143	₱1,050,508,108		
Financial liabilities				
Advances from related parties	₱ 5,829,852	₱ 5,250,568	Level 2	(b)
Borrowings	131,205,292	128,431,873	Level 2	(d)
Retention payable and refundable bonds	40,869,753	36,808,722	Level 2	(c)
Lease liabilities	654,334	654,334	Level 2	(d)
	₱178,559,231	₱171,145,497		

December 31, 2024	Carrying value	Fair value	Fair value hierarchy	Valuation technique
Financial assets				
Advances to related parties	₱ 738,854,985	₱ 716,548,036	Level 2	(b)
Refundable deposits	11,733,710	11,051,022	Level 2	(c)
	₱ 750,588,695	₱ 727,599,058		
Financial liabilities				
Advances from related parties	₱ 5,853,030	₱ 5,625,750	Level 2	(b)
Borrowings	138,140,049	134,710,133	Level 2	(d)
Retention payable and refundable bonds	35,633,789	31,686,856	Level 2	(c)
Lease liabilities	1,784,149	1,710,223	Level 2	(d)
	₱ 181,411,017	₱ 173,732,962		

The fair values of cash in banks, trade and other receivables and, accounts payable and other liabilities (excluding government liabilities) approximate their carrying amounts as at reporting dates.

Fair value estimation

- (a) The fair value was determined by reference to zonal values of real properties located in each zone or area upon consultation with competent appraisers both public and private sector.
- (b) The fair value of advances to related parties and advances from related parties is determined based on discounted value using the applicable rate of 2% in 2025 and 2024.
- (c) The fair value of refundable deposits, and retention payable and refundable bonds is determined based on discounted value using the applicable rate of 5.04% to 5.38% in 2025 and 6.05% to 6.18% in 2024.
- (d) The fair value of interest-bearing fixed rate loans is based on the discounted value of expected future cash flows using the applicable interest rates for similar types of loans. Discount rates used is 5.04% in 2025 and 6.18% in 2024.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The reconciliation of the changes in the Parent Company's liabilities arising from financing activities, including both cash and non-cash changes are as follows:

	Balance as at January 1, 2025	Changes from financing cash flows	Balance as at December 31, 2025
Borrowings	₱ 138,140,049	(₱ 6,934,757)	₱131,205,292
Advances from related parties	5,853,030	(23,178)	5,829,852
Lease liabilities	1,784,149	(1,129,815)	654,334
	₱145,777,228	(₱ 8,087,750)	₱ 137,689,478
	Balance as at January 1, 2024	Changes from financing cash flows	Balance as at December 31, 2024
Borrowings	₱123,073,265	₱ 15,066,784	₱138,140,049
Advances from related parties	99,910,839	(94,057,809)	5,853,030
Lease liabilities	2,954,306	(1,170,157)	1,784,149
	₱225,938,410	(₱80,161,182)	₱145,777,228

34. RECLASSIFICATION OF ACCOUNTS

Certain accounts in 2024 financial statements were reclassified to conform to the current year presentation.

35. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

On December 10, 2010, the BIR issued Revenue Regulations (RR) No.15-2010, which amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS Accounting Standards.

a) Output Value-Added Tax

The Parent Company declared output VAT for the year ended December 31, 2025 as follows:

	Gross revenues	Output VAT
Subject to 12% VAT	₱144,388,021	₱17,326,563
Exempt	85,429,988	–
	₱229,818,009	₱17,326,563

Pursuant to Section 109 of TRAIN Law, exempt sales pertain to sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of trade or business, sale of real property utilized for socialized housing as defined by Republic Act No. 7279, sale of house and lot, and other residential dwellings with the selling price of not more than Two million pesos (₱2,000,000).

b) Input Value-Added Tax

The reconciliation of input VAT for the year ended December 31, 2025 is as follows:

At beginning of year	₱45,268,606
Current purchases and payments for:	
Goods other than capital goods	74,681
Services/goods other than for resale or manufacture	15,095,455
	60,438,742
Claims against output VAT	(17,326,563)
Input tax allocable to exempt sales	(10,251,598)
At end of year	₱ 32,860,581

c) Taxes on Importation

The Parent Company did not pay nor accrue custom duties or tariff fees as the Parent Company did not import any goods or equipment for the year ended December 31, 2025.

