COVER SHEET

SEC Registration Number

1	1	2	9	7	8					

Company Name

PHILIPPINE ESTATES CORPORATION

AND SUBSIDIARY

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

35TH FLOOR, ONE CORPORATE

CENTER, DOÑA JULIA VARGAS AVE.

COR. MERALCO AVE., ORTIGAS

CENTER, PASIG CITY

JOCELYN A. VALLE	8637-3112
Contact Person	Contact Telephone No.

1 2	3 1	S E C - 2 0 I S	
		FORM TYPE	Annual Meeting

Secondary License Type, If Applicable

C F D	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number	LCU
Document I.D.	Cashier

STAMPS

Remarks = pls. use black ink for scanning purpose

The Company is not soliciting proxy from the stockholders

Dear Stockholders:

Pursuant to SEC Memorandum Circular No. 6, Series of 2020, please be informed that the Annual Stockholders' Meeting (ASM) of **PHILIPPINE ESTATES CORPORATION** (the "Corporation"), will be held through remote/virtual communication (VIA Zoom Application) on **Thursday**, **October 8, 2026 at 10:00 a.m**. at **35th Floor of One Corporate Centre, Doña Julia Vargas Avenue, Corner Meralco Avenue, Ortigas Center, Pasig City**, to take up the following matters as follows:

1. Call to Order;
2. Certification of Notice and Quorum;
3. Approval of the Minutes of the Previous Stockholders' Meeting for the year 2025;
4. President's Report to the Stockholders and Approval of the Annual Report for the Year 2025 and Audited Financial Statements for the year ended December 31, 2025;
5. Ratifications of the Acts of the Board and Management for the year 2025;
6. Election of the Board of Directors to serve for the term 2026-2027;
7. Appointment of External Auditor for the year 2026;
8. Appointment of External Counsel for the year 2026-2027;
9. Other Business Matters; and
10. Adjournment

As fixed by the Board of Directors, stockholders of record as of **September 14, 2026** shall be entitled to notice of, and vote at, said stockholders' meeting and for this purpose, the Board of Directors authorized the closing of the stock and transfer book of the Corporation during the period **September 15, 2026 to October 8, 2026 at 10:00 a.m.**

PARTICIPATION ONLY VIA REMOTE COMMUNICATION. Stockholders can only participate in the meeting by remote/virtual communication on **October 8, 2026 at 10:00 a.m**. Stockholders as of **September 14, 2026**, the Record Date who intend to participate or be represented in the remote ASM may email at phes.asm@gmail.com and attaching the required documents for validation until **October 1, 2026 at 5:00 P.M**.. After validation, the stockholder shall thereafter receive an email confirmation and details with link to log in and view the ASM 2026 of the recorded schedule.

VOTES MAY BE CAST ONLY THROUGH ONLINE CASTING OF VOTES/PROXIES ON OR BEFORE **October 6, 2026** (at 5:00 P.M.). Stockholders whose shareholdings are lodged with the Philippine Central Depository are reminded to secure a certification of your shareholdings from your respective stockbrokers.

WE ARE NOT SOLICITING YOUR PROXY.

AMANDO J. PONSARAN, JR.
Corporate Secretary
Unit 3104, 31st Floor Antel Global Corporate Centre
#3 Dona Julia Vargas Avenue, Ortigas Center, Pasig City

Note: Electronic copy of the Information Statement and other pertinent documents are available on the Company's Website (phes.com.ph)and PSE Edge portal..

BALLOT / PROXY FORM

Please mark as applicable:

☐ **Vote By Ballot:** The undersigned stockholder of **PHILIPPINE ESTATES CORPORATION** (the "Company") casts his/her vote on the agenda items for the Annual Meeting of Stockholders on **October 8, 2026.**

☐ **Vote By Proxy:** The undersigned, stockholder of **PHILIPPINE ESTATES CORPORATION** (the "Company"), do hereby constitutes and appoints _____, or in his/her absence, the Chairman of the meeting, as attorney-in-fact and proxy, with the power of substitution, to represent and vote upon _____shares registered in the name of undersigned stockholder, at the Annual Meeting of Stockholders on **October 8, 2026** and any of its adjournment(s). If I fail to indicate my vote on the items specified below, my proxy shall vote in accordance with the recommendation of Management. Management recommends a "FOR ALL" vote for proposal 7, and a "FOR" vote for proposals 1 through 6. *

ITEM NO.	SUBJECT MATTER	ACTION		
		Yes	**No**	**Abstain**
1	• Approval of Minutes of Previous Meeting held on October 10, 2025			
2	• Approval of Annual Financial Statements as of December 31, 2025			
3	• Ratification of all acts and resolutions of the Board of Directors and Management adopted during the preceding year.			
4	• Election of Directors *All nominees listed below: ARTHUR M. LOPEZ ELVIRA A. TING RICHARD L. RICARDO DEE HUA T. GATCHALIAN ARTHUR R. PONSARAN SERGIO ORTIZ-LUIS, JR. RUBEN D. TORRES HANNIEL T. NGO JOSAIAS T. DELA CRUZ *(Independent Director)* RENATO C. FRANCISCO *(Independent Director)* ROBERTO D. DE VENECIA *(Independent Director)* *Note:* *To withhold authority to vote for any individual nominee(s) of Management, please mark Exception box and list the name(s) under.*	FOR ALL*	WITHHOLD FOR ALL*	EXCEPTION
5	• Appointment of Diaz Murillo Dalupan and Co. CPAs, as external auditor for 2026			
6	• Appointment of Corporate Counsels, Phils. Law Offices as external legal counsel for 2026-2027			
7	• At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the Meeting.			

Signed this _____day of _____2026.

_____ _____

PRINTED NAME OF STOCKHOLDER SIGNATURE OF STOCKHOLDER / NAME AND SIGNATURE OR AUTHORIZED REPRESENTATIVE

*THIS BALLOT/PROXY FORM SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE October 1, 2026. KINDLY EMAIL TO **phes.asm@gmail.com**

THIS BALLOT/PROXY FORM IS NOT REQUIRED TO BE NOTARIZED, AND WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANYTIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON.

SEC Number 112978
File Number _____

PHILIPPINE ESTATES CORPORATION

(Company's Full Name)

35th Floor, One Corporate Center, Julia Vargas Avenue corner Meralco Avenue, Ortigas Center, Pasig City, Metro Manila

(Company's Address)

8637-3112

(Telephone Number)

December 31

(Fiscal Year Ending)
(Month and day)

SEC Form 20-IS

(Form Type)

Amended Designation (if applicable)

December 31, 2025

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

[] Preliminary Information Statement

[√] Definitive Information Statement

2. Name of Registrant as specified in its charter **PHILIPPINE ESTATES CORPORATION**

3. **National Capital Region (NCR), Metro Manila, Philippines**
Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **112978**

5. BIR Tax Identification Code **000-263-366**

6. **35th Floor, One Corporate Centre, Julia Vargas corner Meralco Ave., Ortigas Center, Pasig City, Metro Manila**
Address of principal office Postal Code **1605**

7. Registrant's telephone number, including area code **Tel. No. (02) 8637-3112 / Fax No. (02) 8636-8847**

8. Date, time and place of the meeting of security holders
Date - **8 Oct 2026**
Time - **10:00 AM**
Platform –**Remote Communication in accordance with SEC Memorandum Circular No. 6, Series of 2020**

9. Approximate date on which the Information Statement will be published through alternative mode of distribution through the Corporation's website and PSE Edge: **Sept. 16, 2026**.

10. In case of proxy Solicitation: **Not applicable**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Shares, ₱1.00 par value	
Total Issued and Outstanding Shares	**2,891,099,660 common shares**
Amount of Debt Outstanding as of June 30, 2026	**₱ 174,528,808**

12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes √ No _____

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Common Shares are listed on the Philippine Stock Exchange

PART – I

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

(a.) Date, time and place of meeting:	**October 8, 2026, 10:00 A.M**. Remote Communication in accordance with SEC Memorandum Circular No. 6, Series of 2020
.	
Complete mailing address of principal office:	35th Floor, One Corporate Centre, Julia Vargas Ave., corner Meralco Ave., Ortigas Center, Pasig City, Metro Manila.
(b.) Approximate date on which the Information Statement will be published through alternative mode of distribution through the Corporation's website and PSE Edge:	Sept. 16, 2026

Item 2. Dissenters' Right of Appraisal

The stockholders' right of appraisal has no applicability in the forthcoming Annual Meeting of Stockholders of Philippine Estates Corporation (PHES) as the Agenda does not include any of the instances when the right may be invoked in accordance with Section 81 of the Corporation Code.

Any stockholder shall have the right to dissent and demand payment of the fair value of the shares in the following instances:

(a) In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
(b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in this Code;
(c) In case of merger or consolidation; and
(d) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken: Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days form the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, That no payment shall be made to any dissenting stockholder or unless the corporation has unrestricted retained earnings in its books to cover such payment: Provided, further, That upon payment by the corporation of the agreed or awarded price, the

stockholder shall forthwith transfer the shares to the corporation

Item 3. Interest of Certain Persons in, or Opposition to Matters to be Acted Upon.

(a.) Since the beginning of the last fiscal year, none of the directors, any nominee for elections as director in the company, or associate of any of the foregoing persons have any substantial interest, direct or indirect, in any matter, to be acted upon in the stockholders meeting, other than election to office.

(b.) No director has informed the Company in writing that he intends to oppose any action to be taken by the Company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof.

(a) The number of issued and outstanding as of August 31, 2026 is 2,891,099,660 common shares of stock. The common shares owned by Filipino is 2,875,117,780 or equivalent to 99.45 %. Common shares allowed to foreigners is 1,156,439,864 and the total shares owned by foreigners is 15,981,880 common shares or equivalent to 0.55%. For the purpose of electing Directors at the forthcoming Annual Meeting of Stockholders, stockholders enjoy cumulative voting rights. Each common share is entitled to eleven (11) votes which may be cast cumulatively in favorof one candidate, or distributively to as many candidates and in any proportion as the stockholders see fit. All the holders of common shares are all entitled to vote for election of the board of directors of the Company.

All stockholders of the Company shall have the right as follows:

1. Right to vote on all matters that requires their consent or approval;
2. Right to inspect corporate books and records;
3. Right to information;
4. Right to dividends; and
5. Appraisal right

(b) Only persons who are stockholders of record as of 14 September 2026 may vote, or be voted upon,for the position of Director.

(c) Security ownership of certain record and beneficial owners and management.

1. Security ownership of certain record and beneficial owners of more than five percent (5%) as of August 31, 2026:

Title of Class	Name and Address of Record/Beneficial Owner and Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares Held	% of Ownership
*Common	PCD NOMINEE CORP. Indirect Beneficial Ownership 6767 Ayala Ave. Makati City	----------	Filipino	2,188,954,580	75.714
Common	PCD NOMINEE CORP. Indirect Beneficial Ownership 6767 Ayala Ave. Makati City	----------	Non-Filipino	15,980,310	0.553
Common	RECOVERY REAL ESTATE CORP. 35TH FLR. ONE CORP. CENTER JULIA VARGAS CORNER MERALCO AVE., ORTIGAS CENTER, PASIG CITY Affiliate-Direct Beneficial Ownership	DEE HUA T. GATCHALIAN Corporate Treasurer	Filipino	150,000,000	5.188

Common	REXLON REALTY GROUP, INC. ROOM 302, ZEN BUILDING 8352, MAYAPIS ST., SAN ANTONIO VILLAGE, MAKATI CITY Affiliate-Direct Beneficial Ownership	DEE HUA T. GATCHALIAN Corporate Treasurer	Filipino	200,000,000	6.918
Common	ROPEMAN INTERNATIONAL CORP. #7 T. SANTIAGO ST. CANUMAY, VALENZUELA METRO MANILA Affiliate-Direct Beneficial Ownership	DEE HUA T. GATCHALIAN Corporate Treasurer	Filipino	178,270,000	6.166
Common	THE WELLEX GROUP, INC. 35TH FLR. ONE CORP. CENTER UNITS 3504 & 3504, JULIA VARGAS CORNER MERALCO AVE., ORTIGAS CENTER, PASIG CITY Affiliate-Direct Beneficial Ownership	DEE HUA T. GATCHALIAN Assistant Corporate Secretary	Filipino	143,892,990	4.977

Under PCD Nominee Corp

Common	WESTLINK GLOBAL EQUITIES, INC.	----------	Filipino	1,722,945,480	59.59

2. Security ownership of management as of August 31, 2026:

Title of Class	*Name of Beneficial Owner*	*Citizenship*	*of Class*	*% of Ownership*
Common	Arthur M. Lopez Chairman/Director	Filipino	1,000-Direct Beneficial Ownership	0.000
Common	Dee Hua T. Gatchalian Director	Filipino	2,000-Direct Beneficial Ownership	0.000
Common	Elvira A. Ting President / CEO	Filipino	500,000-Direct Beneficial Ownership	0.017
Common	Hanniel T. Ngo Vice Chairman/Director	Filipino	100 Direct Beneficial Ownership	0.00
Common	Sergio R. Ortiz-Luis, Jr. Director	Filipino	1,000-Direct Beneficial Ownership	0.000
Common	Arthur R. Ponsaran Director	Filipino	1,000-Direct Beneficial Ownership	0.000
Common	Richard L. Ricardo Treasurer/Director	Filipino	1,230,000-Direct Beneficial Ownership	0.043
Common	Ruben Torres Director	Filipino	100 Direct Beneficial Ownership	0.000
Common	Renato C. Francisco Independent Director	Filipino	100-Direct Beneficial Ownership	0.000
Common	Josaias Dela Cruz Independent Director	Filipino	100-Direct Beneficial Ownership	0.000
Common	Roberto D. De Venecia Independent Director (Nominee)	Filipino	1,000-Direct Beneficial Ownership	0.000

- Beneficial ownership of all directors and officers as a group unnamed is 1,736,400 shares of common stock.