d) *Excise Tax*

The Parent Company did not pay nor accrue any excise tax as there was no related transaction that requires the payment of the said tax for the year ended December 31, 2025.

e) *Documentary Stamp Tax*

The Parent Company paid documentary stamp tax from availment of borrowings amounting to ₱626,462 for the year ended December 31, 2025.

f) *Taxes and Licenses*

Details of taxes and licenses for the year ended December 31, 2025, are as follows:

Real property tax	₱ 2,809,093
Permits and licenses	5,721,550
	₱8,530,643

g) *Withholding Taxes*

Details of withholding taxes paid and accrued for the year ended December 31, 2025 are as follows:

Expanded withholding tax	₱ 4,452,845
Withholding tax on compensation	641,973
	₱5,094,818

h) *Deficiency Tax Assessment and Tax Cases*

As at December 31, 2025, the Parent Company had no outstanding tax cases under investigation, litigation and/or prosecution in court or bodies outside the BIR.

i) *Other Information*

All other information prescribed to be disclosed by BIR has been disclosed in this Note.

* * *

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	Philippine Estates Corporation (PHES)
Location of Headquarters	35 TH Floor One Corporate Centre, Ortigas Center, Pasig City
Location of Operations	PHES's projects and other developmental activities are located in the provinces of Bulacan, Cebu and Iloilo
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	None
Business Model, including Primary Activities, Brands, Products, and Services	The principal activity of PHES is to engage in the business of holding and developing real estate or other properties for industrial, commercial, residential, leisure or sports purposes, and in pursuance thereof, to acquire by purchase, lease or otherwise, real estate and/or appurtenant properties and/or interest therein.
Reporting Period	For the Year Ended December 31, 2025
Highest Ranking Person responsible for this report	Mr. Glenn Gerald D. Pantig - <i>Chief Operating Officer</i> Ms. Jocelyn A. Valle – <i>Finance Head and Compliance Officer</i>

*If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. ¹
<p>For Philippine Estates Corporation's (the Company) submission of this Sustainability Report, we identified the material topics which are deemed relevant to the operations of the Company on the basis of the Sustainability Accounting Standards Board (SASB) Materiality Map, specifically, for the Real Estate Industry.</p> <p>PHES identified the following issues as most likely to affect the economic, environmental and social impacts of the Company:</p> <ol style="list-style-type: none"> 1. Environmental - Energy Management, Waste and Wastewater Management; 2. Social - Labor Practices, Product and/or Service Quality and Safety; 3. Economic - Supply Chain Management.

¹ See [GRI 102-46](#) (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	178.63M	PhP
Direct economic value distributed:		
a. Operating costs	89.37M	PhP
b. Employee wages and benefits	25.66M	PhP
c. Payments to suppliers, other operating costs	100.31M	Php
d. Dividends given to stockholders and interest payments to loan providers	18.22M	PhP
e. Taxes given to government	50.32M	PhP
f. Investments to community (e.g. donations, CSR)	0.43M	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The impact is on the generation of employment opportunities where the Company operates its businesses.	Employees, Community,	<i>The Company, as much as possible, employs personnel who are residents of the provinces/localities where the Company's projects are located; these personnel are hired for managerial, staff, and skilled positions.</i>
Procurement from local businesses of goods and services essential to the project development and construction of buildings.	Suppliers	<i>To the fullest extent, the Company relies on contractors, suppliers, and service providers that are based in the provinces where its projects are located.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Contractor's availability. Certain skills and capabilities required in the delivery of the services necessary to the operations. This may not be readily available from the community where the Company operates.	Contractor/Labor	<i>The Company does not rely on just one (1), or even several contractors. Numerous contractors are kept in the Company's roster, and at the same time, there is a continuous attempt to look for new contractors.</i>

Unstable Prices because of taxes and availability of construction materials limited to certain suppliers.	Suppliers/Government	<i>The Company has purchased in advance some items that it deems as essential and may be subject to sudden increases in price or significant reduction in supply.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company remains committed to support the government as a partner in providing quality residential buildings to meet the growing demands of local residents and relatives abroad. This results to need more manpower and construction materials for the operations.	Labor and Suppliers	<i>The Company has introduced projects in various locations throughout the Philippines, and will continue to look for various areas of expansion, in order to provide residences to more people. The Company has also introduced more products at different price points, so that each project can cater to various economic groups.</i>

Climate-related risks and opportunities²

The Company has yet to implement certain metrics and targets to assess and manage the relevant climate-related risks and opportunities at this stage.

Governance	Strategy	Risk Management	Metrics and Targets
Recommended Disclosures			

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	85%	%

² Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Most of the suppliers of construction materials and labors are from local business partners. This will lessen the delivery cost and it saves time from finishing the project.	Suppliers and Labor	<i>Since the Company relies mostly on local contractors, the contractors themselves are assumed to source their own raw materials from local suppliers, to ensure lower costs, depending on availability.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The availability of the type of materials and services may not be sufficient or meet the standard requirements by the Company on its operations.	Suppliers, Labor	<i>The Company, as the need arises, aids suppliers in sourcing of materials if the contractors are unable to find the proper materials. This is done through the Company's own network of suppliers who have provided for the Company previously.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The opportunity to use construction materials that are locally produced which are sustainable at any given construction period.	Suppliers	<i>All materials to be used for construction are dictated by the Company, which materials are, as much as possible, produced and available locally.</i>

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100%	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100%	%
Percentage of directors and management that have received anti-corruption training	100%	%
Percentage of employees that have received anti-corruption training	100%	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has no material impact under this category as of this reporting period		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company has no material risk(s) identified under this category as of this reporting period		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company has no material opportunity(ies) identified under this category as of this reporting period		

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	-	#
Number of incidents in which employees were dismissed or disciplined for corruption	-	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	-	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has no material impact under this category as of this reporting period		

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company has no material risk(s) identified under this category as of this reporting period		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company has no material opportunity(ies) identified under this category as of this reporting period		

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	-	GJ
Energy consumption (gasoline)	9,700	Liter
Energy consumption (LPG)	-	GJ
Energy consumption (diesel)	20,000	Liter
Energy consumption (electricity)	145,700	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	-	GJ
Energy reduction (LPG)	-	GJ
Energy reduction (diesel)	-	GJ
Energy reduction (electricity)	-	kWh
Energy reduction (gasoline)	-	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has no material impact under this category as of this reporting period		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company has no material risk(s) identified under this category as of this reporting period		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company has no material opportunity(ies) identified under this category as of this reporting period		

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	5,000	Cubic meters
Water consumption	10,000	Cubic meters
Water recycled and reused	-	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has no material impact under this category as of this reporting period.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company has no material risk(s) identified under this category as of this reporting period		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company has no material opportunity(ies) identified under this category as of this reporting period		

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
<ul style="list-style-type: none"> Renewable 	-	kg/liters
<ul style="list-style-type: none"> non-renewable 	-	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	-	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has no material impact under this category as of this reporting period.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company has no material risk(s) identified under this category as of this reporting period		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company has no material opportunity(ies) identified under this category as of this reporting period		

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	
Habitats protected or restored	-	ha
IUCN ³ Red List species and national conservation list species with habitats in areas affected by operations	-	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has no material impact under this category as of this reporting period.	<i>(e.g. employees, community, suppliers,</i>	

³ International Union for Conservation of Nature

	<i>government, vulnerable groups)</i>	
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company has no material risk(s) identified under this category as of this reporting period		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company has no material opportunity(ies) identified under this category as of this reporting period		

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	-	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	-	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	-	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has no material impact under this category as of this reporting period.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company has no material risk(s) identified under this		

category as of this reporting period		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company has no material opportunity(ies) identified under this category as of this reporting period		

Air pollutants

Disclosure	Quantity	Units
NO _x	---	Mg/NCM
SO _x		kg
Persistent organic pollutants (POPs)		kg
Volatile organic compounds (VOCs)		kg
Hazardous air pollutants (HAPs)		kg
Particulate matter (PM)		kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has no material impact under this category as of this reporting period.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company has no material risk(s) identified under this category as of this reporting period		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company has no material opportunity(ies) identified under this category as of this reporting period		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	-----	kg
Reusable		kg
Recyclable		kg
Composted		kg
Incinerated		kg
Residuals/Landfilled	-----	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The impact is on the environment which contributed to the rapid filling-up of the landfills capacity in the community	Community	<i>The Deed of Restrictions and Construction Guidelines that the Company imposes on all residents/buyers provide instructions on how garbage/waste is supposed to be disposed of; furthermore, in compliance with local ordinances, a Material Recovery Facility (MRF) is integrated in the project plans for compliance. Finally, the Company ensures proper coordination with the local government authorities on the collection and disposal services offered in the location of each project.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Waste materials may cause accident or even flooding.	Community	<i>For each project site, the Company hires a Consultancy and Design firm to properly study and plan the technicalities pertaining to the drainage system in order to prevent any future problems that may arise. The Company also hires Property Management personnel who are trained and knowledgeable in the</i>