3. Voting Trust Holders of five percent (5%) or more.

There are no voting trust holders of five percent (5%) or more of the securities of the registrant.

4. Changes in control:

There was no change in control by the The Wellex Group Inc. (TWGI) and its related parties arising from the stock right offering in December 2021 which represents a total percentage holdings of 71.62%.

Item 5. Directors and Executive Officers

1. All members of the Board of Directors and Officers of the Company have business experience in the past 5 years. The following are the board of directors and officers of which they are holding position in different commercial/ business entities:

a. ARTHUR M. LOPEZ – 80 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

b. HANNIEL T. NGO - 43 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 – 66 years old, Filipino **(President/CEO)**

- Vice Chairperson / Director – Forum Pacific, Inc.
- Vice President/Director – Wellex Industries, Inc.
- President/Director – Waterfront Philippines, Inc.
- Treasurer /Director – Acesite Philippines, Inc.
- Vice President / Director – Recovery Dev‟t Corp.
- Chairperson and President – Orient Pacific Corp. and CrisantaRealty Development Corporation.
- Treasurer / Director – The Wellex Group, Inc.

d. DEE HUA T. GATCHALIAN – 78 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.
- Director/Treasurer – Waterfront Philippines Incorporated

e. ARTHUR R. PONSARAN - 83 years old, Filipino **(Director)**

- Managing Partner – Corporate Counsels, Phils. Law Offices
- Director – Forum Pacific, Inc., MCCI Corporation, Health Carousel Philippines Inc., MCCI Corporation, Bancom Alumni Inc., Bancom II Consultants, Inc.
- Corporate Secretary – Waterfront Philippines Incorporated, Acesite (Phils.) Hotel Corporation, Wilcon Corporation, Wilcon Depot, Inc., Producers Savings Bank Corporation, Steel Corporation of the Philippines, Philsteel Holdings Corporation

f. RICHARD L. RICARDO - 63 years old, Filipino **(Director/ Treasurer)**

- Vice President for Strategic Initiatives – The Wellex Group, Inc.
- President – Acesite (Phils.) HotelCorporation
- Corporate Affairs Officer – Waterfront Philippines, Inc.
- Director – Wellex Industries, Inc.
- Director – Forum Pacific Inc.
- Vice President for Corporate Affairs – Metro Alliance Holdings& Equities Corp.

g. RUBEN D. TORRES – 85 years old, Filipino **(Director)**

- Chairman/CEO - Services Exporters Risk Management &Consultancy Co (SERMC)
- Director - Waterfront Philippines, Inc.
- Director- Acesite Philippines Hotel Corporation
- 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 thePhilippines
- 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

h. SERGIO R. ORTIZ-LUIS, JR.- 83 years old, Filipino **(Director)**

- President/CEO – Philippine Exporters Confederation, Inc.
- Chairman/Director – Waterfront Philippines, Incorporated
- 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

i. RENATO C. FRANCISCO.- 78 years old, Filipino **(IndependentDirector)**

- Independent Director - Forum Pacific, Inc.
- Independent Director - Acesite (Phils.) Hotel Corporation
- Indepenent Director – Waterfront Philippines Incorporated
- Independent Director – Wellex Industries Inc.,
- Independent Director – Sta. Lucia Land Inc.

j. JOSAIAS T. DELA CRUZ - 65 years old, Filipino **(Independent Director)**

- Independent Director - Metro Alliance Holdings & Equities Corp.
- Independent Director – Waterfront Philippines Incorporated
- Independent Director - Wellex Industries, Inc.
- Independent Director - Forum Pacific, Inc.
- Sole Proprietor - JTDC Spinmeister Laundry Service

k. ROBERTO D. DE VENECIA– 78 years old, Filipino **(Independent Director)**

- Chairman of Philippines-Russia Business Council and Asiainvest Corp.,
- Co-Chairman of Philippines-Cambodia Business Council and
- Adviser for the Philippines of Royal Group of Companies

l. AMANDO J. PONSARAN, JR.– 56 years old, Filipino (Corporate Secretary)

- Senior Manager – Corporate Counsels, Philippines Law Offices
- Director / Managing Director – CCP Company Services Inc.,
- Corporate Secretary/AMLA Compliance Officer – Wellex Industries, Inc. and Forum Pacific Inc.,
- Independent Director – Perla Compania De Seguros Inc.
- Corporate Secretary - Health Carousel Philippines Inc., Trans Realty Inc., Waterfront Iloilo Hotel Inc., Acesite Realty Inc., EON Pharmatek Inc., Consumer Products Distribution Services Inc., Lion Two Business Process Inc., Schuylkill Business Advisory, Inc. (Formerly: Schuylkill Asset Strategists (SPV-AMC), Inc., and Pavilion Leisure and Entrtainment Corp., Pavillion Entertainment Corp.,
- Corporate Secretary– CCP Company Services Inc.,
- Assistant Corporate Secretary – Waterfront Philippines, Inc., Acesite Philippines Inc., ,

m. 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)

n. JOCELYN A. VALLE – 64 years old, Filipino **(Corporate ComplianceOfficer)**
Finance & AMD Head – Philippine Estates Corporation

o. GLENN GERALD D. PANTIG - 51 years old, Filipino **(ChiefOperation Officer)**
Chief Operating Officer - Philippine Estates Corporation

p. ERWIN BRYAN S. KANAPI - 47 years old, Filipino (**Chief RiskOfficer, DPO and CO for AMLC**)
Head of the Legal Department - Philippine Estates Corporation

Term of Office

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. 07 Series of 2026, The limito of an independent director (ID) shall be elected for a term of one (1) year, and shall serve for a maximum cumulative term of nine (9) years in the same company. an ID elected as such before the effectivity of this Circular, shall be subject to the same 9-year maximum term reckoned from calendar year 2012. 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 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.

Names, ages, citizenship and position of all directors and executive officers:

Name	Age	Citizenship	Position	Year of Service
ARTHUR M. LOPEZ	80	Filipino	Chairman	2016 -Present
HANNIEL T. NGO	43	Filipino	Vice Chairman	2025-Present
ELVIRA A. TING	66	Filipino	President / CEO	2016 -Present
RICHARD L. RICARDO	63	Filipino	Corporate Treasurer	2015 -Present
DEE HUA T. GATCHALIAN	78	Filipino	Director	2016 -Present
ARTHUR R. PONSARAN	83	Filipino	Director	1996 -Present
SERGIO ORTIZ-LUIS, JR.	83	Filipino	Director	2021 -Present
ROBERTO DE VENECIA	78	Filipino	Independent Director	2025-Present
RENATO C. FRANCISCO	78	Filipino	Independent Director	2020 -Present
RUBEN D. TORRES	85	Filipino	Director	2022 -Present
JOSAIAS T. DELA CRUZ	65	Filipino	Lead Independent Director	2021 -Present
AMANDO J. PONSARAN, JR.	56	Filipino	Corporate Secretary	November 01, 2024 -Present
CHRISTINE P. VALENZUELA	35	Filipino	Asst. Corporate Secretary	2024 -Present
JOCELYN A. VALLE	64	Filipino	Compliance Officer	2015 -Present
GLENN GERALD D. PANTIG	51	Filipino	Chief Operation Officer	2018 -Present
ERWIN BRYAN S. KANAPI	47	Filipino	Chief Risk Officer/ Data Protection Officer /Compliance Officer for Anti-Money Laundering Council	2021-Present

The Board of Directors elected the following Corporate Officers and Committee members duringtheir organizational meeting to serve for the term 2025-2026:

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

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

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

EXECUTIVE COMMITTEE

Elvira A. Ting (Chairperson)
Hanniel T. Ngo (Member)
Dee Hua T. Gatchalian (Member)
Richard L. Ricardo (Member)
Arthur M. Lopez (Member)

BOARD RISK OVERSIGHT COMMITTEE

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

RELATED PARTY TRANSACTIONS (RPT) COMMITTEE

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

NOMINATION COMMITTEE

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

Board of Directors

The Corporation has adopted and complied with the SEC Circular No. 16 series of 2002 (Requirements on Nomination and Election of Independent Directors) and pursuant to SRC Rule 38 and its implementing rules and regulations.

The nominees for election to the Board of Directors of the Corporation on October 8, 2026 are as follows:

1. Arthur M. Lopez
2. Arthur R. Ponsaran
3. Dee Hua T. Gatchalian
4. Elvira A. Ting
5. Hanniel T. Ngo
6. Josaias T. Dela Cruz **(IndependentDirector)**
7. Renato C. Francisco **(IndependentDirector)**
8. Richard L. Ricardo
9. Roberto De Venecia **(IndependentDirector)**
10. Ruben D. Torres
11. Sergio R. Ortiz-Luis, Jr.

A summary of the nominees' qualifications is presented in the preceding paragraph.

The Nominations Committee conducts nominations and pre-screens the qualifications of candidates for Independent Directors prior to the stockholders' meeting in accordance with Sec. 5, Art. III of the Corporation's By-Laws. All the nominees for election to the Board of Directors satisfy the mandatory requirements specified therein.

The independent directors have certified that they possess all the qualifications and none of the disqualifications provided for in the SRC. The Certifications of the independent directors are attached herewith as Annexes "A-1", "A-2", and "A-3".

Pursuant to the process conducted by the Nominations Committee, the nominees for election as independent directors of the Board of Directors on October 8, 2026 are as follows:

Atty. Renato C. Francisco, 78 years old, Filipino, is an **Independent Director** of the Company. He also serves as an Independent Director of Waterfront Philipines Incorporated, Forum Pacific, Inc., Acesite (Phils.) Hotel Corporation, Waterfront Phil., Inc., Wellex Industries Inc. and Sta. Lucia Land, Inc.

Mr. Josaias T. Dela Cruz, 65 years old, Filipino, is an **Independent Director** of the Company. He also serves as an Independent Director of Wellex Industries, Inc., Waterfront Philipines Incorporated, Metro Alliance Holdings & Equities Corp. and Forum Pacific, Inc.; and Sole Proprietor of JTDC Spinmeister Laundry Service.

Mr. Roberto De Venecia, 78 years old, Filipino, is an **Independent Director** of the Company. He also serves as the Chairman of Philippines-Russia Business Council and Asiainvest Corp., Co-Chairman of Philippines-Cambodia Business Council and Adviser for the Philippines of Royal Group of Companies.

Atty. Renato C. Francisco was nominated by stockholder Mr. Richard L. Ricardo, while Mr. Josaias T. Dela Cruz and Roberto D. De Venecia were nominated by stockholder Ms. Dee Hua T. Gatchalian. The stockholders who made the nomination are not in any way related to the nominees.

Arthur M. Lopez	**Chairman** Hotel management consultant specializing in general hotel management consultancy services, marketing, hotel design development/technical services, gaming, hotel feasibility study, pre and post hotel opening management services, asset management/owner's representative, food and beverage concept and service, mergers and acquisitions, travel and tours, theme parks and third-party management and branding. The Owner and Principal Consultant of AML Hotel Consultants. Hotel Management and Development Consultant – Double Dragon Properties Corporation

	(PSE listed) - Hotel of Asia Inc. – Jin Jiang Ortigas, Jin Jiang Inn Makati, Injap Tower Iloilo, Hotel 101 Manila (500 rooms), Hotel 101 Fort project (600 rooms, under construction); Hotel 101 Bohol (250 rooms, under construction); Hotel Management and Development Consultant – Bellevue Bohol Resort, The Bellevue Hotel Manila, The B Hotel Manila, B Hotel Quezon City; Bellevue Baguio (under construction) opening in 2018; Bellevue Bohol Resort extension (140 rooms) opening 2019. Hotel Management and Development Consultant – Wydham Garden (Wellworth Properties and Development Corporation) Quezon City (200 rooms) opening in 2020 and in a resort hotel in Mactan, Cebu City (300 rooms) opening in 2021. The Chairman – Acesite Philippines Hotel Corporation, owner of Manila Pavilion Hotel (PSE listed). Independent Director- Waterfront Philippines, Incorporated. Director – Waterfront Hotels and Casinos (PSE listed) – Waterfront Cebu City Hotel & Casino, Manila Pavilion Hotel & Casino, Waterfront Airport Hotel & Casino and Waterfront Insular Hotel Davao. President – Philippine Hotel Owners Association, Inc. (PHOAI) – the largest group of hotel owners and developers in the Philippines. Holds a Bachelor of Science degree in Commerce, major in Management, and a master's degree in business administration (MBA), both from the University of Santo Tomas in the Philippines. He completed a Tourism Management course at the East-West Center, University of Hawaii, Honolulu, Hawaii and Cornell University, Ithaca, New York, USA. Mr. Lopez became a Chairman of Philippine Estates Corporation since 2016.
Arthur R. Ponsaran	**Director**
	Arthur R. Ponsaran is a CPA-Lawyer with over 30 years of experience in corporate law, taxation, finance and related fields. He is the Managing Partner of Corporate Counsels, Philippines Law Office. He obtained his BSBA degree from the University of the East and LLB from the University of the Philippines. He completed the MDP Program at the Asian Institute of Management. Mr. Ponsaran is a member of the Integrated Bar of the Philippines and the New York Bar as well as the Philippine Institute of Certified Public Accountants. Mr. Ponsaran is also Director and/or Corporate Secretary of client corporations, including listed companies, as well as non-profit institutions. As of July 2025, he serves as Director of Forum Pacific Inc., Philippine Estates corporation, Health Carousel Philippines, Inc, MCCI Corporation, Bancom Alumni, Inc., Bancom II Consultants, Inc., Corporate Secretary of Waterfront Philippines Inc., Philsteel Holdings Corporation, Steel Corporation of the Philippines and Producers Savings Bank Corporation
Dee Hua T. Gatchalian	**Director**
	Mrs. Gatchalian was elected director of the Company from 2016 to present. She is the Executive VicePresident of The Wellex Group, Inc., and the Executive Vice-President of Plastic City Corporation. She is a board of director of Waterfront Philippines, Incorporated and Acesite (Phils.) Hotel Corp. She graduated with a degree in Medical Technology from the Far Eastern University in 1970. In addition to her numerous positions in business firms, she is the Chairperson of Jesus Our Life Ministries, Inc., a non-profit, non-stock organization duly registered with the Securities and Exchange Commission.
Elvira A. Ting	**President / CEO**
	Ms. Elvira A. Ting earned her Bachelor's Degree in Business Administration major in Management from the Philippine School of Business Administration. She has been the President/CEO of Philippine Estates Corp., since 2016 to present. She is also the director of Waterfront Philippines, Inc., Wellex Industries, Inc., The Wellex Group, Inc., and Forum Pacific, Inc. She is also a Director/CFO of Acesite Phils. Inc. from 2004-present.
Josaias T. Dela Cruz	**Independent Director**
	Mr. Josaias Dela Cruz earned his Bachelor's Degree in Business Management from Ateneo De Manila University. Master in Business

	Management at Asian Institute of Management. He also serves as an Independent Director of Wellex Industries, Inc., Waterfront Philipines Incorporated and Forum Pacific, Inc.; Vice President / Treasurer of Wegen Distributed Energy Philippines Holdings Corp; and Sole Proprietor of JTDC Spinmeister Laundry Service.
Hanniel T. Ngo	**Vice Chairman** Arch. Hanniel T. Ngo is the Vice Chairman of the Company. He earned his degree in Architecture from the University of Sto. Tomas in 2007 and has been a licensed architect since 2009. In addition to his role in the Company, he serves as President of Triton Construction & Development Corp., Altai Philippines Mining Corp., Clean Patrol Cleaning Services, Inc., and 1931 & Co. Management Services.
Renato C. Francisco	**Independent Director** A veteran legal professional, Justice Renato C. Francisco has been serving as an Associate Justice for the Court of Appeals from May 31, 2012 – August 20, 2018. An Ateneo De Manila University graduate for his Bachelor of Laws, Justice Francisco has served in the judiciary as a Presiding/Executive Judge for the Regional Trial Court – Branch 19 of Malolos, Bulacan. Prior to that, he has also the Assistant City Prosecutor for Makati City from 1992 to 1996. His extensive knowledge about the judiciary and legislations was further improved by the training programs that he has been a part of including The Harvard Negotiation Intensive, The SeminarWorkshop on Substantive Law and Jurisprudence on Intellectual Property for Court of Appeals Justices. Mr. Francisco became an Independent Director of Philippine Estates Corporation since 2020 and Waterfront Philippines, Inc. since 2014 to present.
Roberto D. De Venecia	**Independent Director** Mr. Roberto D. De Venecia earned his Bachelor of Arts and BS Business Management and later completed his Master's in Business Administration at Ateneo de Manila University. He is currently serving as the Chairman of Philippines-Russia Business Council and Asiainvest Corp., Co-Chairman of Philippines-Cambodia Business Council and Adviser for the Philippines of Royal Group of Companies.
Richard L. Ricardo	**Corporate Treasurer** Mr. Ricardo is a graduate of the Ateneo de Manila University with degrees in both Management and Economics. He started in banking and corporate lending with the Far East Bank and Trust Company and later handled corporate planning for the Philippine Banking Corporation. He has previously worked in AEA Development Corporation, an investment house, and has also served in the government under both the Office of the Prime Minister and the Ministry of Finance. He is a licensed real estate broker and is concurrently a director Wellex Industries, Inc., Forum Pacific, Inc. and is the Vice President for Corporate Affairs of Metro Alliance Holdings and Equities Corporation.
Ruben D. Torres	**Director** Mr. Ruben Torres graduated in the University of the Philippines with a degree of Bachelor of Arts (Political Science) after which, he finished the degree of Bachelor of Laws at the same university. Presently he is also the President of BPO Workers Association of the Philippines and Senior Partner of Torres Caparas Torres Law Office. He is also the Secretary General of Katipunan ng Manggagawa at Magsasaka ng Pilipinas. He is associated with the Integrated Bar of the Philippines and Philippine Academy of Professional Arbitrators. His former positions include being a Member of the House of Representatives of the 2nd District of Zambales, Executive Secretary of the Office of the President in Malacañang, Secretary of the Department of Labor and Employment.
Sergio R. Ortiz-Luis, Jr	**Director** He has degrees of Bachelor of Arts and Bachelor of Science in Business Administration from De La Salle University; PhD Humanities from Central Luzon State University, and PhD Business Technology from Eulogio "Amang" Rodriguez

	Institute of Science and Technology. He is the President and CEO of Philippine Exporters Confederation, Inc. An Honorary Chairman of Philippine Chamber of Commerce & Industry, Employers Confederation of the Philippines as well as Integrated Concepts & Solutions, Inc. He is the Vice Chairman of Alliance Global, Inc., Export Development Council. He is a Director of Manila Exposition Complex, Inc., Lasaltech Academy, BA Securities, Rural Bank of Baguio, PILAK Foundation, and Universal Access Center for Trade and Philippine International Training Corporation. He is a Council Adviser Member of Philippine Foundation, Inc., a Founding Director of International Chamber of Commerce of the Philippines and GS1. He is also a member of the Board of Advisers of Southville International School and Colleges. He is a commissioner of Patrol 117, a Financing Champion of the National Competitiveness Council and a Private Sector Representative of Bamboo Council. He is also a Chairman of Rotary Club of Green Meadows Foundation and also a Chairman of Council of Advisers Eastern Police District. He is the past President of Rotary Club of Green Meadows Quezon City RI District 3780, a Board of Advisers Member of Council of Advisers Philippine National Police, a senator of Philippine Jaycee Senate, Captain of Philippine Coastguard Auxiliary and a member of the League of Corporate Foundation. He is the Honorary Consul General of Consulate of Romania in the Philippines, a Treasurer of Consular Corps of the Philippines and an Honorary Adviser of International Association of Education for World Peace. Some awards that he received were International Peace Award for Economic Development in 2005, Most Outstanding Citizen of Nueva Ecija in the Field of Business in 2005 also, Most Outstanding Pasigueno in 2006, Ulirang Ama also in 2006 and Presidential Merit Award Medal in 2007. He became an Independent Director of Waterfront Philippines, Inc. since August 2006-2020. In 2014, he attended Exporter's Partner in Gearing the Country for the AEC Markets of the World 2, Technology Innovation and Entrepreneurship as Competitive Strategies PHILAAS 63rd Annual Convention and lastly, Bringing the Buy Pinoy Campaign to the Next Level.

(2.) Significant Employees

Other than its current officers mentioned in the preceding sub-section, the Corporation has not engaged the services of any person who is expected to make significant contribution to the business of the Corporation.

(3.) Family Relationships

1. Ms. Dee Hua T. Gatchalian and Ms. Elvira A. Ting are sisters. Mr. Hanniel T. Ngo is nephew of Ms. Elvira A. Ting and Ms. Dee Hua T. Gatchalian. There are no other family relationships.

(4.) Disclosures on Director's Self-Dealing and Related Party Transactions

There are no directors who has direct business transactions or dealings with the Company. A director must abstain from participating in a meeting when related party transactions, self-dealings or any transactions on which he/she has a material interest to ensure that he/she has no influence over the outcome of the deliberations.

(5.) Involvement in Certain Legal Proceedings

None of the directors and officers/nominees were involved in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceedings, or been subjected to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities or commodities or banking activities, nor found in an action by any court or administrative bodies to have violated a securities and commodities law.

(6) Certain Relationships and Related Transactions

At present the The The Wellex Group Inc (TWGI/Group) and its related parties owns 2,070,701,020 or 71.62% of the Company, The related party transaction of the Group makes advances to and from related parties for working capital requirements and for those related to joint venture agreements and other transactions or agreements.

The Group makes advances to and from related parties for working capital requirements and for those related to joint venture agreements and other transactions or agreements. Further information can be found in Note 23 of the Audited Financial Statements pages 42-45.

The Group's advances to/from related parties as at December 31, 2025 and 2024 are presented below:

Affiliates Name	Increase / - Decrease	2025		2024	
		Receivables	Payables	Receivables	Payables
Plastic City Corp.	2%	214,997,366		210,387,928	
Kennex Container Corp.	2%	39,726,850		38,875,126	
Orient Pacific Corp.	2%	37,007,233		36,408,739	
Noble Arch Realty and Construction	3%	5,630,753		5,464,508	
Pacific Rehouse Corporation (PRC)	16154%	338,649,298		2,083,519	
Pacific Wide Realty and Development Corp.	100%	269,875		-	
Metro Alliance Holdings and Equities Corporation	2%	298,347,593		292,456,384	
Westland Pacific Properties Corp.	2%	47,739,523		46,737,519	
The Wellex Group, Inc.	-3%	142,103,423		146,752,643	
Manila Pavilion	-100%			-	166,530
Inland Container Corporation	0%		500,000		500,000
Pacific Plastic Corporation	0%		1,500,000		1,500,000
International Polymer Corp.	4%		3,829,852		3,686,500
Total		**1,124,471,914**	**5,829,852**	**779,166,367**	**5,853,030**
Allowance for ECL		(40,622,812)		(40,622,812)	
		1,083,849,102	**5,829,852**	**738,543,555**	**5,853,030**

(7) Resignation of Directors Due to Disagreement

There were no directors who resigned or decline to stand for re-election because of disagreement**.**

Item 6. Compensation of Executive Officers.

1. Estimated Compensation:

Name and Principal Position	*Year*	*Salary*	*Bonus*	*Other Annual Compensation (13th Mo.)*
ELVIRA A. TING President & CEO	2026	₱ 840,000.00	0.00	₱ 70,000.00
GLENN GERALD PANTIG Chief Operation Officer	2026	₱ 1,500,000.00	0.00	₱ 125,000.00
JOCELYN A. VALLE Finance & AMD Head	2026	₱ 840,000.00	0.00	₱ 70,000.00
ERWIN BRYAN S. KANAPI Chief Risk Officer, DPO for NPC and CO for AMLC Head of the Legal Department	2026	₱ 600,000.00	0.00	₱ 50,000.00

The estimated aggregate compensation of the members of the Board of Directors and Executive Officers as a group for the year 2026 is P 4,095,000.00.

No other member of the Board of Directors and Officers are receiving compensation.

Name and Principal Position	*Year*	*Salary*	*Bonus*	*Other Annual Compensation (13th Mo.)*
ELVIRA A. TING President & CEO	2025	₱ 840,000.00	0.00	₱ 70,000.00
GLENN GERALD PANTIG Chief Operation Officer	2025	₱ 1,460,000.00	0.00	₱ 125,000.00
JOCELYN A. VALLE Finance & AMD Head	2025	₱ 800,000.00	0.00	₱ 70,000.00
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

The estimated aggregate compensation of the members of the Board of Directors and ExecutiveOfficers as a group for the year 2025 is ₱ 3,987,500.00.