		<i>maintenance of its projects. Included in their scope of works is ensuring that all drainage lines are clean and no build-up of materials hampers the flow of sewage or flood water.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company practice the proper segregation of waste bring this practice by the employees to their homes.	Community/Employees	<i>The Company, in compliance with the rules and regulations of the Department of Natural Resources, constructs material recovery facilities in each of its projects so that there are specific areas designated for the segregation of waste materials.</i>

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated		Kg
Total weight of hazardous waste transported		Kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has no material impact under this category as of this reporting period.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company has no material risk(s) identified under this category as of this reporting period		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company has no material opportunity(ies) identified		

under this category as of this reporting period		
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Effluents

Disclosure	Quantity	Units
Total volume of water discharges	-	Cubic meters
Percent of wastewater recycled	-	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has no material impact under this category as of this reporting period.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company has no material risk(s) identified under this category as of this reporting period		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company has no material opportunity(ies) identified under this category as of this reporting period		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	-	Ph0.00
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	-	#
No. of cases resolved through dispute resolution mechanism	-	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has no material impact under this category as of this reporting period.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company has no material risk(s) identified under this category as of this reporting period		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company has no material opportunity(ies) identified under this category as of this reporting period		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁴		
a. Number of female employees	39	#
b. Number of male employees	27	#
Attrition rate ⁵	7%	rate
Ratio of lowest paid employee against minimum wage	1:1	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental leaves	Y	0.00%	0.00%
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from PhilHealth))	Y	90%	90%
Housing assistance (aside from Pag-ibig)	N		
Retirement fund (aside from SSS)	Y	4	-
Further education support	N		
Company stock options	N		
Telecommuting	N		
Flexible-working Hours	N		

⁴ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁵ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

(Others)			
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What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company is fully involved in ensuring that these benefits are fully complied with for the motivation and efficiency of the employees.	<i>All government mandated wages and benefits are strictly complied with by the Company.</i>
What are the Risk/s Identified?	Management Approach
If not complied with these benefits, the employees become demotivated and inefficient.	<i>Non-compliance by the Company of the wages and benefits that are legally mandated by law may result not only in employee demotivation, but also makes the Company susceptible to possible lawsuits.</i>
What are the Opportunity/ies Identified?	Management Approach
Giving these benefits would be resulted to work-life balance, motivated and efficient employees	<i>Employee satisfaction does not only lead to employee retention, but more so to increased productivity.</i>

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	31	hours
b. Male employees	103	Hours
Average training hours provided to employees		
a. Female employees	31	hours/employee
b. Male employees	103	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Having competent and skilled employees would result to a high level of performance that may contribute to the Company's goals and objectives.	<i>Aside from the appropriate training for the employees depending on their qualifications and specializations, the Company encourages employees to explore other disciplines and assigns tasks that can serve as their training</i>

	<i>for other areas in the business. For example, Architects and Engineers have been introduced to some accounting principles and have been asked to prepare reports that deal with various matters, and not just design/construction issues.</i>
What are the Risk/s Identified?	Management Approach
Skilled and competent employee is marketable which may lead to increased attrition rate.	<i>The Company tries to ensure the retention of competent employees through regular performance evaluation and feedback, wherein promotion and increased remuneration may be considered for employees who perform their tasks well.</i>
What are the Opportunity/ies Identified?	Management Approach
Having standard trainings will continuously improve the process in executing the finished project.	<i>With the continuous introduction of new methods and technologies in the real estate industry, providing training to the employees has allowed the Company to keep up with the competition. The employees are not the only ones to benefit from the trainings, but the Company itself as well.</i>

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	-	%
Number of consultations conducted with employees concerning employee-related policies	-	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
PHES provides quality jobs and growth opportunities for its employees. Thus, the Company has stronger labor and management relationship.	<i>As mentioned, the Company conducts performance evaluations wherein the employees are apprised of how their performance for the previous year compared to the goals set at the start of the year. It is through the evaluation wherein the</i>