No other member of the Board of Directors and Officers are receiving compensation.

Name and Principal Position	*Year*	*Salary*	*Bonus*	*Other Annual Compensation (13th Mo.)*
ELVIRA A. TING President & CEO	2024	₽ 840,000.00	0.00	₽ 70,000.00
GLENN GERALD PANTIG Chief Operation Officer	2024	₽ 1,440,000.00	0.00	₽ 120,000.00
JOCELYN A. VALLE Finance Head	2024	₽ 780,000.00	0.00	₽ 65,000.00
FERDINAND P. HALILI Operations Head	2024	₽ 720,000.00	0.00	₽ 60,000.00
ERWIN BRYAN S. KANAPI Chief Risk Officer, DPO for NPC and CO for AMLC Head of the Legal Department	2024	₽ 540,000.00	0.00	₽ 45,000.00

The estimated aggregate compensation of the members of the Board of Directors and ExecutiveOfficers as a group for the year 2024 is ₽ 4,680,000.00.

No other member of the Board of Directors and Officers are receiving compensation.

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.

2. Standard Arrangement

Except for per diem of ₱50,000.00 for the Chairman per month and ₱10,000.00 per Director per board meeting, there are no other standard arrangements pursuant to which directors of the Company are compensated or are expected to be compensated directly or indirectly for any service provided directly or indirectly to the Company's during the last fiscal year and ensuing year.

3. There are no material terms of any other arrangements.

4. There were no Employment Contract between the Company and Executive Officers nor Compensatory Plan or Arrangement.

5. There are no warrants or options held by Company's CEO, executive officers and all officers and directors as a group.

Item 7. 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. Such representatives are also expected to be available to respond to appropriate questions.

Rotation of External Auditors

The Company in compliance with SRC Rule 68 Par. 3(B)(ix) expresses that its independent auditors, the accounting firm of Diaz, Murillo, Dalupan and Co. and the signing partners thereof shall be rotated after every five (5) years of engagement and that a two-year cooling off period shall be observed in the engagement of the same signing partner(s).

The signing partner of our external auditor, Diaz Murillo Dalupan and Company, for the 2024-2025 Audited Financial Statements is Mr. Jozel Francisco C. Santos, Jr. He replaces Mr. Richard Noel M. Ponce, who served as signing partner for the 2020 to 2023 Audited Financial Statements.

Mr. Ponce, in turn, succeeded Ms. Rosemary D. De Mesa, who retired from Diaz Murillo Dalupan and Company in 2019. Ms. De Mesa was the signing partner for our 2018 Audited Financial Statements, having replaced Mr. Jozel Francisco C. Santos, Jr., who was the signing partner in 2017.

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

(a.) Audit and Audit-Related Fees	YEAR 2025	2024
1. Audit of Financial Statement:	₱ **842,300**	₱ **826,000**
Audit Fees	693,000	660,000
Out-of-Pocket Expenses	69,300	96,000
Consolidation Fee	80,000	70,000

2. No audit fees for other related services

(b.) Tax Fees 2025 nil
2024 nil

(c.) All other Fees

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

(d.) The external auditor regularly tenders an audit engagement proposal which the audit committee reviews. The audit committee looks into the audit plan, scope and frequency of the audit and regularly holds audit committee meeting with the external auditor

The Audit Committee Approval Policies and Procedures for the services rendered by the External Auditors

The Corporate Governance Manual of the Company provides that the audit committee shall, among others:

1.) Evaluate all significant issues reported by the external auditors relating to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company.

2.) Ensure that other non-audit work provided by the external auditors is not in conflict with their functions as external auditors.

3.) Ensure the compliance of the Company with acceptable audit and accounting standards and regulations.

Item 8. Compensation Plans

No action is proposed to be taken during the stockholders' meeting with regard to any stock options, warrants or rights plan, pension/retirement plan, or any other type of compensation plan.

5. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There are no matters or actions to be taken up in the meeting with respect to authorization or issuance of securities.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up in the meeting with respect to the modification of any class of the Company's securities or the issuance of authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

The audited financial statements as of December 31, 2025, Management Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There are no matters or actions intended to be taken up in the meeting with respect to mergers, consolidation, acquisition, sale or liquidation of the Company.

Item 13. Acquisition or Disposition of Property

There is no action to be taken with respect to any material acquisition or disposition of any property of the Corporation.

Item 14. Restatement of Accounts

The Company is not taking any action with respect to the restatement of any asset, capital, or surplus account.

6. OTHER MATTERS

Item 15. Action with Respect to Reports

There is no action to be taken with respect to any report of the Company or its directors or officers,

except for the approval of the minutes of the previous annual stockholders' meeting of the Company held on October 10, 2025.

1. Minutes of the Previous Annual Stockholders' Meeting

The Minutes of the Annual Stockholders' Meeting held on October 10, 2025 contains the approval of the Minutes of the year 2024 Annual Stockholders' Meeting, the approval of the year 2024 Annual Report and the Audited Financial Statements, the ratification of the acts of the Board of Directors and management during the year 2024, the election of the external auditor, the election of external counsel and the election of the members of the Board of Directors.

The **100%** voting results represent **82.87%** of the stockholders present or represented either in person or by proxy of the total outstanding capital stock of the Company:

Agenda	Voting Results		
	For	Against	Abstain
Call to Order	100.00%	0.00%	0.00%
Certification of Notice and Quorum	100.00%	0.00%	0.00%
Approval of the Minutes of the Previous Stockholders' Meeting for the year 2024	100.00%	0.00%	0.00%
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	100.00%	0.00%	0.00%
Ratifications of the Acts of the Board and Management for the year 2024	100.00%	0.00%	0.00%
Election of the Board of Directors to serve for the term 2025-2026	100.00%	0.00%	0.00%
Arthur M. Lopez	100.00%	0.00%	0.00%
Arthur. R. Ponsaran	100.00%	0.00%	0.00%
Dee Hua T. Gatchalian	100.00%	0.00%	0.00%
Elvira A. Ting	100.00%	0.00%	0.00%
Hanniel T. Ngo	100.00%	0.00%	0.00%
Josaias T. Dela Cruz	100.00%	0.00%	0.00%
Renato C. Francisco	100.00%	0.00%	0.00%
Richard L. Ricardo	100.00%	0.00%	0.00%
Roberto D. De Venecia	100.00%	0.00%	0.00%
Ruben D. Torres	100.00%	0.00%	0.00%
Sergio R. Ortiz-Luis, Jr.	100.00%	0.00%	0.00%
Appointment of External Auditor for the year 2025	100.00%	0.00%	0.00%

Appointment of External Counsel for the year 2025-2026	100.00%	0.00%	0.00%
Other matters	100.00%	0.00%	0.00%
Adjournment	100.00%	0.00%	0.00%

The following directors and officers were present during the 2025 ASM:

Arthur M. Lopez	-	Chairman/Director
Hanniel T. Ngo	-	ViceChairman/Director
Elvira A. Ting	-	President/Director
Richard Ricardo	-	Treasurer/Investor Relations Officer/Director
Sergio Ortiz-Luiz, Jr.	-	Director
Roberto D. De Venecia	-	Independent Director
Josaias Dela Cruz	-	Lead Independent Drector -
Dee Hua T. Gatchalian	-	Director
Renato C. Francisco	-	Independent Drector
Arthur R. Ponsaran	-	Director
Ruben D. Torres	-	Director
Amando J. Ponsaran, Jr.	-	Corporate Secretary
Christine P. Valenzuela	-	Asst. Corporate Secretary
Jocelyn A. Valle	-	Compliance Officer
Glenn Gerald Pantig	-	Chief Operation Officer
Erwin Bryan S. Kanapi	-	Chief Risk Officer / Data Protection Officer / Compliance Officer for Anti-Money Laundering Council

The stockholders who attended the 2025 ASM in person and by proxy represent 2,395,910,270 common shares, constituting 82.87% of the total outstanding capital stock of the Company as of record date September 12, 2025.

2025 Attendance Report of Members of the Board at Regular and Special Meetings:

	April 8	July 16	July 17	Oct 10*	Total No. of Meetings	Total No. of Meetings Attended	% of Attendance
Arthur M. Lopez	√	√	√	√	4	4	100%
Arthur. R. Ponsaran	√	√	√	√	4	4	100%
Dee Hua T. Gatchalian	√	√	√	√	4	4	100%
Elvira A. Ting	√	√	√	√	4	4	100%
Hanniel T. Ngo **			√	√	2	2	100%
Josaias T. Dela Cruz	√	√	√	√	4	4	100%
Kenneth T. Gatchalian ***	√				1	1	100%
Renato C. Francisco	√	√	√	√	4	4	100%
Richard L. Ricardo	√	√	√	√	4	4	100%
Roberto D. De Venecia ****				√	1	1	100%
Ruben D. Torres	√	√	√	√	4	4	100%
Sergio R. Ortiz-Luis, Jr.	√	√	√	√	4	4	100%

*ASM and Organizational Meeting
** Elected only on July 17, 2025

*** Resigned on June 30, 2025
****Elected only on Oct. 10, 2025

The tables below present the attendance of the Members of the Board of Directors at committee meetings held during 2025.

AUDIT COMMITTEE - April 8, July 16 & 17 & Oct 10, 2025

Director's Name	Total Present	Total Absent	Total No. of Meetings
Josaias T. Dela Cruz	4	0	4
Sergio R. Ortiz-Luis, Jr.	4	0	4
Roberto D. De Venecia *	1	0	1

* Elected only on Oct. 10, 2025

CORPORATE GOVERNANCE COMMITTEE - April 8, July 16 & 17 & Oct 10, 2025

Director's Name	Total Present	Total Absent	Total No. of Meetings
Renato C. Francisco	4	0	4
Roberto D. De Venecia *	1	0	1
Josaias T. Dela Cruz	4	0	4

* Elected only on Oct. 10, 2025

EXECUTIVE COMMITTEE - April 8, July 16 & 17 & Oct 10, 2025

Director's Name	Total Present	Total Absent	Total No. of Meetings
Elvira A. Ting	4	0	4
Hanniel T. Ngo **	2	0	2
Arthur M. Lopez	4	0	4
Dee Hua T. Gatchalian	4	0	4
Richard L. Ricardo	4	0	4

**Elected only on July 17, 2025

BOARD RISK OVERSIGHT COMMITTEE - April 8, July 16 & 17 & Oct 10, 2025

Director's Name	Total Present	Total Absent	Total No. of Meetings
Roberto D. De Venecia *	1	0	1
Josaias T. Dela Cruz	4	0	4
Arthur M. Lopez	4	0	4

* Elected only on Oct. 10, 2025

RELATED PARTY TRANSACTIONS (RPT) COMMITTEE - April 8, July 16 & 17 & Oct 10, 2025

Director's Name	Total Present	Total Absent	Total No. of Meetings
Renato C. Francisco	4	0	4
Josaias T. Dela Cruz	4	0	4
Arthur. R. Ponsaran	4	0	4

NOMINATION COMMITTEE - October 10, 2025

Director's Name	Total Present	Total Absent	Total No. of Meetings
Elvira A. Ting	1	0	1
Dee Hua T. Gatchalian	1	0	1
Josaias T. Dela Cruz	1	0	1

Corporate Governance

The Corporation for the benefit of the public interest, the shareholders and the investing public adheres to the principles and practices of good corporate governance, as embodied in its Corporate Governance Manual and related SEC Circulars. Continuous improvement and monitoring of policies have been undertaken to ensure that the Corporation observes good governanceand management practices. This is to assure the shareholders that the Corporation conducts itsbusiness with the highest level of integrity, transparency and accountability.

The Board of Directors is elected during the annual meeting and has the overall responsibility to oversee the activities of the Company. The Board conducts itself with honesty and integrity to ensurea high standard of best practices on governance for the Company and to promote and protect the interest of the Company, its stockholders and other stakeholders.

The Company realizes its duty to protect the rights and benefits of shareholders and to place the importance on fair and equal treatment of shareholders. It is the Company's policy to disclose information with respect to business operation with accuracy and transparency, including any issues that could impact the Company's business and the rights in which shareholders and minority shareholders are entitled to, such as shareholders' participation in the shareholders' meeting to exercise their voting rights, the rights to receive dividend, or the rights to approve a decrease or an increase in capital, etc. The Board has similarly adopted a Corporate Governance Policy to ensure that the rights of its shareholders particularly those that belong to the minority or non-controlling group are respected and protected by adopting the principle of "one-share, one-vote", likewise by ensuring that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights and also by having an effective, secure and efficient voting system, and an effective shareholder voting mechanism to protect minority shareholders against actions of controllingshareholders. In accordance with SEC Notice dated March 11, 2026 providing for an alternative mode of distributing ASM notices, notice and agenda of the Annual Stockholders' Meeting (ASM) and definitive copies of the Information Statement will be published via the Company's website and PSE Edge. In addition, the notice will be published in two (2) newspaper of general circulation, inprint and digital format.

The Company also paid for registration fees for seminars which the Company's employees attended for continuing professional education such as Tax Seminar conducted by BIR, Disclosures Seminar by the Philippine Stock Exchange, Mandatory Continuing Legal Education and other seminars related with real estate development.

The Company submitted its Integrated Annual Corporate Governance Report (I-ACGR) on May 25, 2026 covering the year 2025.

As of Sept. 9, 2026, there are no known material deviations from the Company's Manual of Corporate governance.

Item 16. Matters Not Required to be Submitted

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, By-Laws & Other Documents

There were no other amendments as this date of Articles of Incorporation and by laws.

Item 18. Other Proposed Actions

The following are to be proposed for approval during the stockholders' meeting:

a. Call to Order;
b. Certification of Notice and Quorum;
c. Approval of the Minutes of the Previous Stockholders' Meeting for the year 2025;
d. President's Report to the Stockholders and Approval of the Annual Report for the Year 2025 and Audited Financial Statements for the year ended December 31, 2025;
e. Ratifications of the Acts of the Board and Management for the year 2025;
f. Election of the Board of Directors to serve for the term 2026-2027;
g. Appointment of External Auditor for the year 2026;
h. Appointment of External Counsel for the year 2026-2027;
i. Other Business Matters; and
j. Adjournment

In accordance with Section 49 of the Revised Corporation Code (RCC), the above approval of the proposed actions will include procedures, as follows:

(1) A description of the voting and the vote tabulation procedures used in the previous meetings;
(2) A description of the opportunity given to stockholders or members to ask questions and record of the question s asked and answers given;
(3) The matters discussed and resolutions reached;
(4) A record of the voting results for each agenda item;
(5) A list of the director or trustees, officers and stockholders or members who attended the meeting; and
(6) Such other items that the Commission may require in the interest of good corporate governance and protection of minority stockholders.

Item 19. Voting Procedures

Article II, Section 5 (a.) and (b.) of the By-laws of the Corporation provides, as follows:

a. At each meeting of the stockholders, the holders of a majority of the issued outstanding capital stock of the Corporation having voting powers, who are present via remote communication, shall constitute a quorum for the transaction of business, except, where otherwise provided by the Corporation Code.

b. Unless otherwise provided by the Corporation Code, each stockholder shall at every meeting ofthe stockholders be entitled to one vote per person or by proxy, for each share with voting right held by such stockholder. At all meetings of the stockholder, all matters, except in cases where other provisions is made by the Corporation Code, shall be decided by the vote of stockholders representing majority of the issued and outstanding capital stock present via remote communication and entitled to vote thereat, a quorum being present.

c. The holders of common stock are entitled to one vote per share, but in connection with the

cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at the close of business on record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for a single nominee or may apportion such votes among any two or more nominees. In all matters included in the agenda, except, the election of directors, the stockholders are entitled to one vote per share. For the election of directors, the counting willbe cumulative. The counting of votes will be done by the Corporate Secretary with the assistance of the representatives of the Corporation's independent auditor Diaz, Murillo, Dalupan and Co. and Stock Transfer Agent, Banco de Oro Stock Transfer Agency. All votes attaching to the shares owned by stockholders whose proxies were received by the Corporation will be cast in accordance with the instructions given or authority granted under proxies.

Stockholders are given its opportunity to ask questions or clarifications every action before approval of any matter during meeting.

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

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

  There are 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 creditlines offered by banks and other financial institution, private or government. The Company periodically reviews its capital structure and existing obligations.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF SEC FORM 17- A FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED AS FOLLOWS:

PHILIPPINE ESTATES CORPORATION 35TH
FLR. ONE CORPORATE CENTER JULIA
VARGAS COR MERALCO AVENUEPASIG
CITY, PHILIPPINES

Attention: AMANDO J. PONSARAN, JR.
Corporate Secretary

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on _____, 20____.

PHILIPPINE ESTATES CORPORATION

By:

AMANDO J. PONSARAN, JR.
Corporate Secretary

SUBSCRIBED AND SWORN to before me, this ___ day of SEP 08 2026 ___ 2026, at Pasig City, Metro Manila, affiant having exhibited to me her government identification (TIN 171-798-949-000) with her photograph appearing thereon.

Doc. No. 455;
Page No. 92;
Book No. XV;
Series of 2026

ATTY. JOMAR M. IZOLA
NOTARY PUBLIC
Cities of Pasig, San Juan, Pateros, Metro Manila
3803 38th Flr., Corporate Finance Plaza Bldg.
Ruby Rd. cor. Topaz Rd. Ortigas Center, Pasig City
Appointment No. 207; Until Dec 31, 2026
SC. Roll No. 81022; May 21, 2022
PTR No. 3993001; 01/14/2026 Pasig City
IBP No. 588574; 01/05/2026 IBP Manila I
MCLE No. VIII-0006903; Feb 20, 2024 - Apr 14, 2028

CERTIFICATION

I, AMANDO J. PONSARAN, JR., of legal age and with office address at Unit 3104 Antel Global Corporate Center, #3 Doña Julia Vargas Avenue, Ortigas Center, Pasig City, after being duly sworn to in accordance with law, do hereby certify:

I am the duly elected Corporate Secretary of Philippine Estates Corporation, a corporation duly organized and existing under Philippine laws with principal office at 35th Floor of One Corporate Centre, Doña Julia Vargas Ave. cor. Meralco Ave., Ortigas Center, Pasig City (the "Corporation);

All incumbent directors and officers of the Corporation are not connected with any government agency or instrumentality, except for Atty. Ruben D. Torres. Attached herewith is a copy of a certification issued by the Philippine National Construction Corporation, allowing/authorizing Atty. Ruben D. Torres to be a director in other corporations.

I am executing this Certification to comply with the requirements of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have hereunto set my hands this ___ day of _____, 2026 in the City of Pasig.

AMANDO J. PONSARAN, JR.
Corporate Secretary

SUBSCRIBED AND SWORN to before me, this ___ day of _____ 2026, at Pasig City, Metro Manila, affiant having exhibited to me her government identification (TIN 171-798-949-000) with her photograph appearing thereon.

Doc. No. 400;
Page No. 91;
Book No. 90;
Series of 2026.

FERDINAND D. AYAHAO
Notary Public
For and in Pasig City and the Municipality of Pateros
Commission No. 123 (2026-2027) valid until 12/31/2027
MCLE Exemption No. VIII-IBP003234, until 04/14/28
Roll No. 46177; IBP LRN 02459; OR 535885; 06/21/2001
TIN 123-011-755; PTR 4918763AA; 01/09/26; Pasig City
Unit 5, West Tower PSE, Exchange Road
Ortigas Center, Pasig City, NCR, 1605 Philippines

PHILIPPINE NATIONAL
CONSTRUCTION CORPORATION

CERTIFICATION

TO WHOM IT MAY CONCERN:

This is to certify that **ATTY. RUBEN D. TORRES** is hereby allowed/authorized to occupy membership in the Board of Directors of other corporations provided such memberships do not conflict with his official function as member of the PNCC Board of Directors.

Done this 12th day of May 2026 in Bicutan, Parañaque City

MIGUEL E. UMALI
President and CEO / Vice-Chairman

KM. 15 EAST SERVICE ROAD, BICUTAN, PARAÑAQUE CITY, METRO MANILA, PHILIPPINES * ZIP CODE 1700
FAX O.P 846-0591; DIRECT LINE : 846-0209 ; TRUNK LINE : 846-3046

CERTIFICATE OF QUALIFICATION OF INDEPENDENT DIRECTORS

I, AMANDO J. PONSARAN, JR., being the duly elected Corporate Secretary of Philippine Estates Corporation (hereinafter the "Corporation"), a corporation duly organized and existing under and by virtue of Philippine law, with principal office address at the 35th Floor, One Corporate Center, Doña Julia Vargas Avenue corner Meralco Avenue Ortigas Center, Pasig City, Metro Manila, Philippines, do hereby certify, that:

1. Atty. RENATO C. FRANCISCO, is a nominee for the position of Independent Director of Philippine Estates Corporation;

2. The foregoing nominee possesses all the qualifications and none of the disqualifications to serve as Independent Director of Philippine Estates Corporation as provided for in Section 38 of the Securities and Regulation Code (SRC) and its Rules and Regulations;

3. The foregoing nominee has not exceeded the nine (9) consecutive year term limit as expressly delineated under SEC Memorandum Circular No. 7, Series of 2026.

IN ATTESTATION OF THE ABOVE, this Certification is signed on this AUG 27 2026 day of _____ 2026, at Pasig City, Metro Manila.

AMANDO J. PONSARAN, JR.
Corporate Secretary

SUBSCRIBED AND SWORN to before me, this AUG 27 2026 day of _____ 2026, at Pasig City, Metro Manila, affiant having exhibited to me her government identification (TIN 171-798-949-000) with her photograph appearing thereon.

Doc. No. 454;
Page No. 92;
Book No. 90;
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-0019003234, until 04/14/28
Roll No. 46377; IBP 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

Annex A-1

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RENATO C. FRANCISCO.**, Filipino, of legal age and a resident of No.8 Sparrow Street, New Marikina Subdivision, Marikina City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **PHILIPPINE ESTATES CORPORATION** and have been its independent director since October, 2020.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Forum Pacific, Inc.	Independent Director	Oct. 2020 - present
Acesite (Phils.) Hotel Corporation	Independent Director	Oct. 2020 - present
Waterfront Phil., Inc.	Independent Director	Oct. 2020 - present
Wellex Industries Inc	Independent Director	2021 - present
Sta. Lucia Land Inc.	Independent Director	June 15, 2023-present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PHILIPPINE ESTATES CORPORATION**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in , pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **PHILIPPINE ESTATES CORPORATION** of any changes in the abovementioned information within five days from its occurrence.

Done this AUG 2 7 2026 of _____, 2026 at PASIG CITY.

RENATO C. FRANCISCO
Affiant

AUG 2 7 2026

SUBSCRIBED AND SWORN to before me, this ___ day of _____ 2026, at Pasig City, Metro Manila, affiant having exhibited to me her government identification (TIN 138-641-391-000) with her photograph appearing thereon.

Doc. No. 404;
Page No. 81;
Book No. 97;
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-IBP003234, until 04/14/28
Roll No. 46377; IBP 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

CERTIFICATE OF QUALIFICATION OF INDEPENDENT DIRECTORS

I, AMANDO J. PONSARAN, JR., being the duly elected Corporate Secretary of Philippine Estates Corporation (hereinafter the "Corporation"), a corporation duly organized and existing under and by virtue of Philippine law, with principal office address at the 35th Floor, One Corporate Center, Doña Julia Vargas Avenue corner Meralco Avenue Ortigas Center, Pasig City, Metro Manila, Philippines, do hereby certify, that:

1. Mr. Josaias T. Dela Cruz is a nominee for the position of Independent Director of Philippine Estates Corporation;

2. The foregoing nominee possesses all the qualifications and none of the disqualifications to serve as Independent Director of Philippine Estates Corporation as provided for in Section 38 of the Securities and Regulation Code (SRC) and its Rules and Regulations;

3. The foregoing nominee has not exceeded the nine (9) consecutive year term limit as expressly delineated under SEC Memorandum Circular No. 7, Series of 2026.

IN ATTESTATION OF THE ABOVE, this Certification is signed on this AUG 2 7 2026 day of _____ 2026, at Pasig City, Metro Manila.

AMANDO J. PONSARAN, JR.
Corporate Secretary

SUBSCRIBED AND SWORN to before me, this AUG 2 7 2026 day of _____ 2026, at Pasig City, Metro Manila, affiant having exhibited to me her government identification (TIN 171-798-949-000) with her photograph appearing thereon.

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-IBP 003234, until 04/14/28
Roll No. 46377; IBP 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

Doc. No. 453
Page No. 90;
Book No. 92;
Series of 2026.

Annex A-2

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOSAIAS T. DELA CRUZ.**, Filipino, of legal age and a resident of No.304 Hogan Street, Capitol Hills, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **PHILIPPINE ESTATES CORPORATION** and have been its independent director since 2021.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Waterfront Philippines, Incorporated	Independent Director	2025 - Present
Metro Alliance Holdings & Equities Corp.	Independent Director	2024 - Present
Wellex Industries, Inc.	Independent Director	2021- Present
Forum Pacific, Inc.	Independent Director	2021- Present
JTDC Spinmeister Laundry Service	Sole Proprietor	2016 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PHILIPPINE ESTATES CORPORATION**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in , pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **PHILIPPINE ESTATES CORPORATION** of any changes in the abovementioned information within five days from its occurrence.