	<i>adjustment in compensation and position, if applicable, is determined.</i>
What are the Risk/s Identified?	Management Approach
There's no significant risk(s) identified under this category.	
What are the Opportunity/ies Identified?	Management Approach
Implementation of annual performance based approach institutes stronger labor-management relationship.	<i>By providing a venue for employees to hear what is expected of them and how they performed for the previous year, the Company allows for transparency and an open communication line that will hopefully continue to enhance the employer-employee relationship.</i>

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	59.09%	%
% of male workers in the workforce	40.91%	%
Number of employees from indigenous communities and/or vulnerable sector*	4	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
There's no significant impact under this category	
What are the Risk/s Identified?	Management Approach
There's no significant risk(s) identified under this category	
What are the Opportunity/ies Identified?	Management Approach
There's no significant opportunity(ies) identified under this category	

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	X 8 HRS	Man-hours
No. of work-related injuries	-	#
No. of work-related fatalities	-	#
No. of work related ill-health	-	#
No. of safety drills	2 (two)	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact is on the health and safety of employees and contractors within the business operation.	<i>The Company adheres to the required health and safety measures prescribed by law, which includes the assignment of Safety Officer(s). For the site operations, both the Engineering/Construction and Property Management teams ensure that the employees and contractors observe the proper safety standards.</i>
What are the Risk/s Identified?	Management Approach
Even though there are safety measures in place, some employees may opt not to follow the guidelines.	<i>The Company's Employee Handbook provides the appropriate penalties for non-compliance with the set health and safety guidelines enumerated therein.</i>
What are the Opportunity/ies Identified?	Management Approach
Having safety guidelines in the workplace may avoid any untoward incidents.	<i>As an added precaution, part of the benefits provided to employees is a medical plan, which is enjoyed by all regular employees of the Company.</i>

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	-	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	Y	Health & Safety Policy, Data Privacy Policy, Solo Parent Policy

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
In compliance with the labor code, the Company is doing the best for its employee's rights.	<i>As a publicly listed company, PHES ensures strict compliance with the Labor Code of the Philippines.</i>
What are the Risk/s Identified?	Management Approach
May lead to lawsuits if not properly managed.	<i>Aside from employing a Human Resources practitioner, the Company also employs the services of lawyers to protect the Company from possible lawsuits.</i>
What are the Opportunity/ies Identified?	Management Approach
If properly managed, it will establish healthy working environment.	<i>With the proper guidelines in place, continued employee satisfaction and loyalty to the Company is expected.</i>

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

<https://phes.com.ph>

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	The Company's projects are compliant with the national government's DENR, ECC and all LGU's requirements
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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The impact is on the supplier's quality and efficient services in providing the standard materials required by the Company.	<i>Purchases made by the Company, whether for items or services, are coursed through the Purchasing Department, after passing through the bidding and award process. This procedure allows for careful evaluation by the Bids and Awards Committee of the quality or capacity of the bidder, prior to finalizing the purchase.</i>
What are the Risk/s Identified?	Management Approach
If the Company policies in terms of qualifying suppliers is not properly followed, there may be a cost effect or may compromise the quality of the materials or services to be rendered.	<i>The Company continually looks for potential suppliers and contractors, through various avenues, to ensure that the Company has multiple choices for every acquisition made. Quality, not price, is the foremost consideration in every purchase made.</i>
What are the Opportunity/ies Identified?	Management Approach
If the policies are properly followed, then surely the quality of the materials or services required by the Company will be delivered at the best time and justifiable cost.	<i>By not limiting the number of suppliers/contractors it transacts with, the Company is able to obtain the best materials/services at the best available prices.</i>

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Housing Development	Cebu, Iloilo and Malolos	General Population	N	<i>Illegal settlers who are</i>	<i>Provision of compensation</i>

Commercial Building Development	Cebu City	General Population	N	<i>occupying properties owned by the Company</i>	<i>or alternative properties for transfer/relocation of illegal settlers</i>

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Certificates	Quantity	Units
FPIC process is still undergoing	-	#
CP secured	-	#

What are the Risk/s Identified?	Management Approach
There's no significant risk(s) identified under this category	
What are the Opportunity/ies Identified?	Management Approach
There's no significant opportunity(ies) identified under this category	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	-	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact is on the customer's satisfaction in that the Company deliver the project on time and completely.	<i>Aside from securing the services of qualified suppliers and contractors, the Company employs personnel who are skilled and trained in ensuring delivery of the projects, as promised to the buyers when they made their</i>