Done this AUG 27 2026 of _____ 2026 at PASIG CITY.

JOSAIAS T. DELA CRUZ
Affiant

SUBSCRIBED AND SWORN to before me, this ___ day of _____ 2026, at Pasig City, Metro Manila, affiant having exhibited to me her government identification (TIN 123-365-209) with her photograph appearing thereon.

AUG 27 2026

Doc. No. 457;
Page No. 91;
Book No. XII;
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-REP003234, until 04/14/28
Roll No. 46377; IBP 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

CERTIFICATE OF QUALIFICATION OF INDEPENDENT DIRECTORS

I, AMANDO J. PONSARAN, JR., being the duly elected Corporate Secretary of Philippine Estates Corporation (hereinafter the "Corporation"), a corporation duly organized and existing under and by virtue of Philippine law, with principal office address at the 35th Floor, One Corporate Center, Doña Julia Vargas Avenue corner Meralco Avenue Ortigas Center, Pasig City, Metro Manila, Philippines, do hereby certify, that:

1. Mr. Roberto D. De Venecia, is a nominee for the position of Independent Director of Philippine Estates Corporation;

2. The foregoing nominee possesses all the qualifications and none of the disqualifications to serve as Independent Director of Philippine Estates Corporation as provided for in Section 38 of the Securities and Regulation Code (SRC) and its Rules and Regulations;

3. The foregoing nominee has not exceeded the nine (9) consecutive year term limit as expressly delineated under SEC Memorandum Circular No. 7, Series of 2026.

IN ATTESTATION OF THE ABOVE, this Certification is signed on this AUG 2 7 2026 day of _____ 2026, at Pasig City, Metro Manila.

AMANDO J. PONSARAN, JR.
Corporate Secretary

SUBSCRIBED AND SWORN to before me, this AUG 2 7 2026 day of _____ 2026, at Pasig City, Metro Manila, affiant having exhibited to me her government identification (TIN 171-798-949-000) with her photograph appearing thereon.

Doc. No. 452;
Page No. 92;
Book No. 91;
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-0003234, until 04/14/28
Roll No. 46377; IBP LIFE 02459; OR 535886; 06/21/2001
TIN 123-011-786; PTR 4918763AA; 01/09/26; Pasig City
Unit 5, West Tower PSE, Exchange Road
Ortigas Center, Pasig City, NCR, 1605 Philippines

Annex A-3

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ROBERTO DE VENECIA**, Filipino, of legal age and a resident of 19 Adonis Street, Acropolis Village, Quezon City, 1110 Metro Manila, Philippines, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **PHILIPPINE ESTATES CORPORATION** and have been its independent director since October, 2025.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Philippines-Russia Business Council	Chairman	2021- present
Philippines-Cambodia Business Council	Co-Chairman	2021- present
Asiainvest Corp	Chairman	2021- present
Royal Group of Companies	Adviser for the Philippines	2021- present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **PHILIPPINE ESTATES CORPORATION**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in , pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of **PHILIPPINE ESTATES CORPORATION** of any changes in the abovementioned information within five days from its occurrence.

PASIG CITY

Done this _____ of _____, 2026 at_____.

AUG 2 7 2026

ROBERTO D. DE VENECIA
Affiant

AUG 2 7 2026

SUBSCRIBED AND SWORN to before me, this ___ day of _____ 2026, at Pasig City, Metro Manila, affiant having exhibited to me her government identification (TIN 121-605-016-000) with her photograph appearing thereon.

Doc. No. 444;
Page No. 90;
Book No. 91;
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-EEP003234, until 04/14/28
Roll No. 46377; IBP 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

UNDERTAKING

A copy of SEC 20-IS will be provided free of charge upon written request to the following:

CORPORATE SECRETARY
Philippine Estates Corporation
Units 3503 and 3504
35th Floor, One Corporate Center
Julia Vargas Ave., corner Meralco Ave.
Ortigas Center, Pasig City
Metro Manila

PART III

After reasonable inquiry and to the best knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on AUG 27 2026, 2026.

AMANDO J. PONSARAN, JR.
Corporate Secretary

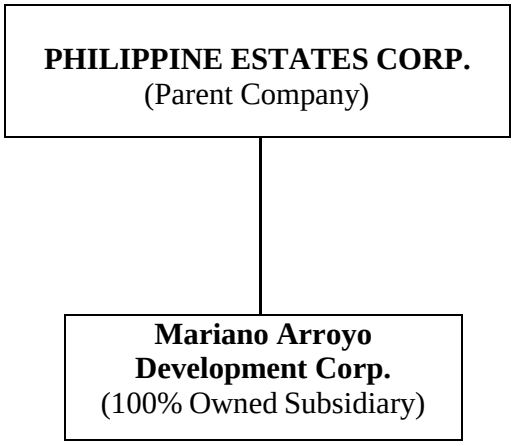
SUBSCRIBED AND SWORN to before me, this AUG 27 2026 day of _____ 2026, at Pasig City, Metro Manila, affiant having exhibited to me her government identification (TIN 171-798-949-000) with her photograph appearing thereon.

Notary Public

Doc. No. 407;
Page No. 91;
Book No. VI;
Series of 2026.

MANAGEMENT'S REPORT

(Note: Audited Financial Statement and Interim Financial Statement is hereto attached as Annex "A" and made as an integral part hereof.) Conglomerate map showing the relationship between parent company and its subsidiary



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidatedfinancial statements are summarized below and in the succeeding pages. The policies have beenconsistently 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 Avenuecorner 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.

Audited Financial Statements and Interim Financial Statements

There were no disagreements with the former and present accountants and auditors on any matter of accounting and financial disclosures.

The signing partner of our external auditor, Diaz Murillo Dalupan and Company, for the 2024-2025 Audited Financial Statements is Mr. Jozel Francisco C. Santos, Jr. He replaces Mr. Richard Noel M. Ponce, who served as signing partner for the 2020 to 2023 Audited Financial Statements.

Mr. Ponce, in turn, succeeded Ms. Rosemary D. De Mesa, who retired from Diaz Murillo Dalupan and Company in 2019. Ms. De Mesa was the signing partner for our 2018 Audited Financial Statements, having replaced Mr. Jozel Francisco C. Santos, Jr., who was the signing partner in 2017.

Reconciliation of retained earnings available for dividend declaration.

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PHILIPPINE ESTATES CORPORATION AND SUBBSIDIARY		
Consolidated Statements of Changes in Equity as of December 31, 2025		
CAPITAL STOCK	**₱**	**2,891,099,660**
DEFICIT		
At beginning of year		(221,302,547)
Net income (loss) for the year		186,455,209
At end of year	**₱**	**(34,847,338)**
UNREALIZED FAIR VALUE LOSS ON FINANCIAL ASSETS AT FVOCI	**₱**	(22,282,377)
REMEASURMENT GAIN ON RETIREMENT BENEFITS		
At beginning of year		9,070,990
Remeasurement Gain on Retirement Benefits (net)		1,221,779
At end of year	**₱**	**10,292,769**
	₱	**2,844,262,714**

***Based on the reconciliation above, no dividends would be declared as of yet.**

Financial Soundness Indicators in two comparative periods.

INDICATOR	2025	2024
Current Ratio	5.79:1	6.89:1
Debt-to-Equity Ratio	0.27:1	0.21:1
Asset-to-Equity Ratio	1.27:1	1.21:1
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%

NATURE AND SCOPE OF BUSINESS OF THE REGISTRANT

The Company was incorporated on May 30, 1983 formerly "Philippine Cocoa Estates Corporation" registered with Securities and Exchange Commission (SEC) under Registration No. 112978.

The Company is now known as Philippine Estates Corporation, currently engaged in a realty estate development business focusing on high/low end residential including horizontal mass housing developments and medium rise condominiums.

The primary goal and objective of the Company is to produce a quality housing and with a corporate vision of becoming a world-class real estate developer utilizing state-of- the-art design and technology to build projects with the highest quality and value.

The Company's real estate business is located in different emerging and high growth áreas in Luzon and Visayas namely, Iloilo, Cebu and other cities located in Metro Manila. The Company is also expanding its development mass housing Projects in a progressive areas located outside Luzon particularly Calabarzon and Bulacan areas.

The Company is majority owned and controlled by The Wellex Group, Inc., and its related parties including the Management.

(2) Business Issuer:

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:

- ***Pearl of the Orient Tower.***

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

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

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

- ***Pacific Grand Villas Phase 1.***

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

- ***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.

- ***Pacific Grand Villas Phase III.***

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

- ***Chateaux Geneva.***

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

- ***Pacific Grand Villas Phase IV-A & B.***

  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.

- ***Pacific Grand Townhomes***

  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. It is right across the site where Wellford Residences – Mactan will rise.

- ***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 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.

ONGOING / CURRENT PROJECTS:

- ***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.

- ***Wellford Homes @ Jaro Grand Estaes (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 3Q 2022. WHII will be located in an area of around 9.0 hectares and will offer a total of 440 units. It is envisioned to be completed by 4Q 2026. 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. Currently, it offers two types of two (2)-storey single detached units, with gross floor areas ranging from 63 to 73 square meters, after, the Company was able to secure its Amended License to Sell and Certificate of Registration, allowing the sale of House & Lot packages instead of Lot Only units.

- ***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.

- ***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

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)

1. 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.

MARKET PRICE OF AND DIVIDENDS ON COMMON EQUITY

Market Information

(a.) The shares of stock of the company are being traded in the Philippine Stock Exchange. The high and low sales price for each quarter within the last two (2) fiscal years and the current year are as follows:

	2026		2025		2024	
	High	**Low**	**High**	**Low**	**High**	**Low**
Q1	0.350	0.300	0.335	0.260	0.400	0.325
Q2	0.490	0.320	0.300	0.235	0.335	0.325
Q3	- x -	- x -	0.385	0.270	0.340	0.255
Q4	- x -	- x -	0.365	0.280	0.255	0.250

- The sales price as of Sept. 8, 2026 was 0.390.

(2) Holders

The number of holders of common shares as of August 31, 2026 was 709.

Names of the Top Twenty (20) shareholders as of August 31, 2026 the number of sharesheld, 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)	2,188,954,580	75.714
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)	15,980,310	0.553
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

The Company's dividend policy effective 2021 of 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:

- the requirements of applicable laws and regulations, such as the availability ofunrestricted retained earnings;
- the terms and conditions of its outstanding bonds and loan facilities, as the casemaybe; and
- the absence of circumstances that may restrict the payment of such dividends, such aswhere the Company undertakes major projects and developments.

There were no cash dividends declared within the last three (3) fiscal years because it had no sufficient retained earnings available for declaration of dividends and no net operating income reported in its most recent audited financial statements

(4) Recent Sales of Unregistered or Exempt Securities, including Recent

Issuance of SecuritiesConstituting an Exempt Transaction.

There has been no recent sale of unregistered or exempt securities, including recent issuance of securities constituting an exempt transaction.

FINANCIAL AND OTHER INFORMATION:

a.) Information Required:

(1) The Audited Financial Statement as of 31 December 2025 are attached hereto. The notes to Financial Statements, as well as Statement of Management Responsibility, and schedules required under Part IV(C) OF RULE 68 is included in the Annual Report (Form 17-A) **on Annex 1.**

Also attached hereto are the Interim Financial Statements as of June 30, 2026 being also required under PART IV(C) OF RULE 68 (SEC Form 17-Q).

(2) MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION ANDPLAN/RESULTS OF OPERATIONS.

Second Quarter of 2026

The Performance of the Company

For the second quarter of 2026, the Company generated consolidated net sales of ₱71.38 million, representing an increase of ₱43.28 million, or 154.02%, from ₱28.10 million recorded during the same period in 2025. The increase in net sales was primarily driven by the higher percentage of completion achieved on ongoing projects during the quarter. Since the Company recognizes revenue using the percentage-of-completion method, the advancement of project construction enabled the recognition of a greater portion of revenues, supplemented by improved sales performance across the Company's operating segments.

Gross profit likewise increased substantially to ₱37.32 million from ₱14.76 million in the second quarter of 2025, an improvement of ₱22.56 million, or 152.85%. The increase was primarily attributable to the higher level of revenue recognized from the advancement of project completion while maintaining healthy gross profit margins.

Operating expenses increased by ₱15.13 million, or 57.16%, compared with the same period last year. The increase was mainly due to higher business activity associated with the increased level of project implementation and sales, resulting in higher operating costs, as well as the continued impact of inflation on the cost of goods and services.

As a result, the Company reported net income before tax of ₱102.77 million for the second quarter of 2026, representing a significant increase of 900.10% compared with the same period in 2025. The substantial improvement in profitability was primarily attributable to the recognition of the partial collection of just compensation arising from the expropriation of certain properties in Iloilo during the quarter. No comparable expropriation-related collection was recognized in the corresponding period of 2025.

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY						
STATEMENT OF INCOME AND DEFICIT						
	2026		2025		Increase (Decrease)	
	Apr-Jun	Year to date	Apr-Jun	Year to date	Amount	Percentage
REAL ESTATE SALES	71,382,417	122,258,571	28,101,260	62,650,555	43,281,157	154.02%
LESS: COST OF SALES	34,063,309	61,493,102	13,342,013	30,430,449	20,721,296	155.31%
GROSS PROFIT	37,319,108	60,765,469	14,759,247	32,220,106	22,559,861	152.85%
OPERATING EXPENSES	41,604,628	62,659,277	26,473,047	54,363,175	15,131,581	57.16%
NET OPERATING INCOME (LOSS)	(4,285,520)	(1,893,808)	(11,713,800)	(22,143,069)	7,428,280	-63.41%
FINANCE COST	(4,703,135)	(8,278,667)	(3,763,439)	(7,631,083)	(939,696)	24.97%
CLAIM FROM EXPROPRIATION CASE	109,903,390	109,896,354		345,707,231	109,903,390	
OTHER INCOME	1,854,257	4,944,743	2,632,647	5,291,835	(778,390)	-29.57%
NET INCOME (LOSS)	102,768,992	104,668,622	(12,844,592)	321,224,914	115,613,584	-900.10%
LESS: INCOME TAX	13,646,452	15,194,176	(8,664,697)	21,790,932	22,311,149	-257.49%
DEFERRED INCOME TAX		-	-	-		
NET INCOME (LOSS) AFTER PROVISION	89,122,540	89,474,446	(4,179,895)	299,433,982	93,302,435	-2232.17%

Comparative Top Key Performance Indicators of the Company:

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

a. Sales – The Company gauges 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 Liabilities. Working Capital turnover is calculated by dividing Sales over Average Net Working Capital.

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

INDICATOR	Q2 2026	Q2 2025
Return on sales	124.85%	-14.87%
Past due ratio	6.81%	7.79%
Gross Profit rate	52.28%	52.52%
Working Capital Turnover	0.03	0.01

Financial Condition:

As of June 30, 2026, the Company remained in a strong financial position, with total assets amounting to ₱3.80 billion. It continued to maintain a healthy liquidity position, as evidenced by a current ratio of 5.35:1, supported by current assets of ₱3.21 billion against current liabilities of ₱0.60 billion. This indicates that the Company has more than sufficient current resources to meet its short-term obligations.

The Company also maintained a conservative capital structure, with a debt-to-equity ratio of 0.29:1, reflecting low financial leverage and a strong equity base. Overall, the Company's balance sheet demonstrates sound liquidity, prudent financial management, and the financial capacity to support its ongoing operations, project development activities, and future growth initiatives.

The following discussion highlights the significant or material changes in the Company's balance sheet accounts as of June 30, 2026, compared with December 31, 2025. These changes represent movements of 5% or more during the period.

Causes for Material Changes

a. Cash – the increase of 275.02% was primarily due to the proceeds from working capital loans obtained from Philippine Bank of Communications and Luzon Development Bank, as well as the partial collection of just compensation from the expropriation of properties in Iloilo.

b. Trade and other receivables (net) – the increase of 43.19% was primarily due to the reclassification of completed and delivered units from contract assets to installment contracts receivable during the period.

c. Contract Assets - the decrease of -8.55% was primarily due to the reclassification of contract assets to installment contracts receivable upon the completion and delivery of units during the quarter, in accordance with the Company's revenue recognition policy.

d. Prepayments and other current assets – the increase of 13.40% was primarily due to the net increase in input VAT resulting from payments to contractors, as well as higher creditable VAT arising from government collections.

e. Advances to related parties (net of current portion) - the increase of 13.43% was primarily due to additional advances made during the quarter.

f. Property and equipment, net - the decrease of -5.21% was primarily due to the depreciation recognized on office units and other fixed assets during the period.

g. Accounts payable and other liabilities - the increase of 9.24% was mainly due to higher payables to

contractors under agreed payment terms and an increase in taxes payable, which are scheduled for remittance in the succeeding quarter.

h. Borrowings - the increase of 33.02% was primarily due to additional loans obtained from Luzon Development Bank and Phil. Bank of Communications for working capital purposes.

i. Income tax payable - the increase of 54.28% was mainly as a result of higher taxable income generated during the period.

j. Contract liabilities - the increase of 26.38% 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 quarter.

k. Customers' deposits – the decrease of -19.53% was mainly due to the recognition of reservation payments as declared sales upon the execution and notarization of the corresponding Contracts to Sell.

l. Retention payable and refundable bonds – the decrease of -9.56% was primarily due to the release and payment of retention amounts previously withheld from contractors' progress billings upon satisfaction of the applicable contractual requirements.

m. Retirement benefits obligation - the decrease of -32.64% was primarily attributable to contributions made by the Company to its retirement fund during the quarter, resulting in a corresponding reduction in the retirement benefits obligation.

n. Retained Earnings (Deficit) - Retained earnings improved significantly to ₱54.63M, a substantial turnaround from the prior deficit of ₱-34.84M. This positive shift was primarily driven by a year-to-date net income of ₱89.47M.

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY				
STATEMENTS OF FINANCIAL POSITION				
	Unaudited F/S	Audited F/S	Increase (Decrease)	
	30-Jun-26	31-Dec-25	Amount	Percentage
ASSETS				
Current Assets				
Cash	67,197,287	17,918,349	49,278,938	275.02%
Trade and other receivables (net)	248,823,080	173,773,874	75,049,207	43.19%
Contract assets	190,120,221	207,891,333	-17,771,112	-8.55%
Advances to related parties (net)	634,963,327	634,963,327	0	0.00%
Real estate inventories, net	2,001,563,059	1,986,121,265	15,441,794	0.78%
Prepayments and other current assets	68,923,879	60,781,072	8,142,808	13.40%
	3,211,590,853	3,081,449,220	130,141,633	4.22%
Non-current Assets				
Advances to related parties (net of current portion)	509,177,578	448,885,775	60,291,803	13.43%
Property and equipment, net	24,873,927	26,241,847	-1,367,920	-5.21%
Financial Asset at FVOCI	27,717,623	27,717,623	0	0.00%
Investment property	162,394	162,394	0	0.00%
Deferred tax assets	13,600,862	13,600,862	0	0.00%
Other noncurrent assets	11,457,623	11,737,613	-279,990	-2.39%
	586,990,007	528,346,114	58,643,893	11.10%
TOTAL ASSETS	3,798,580,860	3,609,795,334	188,785,526	5.23%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and other liabilities	303,682,142	277,999,186	25,682,955	9.24%
Borrowings (current portion)	110,317,291	103,293,919	7,023,372	6.80%
Income tax payable	3,720,590	2,411,629	1,308,961	54.28%
Lease liabilities	654,334	654,334	0	0.00%
Contract Liabilities	175,348,397	138,750,380	36,598,017	26.38%
Customers' deposits	6,989,294	8,685,818	-1,696,524	-19.53%
	600,712,048	531,795,266	68,916,782	12.96%
Non-current Liabilities				
Advances from related parties	5,829,852	5,829,852	0	0.00%
Borrowings (non- current portion)	64,211,517	27,911,373	36,300,144	130.06%
Retention payable and refundable bonds	36,963,907	40,869,753	-3,905,846	-9.56%
Deferred Tax Liabilities	152,998,246	152,998,246	0	0.00%
Retirement benefits obligation	4,128,130	6,128,130	-2,000,000	-32.64%
	264,131,652	233,737,354	30,394,299	13.00%
Total liabilities	864,843,700	765,532,620	99,311,080	12.97%
Equity				
Capital Stock	2,891,099,660	2,891,099,660	0	0.00%
Remeasurement gain on retirement benefits	10,292,769	10,292,769	0	0.00%
Unrealized fair value loss on financial assets at FVOCI	-22,282,377	-22,282,377	0	0.00%
Retained Earnings (Deficit)	54,627,108	-34,847,338	89,474,446	-256.76%
Total equity	2,933,737,160	2,844,262,714	89,474,446	3.15%
TOTAL LIABILITIES AND EQUITY	3,798,580,860	3,609,795,334	188,785,526	5.23%

Results of Operation for 2025 vs 2024

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.

	For the Years Ended December 31		Increase (Decrease)	
	2025	2024	Amount	Percentage
REAL ESTATE SALES - note 18	**178,627,119**	138,624,746	40,002,373	28.86%
COST OF REAL ESTATE SOLD - note 19	**(89,372,657)**	(69,293,575)	-20,079,082	28.98%
GROSS PROFIT	**89,254,462**	69,331,171	19,923,291	28.74%
OPERATING EXPENSES - note 21	**(104,359,235)**	(107,918,723)	3,559,488	-3.30%
INCOME (LOSS) FROM OPERATIONS	**(15,104,773)**	(38,587,552)	23,482,779	-60.86%
OTHER INCOME (EXPENSES) - note 20	**(31,095,017)**	(9,520,598)	-21,574,419	226.61%
CLAIM FROM EXPROPRIATION CASE	**348,588,778**	158,481,601	190,107,177	119.96%
FINANCE COSTS - note 22	**(18,326,728)**	(15,304,576)	-3,022,152	19.75%
INCOME BEFORE INCOME TAX	**284,062,260**	95,068,875	188,993,385	198.80%
PROVISION FOR INCOME TAX - note 24				
Current	**41,156,327**	26,114,565	15,041,762	57.60%
Deferred	**56,450,724**	6,088,738	50,361,986	827.13%
	97,607,051	32,203,303	65,403,748	203.10%
NET INCOME FOR THE YEAR	186,455,209	62,865,572	123,589,637	196.59%

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	2025	2024
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:

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.

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. 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.

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY **Consolidated Statements of Financial Position**				
	As at December 31		Increase (Decrease)	
	2025	2024	Amount	Percentage
ASSETS				
Current Assets				
Cash - note 4	**17,918,349**	28,666,483	(10,748,134)	-37.49%
Trade and other receivables (net) - note 5	**173,773,874**	251,691,755	(77,917,881)	-30.96%
Contract assets - note 16	**207,891,333**	108,687,214	99,204,119	91.27%
Advances to related parties (net) - note 23	**634,963,327**	164,395,842	470,567,485	286.24%
Real estate inventories - note 6	**1,986,121,265**	1,939,784,545	46,336,720	2.39%
Prepayments and other current assets - note 7	**60,781,072**	51,960,184	8,820,888	16.98%
	3,081,449,220	2,545,186,023	536,263,197	21.07%
Noncurrent Assets				
Advances to related parties (net of current portion) -	**448,885,775**	574,147,713	(125,261,938)	-21.82%
Property and equipment (net) - note 10	**26,241,847**	29,490,990	(3,249,143)	-11.02%
Financial asset at FVOCI - note 8	**27,717,623**	27,717,623	0	0.00%
Investment property - note 9	**162,394**	162,394	0	0.00%
Deferred tax assets (net) - note 24	**13,600,862**	20,657,521	(7,056,659)	-34.16%
Other noncurrent assets - note 11	**11,737,613**	11,977,173	(239,560)	-2.00%
	528,346,114	664,153,414	(135,807,300)	-20.45%
TOTAL ASSETS	**3,609,795,334**	3,209,339,437	400,455,897	12.48%
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and other liabilities - note 12	**277,999,186**	174,808,935	103,190,251	59.03%
Borrowings - note 13	**103,293,919**	108,235,784	(4,941,865)	-4.57%
Income tax payable	**2,411,629**		2,411,629	100.00%
Lease liabilities - note 27	**654,334**	1,129,815	(475,481)	-42.08%
Contract liabilities - note 16	**138,750,380**	79,301,353	59,449,027	74.97%
Customers' deposits - note 14	**8,685,818**	6,122,924	2,562,894	41.86%
	531,795,266	369,598,811	162,196,455	43.88%
Noncurrent Liabilities				
Advances from related parties - note 23	**5,829,852**	5,853,030	(23,178)	-0.40%
Borrowings (net of current portion) - note 13	**27,911,373**	29,904,265	(1,992,892)	-6.66%
Lease liabilities (net of current portion) - note 27		654,334	(654,334)	-100.00%
Retention payable and refundable bonds - note 15	**40,869,753**	35,633,789	5,235,964	14.69%
Deferred tax liabilities - note 24	**152,998,246**	103,196,921	49,801,325	48.26%
Retirement benefits obligation - note 25	**6,128,130**	7,912,561	(1,784,431)	-22.55%
	233,737,354	183,154,900	50,582,454	27.62%
	765,532,620	552,753,711	212,778,909	38.49%
Equity				
Capital stock - note 17	**2,891,099,660**	2,891,099,660	0	0.00%
Remeasurement gain on retirement benefits - note	**10,292,769**	9,070,990	1,221,779	13.47%
Unrealized fair value loss on financial assets at	**(22,282,377)**	(22,282,377)	0	0.00%
Deficit	**(34,847,338)**	(221,302,547)	186,455,209	-84.25%
	2,844,262,714	2,656,585,726	187,676,988	7.06%
TOTAL LIABILITIES AND EQUITY	**3,609,795,334**	3,209,339,437	400,455,897	12.48%
(The accompanying notes are an integral part of these consolidated financial statements.)				