	<i>purchases, which leads to less customer complaints.</i>
What are the Risk/s Identified?	Management Approach
Poor management services for the satisfaction of the customer may lead to lesser sales.	<i>Aside from employing personnel at the site offices who are tasked to address complaints, the Company has also opened several communications lines such that customers have several ways by which to air their grievances to the Company.</i>
What are the Opportunity/ies Identified?	Management Approach
Happy and satisfied customer may increase the sales of the Company through possible referrals.	<i>When the Company turns over the purchased units to buyers, included in the turnover are the Sales, Property Management, and Construction personnel. This is done to show to the buyers that the entire team is working together to ensure that all buyers are satisfied and that even after they complete their purchase, they can rely on the Company to help in every way it can.</i>

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	-	#
No. of complaints addressed	-	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Health and safety of the customer is always considered by the Company in designing and building its project.	<i>The Company ascertains compliance with the safety parameters mandated by the government by planning and designing all deliverables within the set standards of the applicable rules and regulations.</i>
What are the Risk/s Identified?	Management Approach

There's no significant risk(s) identified under this category.	
What are the Opportunity/ies Identified?	Management Approach
Having a safely designed and completed project, will avoid back job orders and additional cost.	<i>All personnel (engineers and architects) hired to supervise construction works are skilled and licensed by the proper government agencies. Aside from that, Property Management personnel are hired to assist buyers/homeowners in ensuring continued compliance to safety and security policies within the projects.</i>

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	-	#
No. of complaints addressed	-	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company advertises its products/projects through billboards, online ads, LED screen and brochures for the target markets.	<i>As mandated by law, all marketing materials are first approved by Department of Human Settlements and Development before being used by the Company.</i>
What are the Risk/s Identified?	Management Approach
Vague marketing information and labelling product/project may confuse the buying markets.	<i>The marketing materials utilized by the Company are reviewed several times to ensure that the data contained on the said materials are as accurate as possible.</i>
What are the Opportunity/ies Identified?	Management Approach
Proper marketing information may encourage the buying markets.	<i>As available, the depictions used in the marketing materials are of actual pictures of the projects/houses that the Company is offering. This gives the potential buyers a</i>

	<i>clearer idea on what to expect, if they choose to visit the project sites. This also gives the impression that the Company is not looking to deceive potential buyers by using drawings or touched up pictures.</i>
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Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	-	#
No. of complaints addressed	-	#
No. of customers, users and account holders whose information is used for secondary purposes	50	#

**Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
The Company is protecting the privacy of its customer and its integrity for the trust and confidence may last.	<i>All information on buyers gathered by the Company are kept confidential. Any disclosures that the Company may make will only be done within the parameters set by the Data Privacy Act.</i>
What are the Risk/s Identified?	Management Approach
There’s no risk(s) identified under this category.	
What are the Opportunity/ies Identified?	Management Approach
There’s no opportunity(ies) identified under this category.	

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	-	#

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Management Approach
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The Company keeps the trust and confidence of the customer by securing their personal data in safe file.	<i>All information gathered by the Company on any of its stakeholders, not just actual buyers, are kept confidential. This confidentiality is even extended to those who are not direct stakeholders of the Company, such as job applicants and potential suppliers/contractors. Any disclosures that the Company may make will only be done within the parameters set by the Data Privacy Act.</i>
What are the Risk/s Identified?	Management Approach
There's no risk(s) identified under this category.	
What are the Opportunity/ies Identified?	Management Approach
There's no opportunity(ies) identified under this category.	

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
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Development of Real Estates	SDG 8: <i>Decent Work and Economic Growth</i>	✓ Lack of available job opportunities offered to the vulnerable sector like elderly person.	- <i>Development of projects that are not purely residential in nature, but also have commercial components which would allow buyers to establish their own businesses, while remaining close to their residences.</i>
	SDG 11: <i>Sustainable Cities and Communities</i>	✓ Decreasing agricultural land area because of the infrastructure and building new cities.	- <i>Developments are limited to those areas that have been classified by the LGUs as no longer for agricultural use. At the same time, the Company ensures compliance with the necessary permits required by the Department of Agriculture prior to development of properties.</i>

* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.