Results of Operation for 2024 vs 2023

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

	For the Years Ended December 31		Increase (Decrease)	
			Amount	Percentage
	2024	2023		
REAL ESTATE SALES - note 18	**₱ 138,624,746**	₱ 277,124,870	(138,500,124)	-49.98%
COST OF REAL ESTATE SOLD - r	**(69,293,575)**	(97,488,235)	28,194,660	-28.92%
GROSS PROFIT	**69,331,171**	179,636,635	(110,305,464)	-61.40%
OTHER INCOME (net) - note 20	**24,532,407**	23,494,960	1,037,447	4.42%
	93,863,578	203,131,595	(109,268,017)	-53.79%
CLAIMS FROM EXPROPRIATION	**124,428,596**	–		
OPERATING EXPENSES - note 21	**(107,918,723)**	(103,698,865)	(4,219,858)	4.07%
FINANCE COSTS - note 22	**(15,304,576)**	(15,372,777)	68,201	-0.44%
INCOME BEFORE INCOME TAX	**95,068,875**	84,059,953	11,008,922	13.10%
PROVISION FOR (BENEFIT FROM) INCOME TAX - note 24				
Current	**26,114,565**	10,973,153	15,141,412	137.99%
Deferred	**6,088,738**	14,615,086	(8,526,348)	-58.34%
	32,203,303	25,588,239	6,615,064	25.85%
NET INCOME FOR THE YEAR	**62,865,572**	58,471,714	4,393,858	7.51%

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 avis 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:

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.

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.

	As at December 31		Increase (Decrease)	
	2024	2023	Amount	Percentage
ASSETS				
Current Assets				
Cash - note 4	**₱ 28,666,483**	₱ 15,425,378	13,241,105	85.84%
Trade and other receivables (net) - note 5	**251,691,755**	306,165,947	(54,474,192)	-17.79%
Contract assets - note 16	**108,687,214**	241,577,815	(132,890,601)	-55.01%
Advances to related parties (net) - note 23	**164,395,842**	318,764,748	(154,368,906)	-48.43%
Real estate inventories - note 6	**1,939,784,545**	1,743,174,653	196,609,892	11.28%
Prepayments and other current assets - note 7	**40,414,909**	75,680,791	(35,265,882)	-46.60%
	2,533,640,748	2,700,789,332		
Noncurrent Assets				
Advances to related parties (net of current portion) -	**574,147,713**	300,824,101	273,323,612	90.86%
Property and equipment (net) - note 10	**29,490,990**	33,540,931	(4,049,941)	-12.07%
Financial asset at FVOCI - note 8	**27,717,623**	50,000,000	(22,282,377)	-44.56%
Investment property - note 9	**162,394**	162,394	0	0.00%
Deferred tax assets (net) - note 24	**20,657,521**	5,645,032	15,012,489	265.94%
Other noncurrent assets - note 11	**11,977,173**	10,248,370	1,728,803	16.87%
	664,153,414	400,420,828		
TOTAL ASSETS	**₱3,197,794,162**	₱3,101,210,160		
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and other liabilities - note 12	**₱ 163,263,660**	₱ 111,915,719	51,347,941	45.88%
Borrowings - note 13	**108,235,784**	87,698,791	20,536,993	23.42%
Lease liabilities - note 27	**1,129,815**	1,170,157	(40,342)	-3.45%
Contract liabilities - note 16	**79,301,353**	20,883,332	58,418,021	279.74%
Customers' deposits - note 14	**6,122,924**	5,959,886	163,038	2.74%
	358,053,536	227,627,885		
Noncurrent Liabilities				
Advances from related parties - note 23	**5,853,030**	99,910,839	(94,057,809)	-94.14%
Borrowings (net of current portion) - note 13	**29,904,265**	35,374,474	(5,470,209)	-15.46%
Lease liabilities (net of current portion) - note 27	**654,334**	1,784,149	(1,129,815)	-63.33%
Retention payable and refundable bonds - note 15	**35,633,789**	30,883,421	4,750,368	15.38%
Deferred tax liabilities - note 24	**103,196,921**	81,735,831	21,461,090	26.26%
Retirement benefits obligation - note 25	**7,912,561**	8,970,619	(1,058,058)	-11.79%
	183,154,900	258,659,333		
	541,208,436	486,287,218		
Equity				
Capital stock - note 17	**2,891,099,660**	2,891,099,660	0	0.00%
Remeasurement gain on retirement benefits - note 2	**9,070,990**	7,991,401	1,079,589	13.51%
Unrealized fair value loss on financial assets at FVO	**(22,282,377)**			
Deficit	**(221,302,547)**	(284,168,119)	62,865,572	-22.12%
	2,656,585,726	2,614,922,942		
TOTAL LIABILITIES AND EQUITY	**₱3,197,794,162**	₱3,101,210,160		

Results of Operation for 2023 vs 2022

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

		2023		2022	Increase (Decreaase)	
					Amount	Percentage
REAL ESTATE SALES - note 18	₱	**277,124,870**	₱	224,731,353	52,393,517	23.31%
COST OF REAL ESTATE SOLD - note 19		**-97,488,235**		-107,486,273	(9,998,038)	9.30%
GROSS PROFIT		**179,636,635**		117,245,080	62,391,555	53.21%
OTHER INCOME (net) - note 20		**23,494,960**		24,898,409	(1,403,449)	-5.64%
OPERATING EXPENSES - note 21		**-103,698,865**		-80,860,517	22,838,348	-28.24%
FINANCE COSTS - note 22		**-15,372,777**		-14,578,911	793,866	-5.45%
INCOME BEFORE INCOME TAX		**84,059,953**		46,704,061	37,355,892	79.98%
PROVISION FOR (BENEFIT FROM) INCOME TAX - note 24						
Current		**10,973,153**		6,457,575	4,515,578	69.93%
Deferred		**14,615,086**		12,655,395	1,959,691	15.49%
		25,588,239		19,112,970	6,475,269	33.88%
NET INCOME FOR THE YEAR OTHER COMPREHENSIVE INCOME		**58,471,714**		27,591,091	30,880,623	111.92%

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.

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

INDICATOR	**2023**	**2022**
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:

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

Causes for material changes (5% or more) from period to period:

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 ₱58Ms

		As at December 31			Increase (Decreaase)	
		2023		2022	Amount	Percentage
ASSETS						
Current Assets						
Cash - note 4	₱	**15,425,378**	₱	12,896,370	2,529,008	19.61%
Trade and other receivables (net) - note 5		**306,165,947**		240,302,213	65,863,734	27.41%
Contract assets - note 16		**241,577,815**		239,673,132	1,904,683	0.79%
Advances to related parties (net) - note 23		**318,764,748**		-		
Real estate inventories - note 6		**1,743,174,653**		1,752,993,351	-9,818,698	-0.56%
Prepayments and other current assets - note 7		**75,680,791**		99,787,492	-24,106,701	-24.16%
		2,700,789,332		2,345,652,558	355,136,774	15.14%
Noncurrent Assets						
Advances to related parties (net of current portion) - note 23		**300,824,101**		644,705,635	-343,881,534	-53.34%
Property and equipment (net) - note 10		**33,540,931**		33,987,925	-446,994	-1.32%
Financial asset at FVOCI - note 8		**50,000,000**		50,000,000	0	0.00%
Investment property - note 9		**162,394**		162,394	0	0.00%
Deferred tax assets (net) - note 24		**5,645,032**		4,971,690	673,342	13.54%
Other noncurrent assets - note 11		**10,248,370**		10,286,686	-38,316	-0.37%
		400,420,828		744,114,330	-343,693,502	-46.19%
TOTAL ASSETS	₱	**3,101,210,160**	₱	3,089,766,888	11,443,272	0.37%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and other liabilities - note 12	₱	**111,915,719**	₱	98,967,502	12,948,217	13.08%
Borrowings - note 13		**87,698,791**		99,331,806	-11,633,015	-11.71%
Lease liabilities - note 27		**1,170,157**		849,136	321,021	37.81%
Contract liabilities - note 16		**20,883,332**		77,637,926	-56,754,594	-73.10%
Customers' deposits - note 14		**5,959,886**		3,518,430	2,441,456	69.39%
		227,627,885		280,304,800	-52,676,915	-18.79%
Noncurrent Liabilities						
Advances from related parties - note 23		**99,910,839**		113,260,809	-13,349,970	-11.79%
Borrowings (net of current portion) - note 13		**35,374,474**		38,680,561	-3,306,087	-8.55%
Lease liabilities (net of current portion) - note 27		**1,784,149**		464,542	1,319,607	284.07%
Retention payable and refundable bonds - note 15		**30,883,421**		26,322,916	4,560,505	17.33%
Deferred tax liabilities - note 24		**81,735,831**		66,141,841	15,593,990	23.58%
Retirement benefits obligation - note 25		**8,970,619**		9,140,126	-169,507	-1.85%
		258,659,333		254,010,795	4,648,538	1.83%
		486,287,218		534,315,595	-48,028,377	-8.99%
Equity						
Capital stock - note 17		**2,891,099,660**		2,891,016,410	83,250	0.00%
Remeasurement gain on retirement benefits - note 25		**7,991,401**		7,074,716	916,685	12.96%
Deficit		**-284,168,119**		-342,639,833	58,471,714	-17.07%
		2,614,922,942		2,555,451,293	59,471,649	2.33%
TOTAL LIABILITIES AND EQUITY	₱	**3,101,210,160**	₱	3,089,766,888	11,443,272	0.37%

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

Receiving: DONNA ENCARNADO
Receipt Date and Time: August 07, 2026 08:00:00 AM

Company Information

SEC Registration No.: 0000112978
Company Name: PHILIPPINE ESTATES CORPORATION
Industry Classification: A01820
Company Type: Stock Corporation

Document Information

Document ID: OST108072026811772395
Document Type: QUARTERLY_REPORT
Document Code: SEC_Form_17-Q
Period Covered: June 30, 2026
Submission Type: Original Filing
Remarks: None

Acceptance of this document is subject to review of forms and contents

COVER SHEET

SEC Registration Number

1	1	2	9	7	8					

Company Name

PHILIPPINE ESTATES CORPORATION

AND SUBSIDIARY

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

35TH FLOOR, ONE CORPORATE

CENTRE, DOÑA JULIA VARGAS AVE.

COR. MERALCO AVE., ORTIGAS

CENTER, PASIG CITY

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

COMPANY INFORMATION

Company's Email Address	**Company's Telephone Number/s**	**Mobile Number**
phes_finance@yahoo.com	8637-3112	09178338243

No. of Stockholders	**Annual Meeting Month/Day**	**Fiscal Year Month/Day**
709		December/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	**Email Address**	**Telephone Number/s**	**Mobile Number**
Jocelyn A. Valle	phes_finance@yahoo.com	8637-3112	NA

Contact Person's Address

35th Floor, One Corporate Centre, Doña Julia Vargas Ave. Corner Meralco Avenue, Ortigas Center, Pasig City

Note: 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 daysfrom the occurrence thereof with information and complete contact details of the new contact person designated.

SEC Number 112978
File Number _____

PHILIPPINE ESTATES CORPORATION
Company's Full Name

35TH Floor One Corporate Centre, Julia Vargas cor. Meralco Ave.,Ortigas Center, Pasig City
Company's Address

8637-3112
Telephone Number

DECEMBER 31
Fiscal Year Ending
(Month and day)

SEC-FORM 17-Q
Form Type

N.A.
Amendment Designation(If applicable)

June 30, 2026
Period Ended Date

N.A.
Secondary License Type and File Number

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2026**

2. Commission identification number **112978**

3. BIR Tax Identification No. **000-263-366**

PHILIPPINE ESTATES CORPORATION

4. Exact name of registrant as specified in its charter

Metro Manila, Philippines

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

6. Industry Classification Code: SEC Use Only

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

7. Address of issuer's principal office

(632) 8637-3112

8. Issuer's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report **NA**

10. Securities registered pursuant to Section 4 and 8 of the RSA: Common shares **5,000,000,000** with par Value of P1.00 per share

Number of Shares Common Stock Issued Outstanding**: 2,891,099,660 Common** Shares

Amount of Debt Outstanding: **₱ 174,528,808 (as per Financial Statements)**

11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes[**x]** No [ ]

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

PHILIPPINE STOCK EXCHANGE COMMON SHARES

12. Indicate by check mark whether the registrant:

a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA|) and RSA Rule 11(a)-1 hereunder and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such report)
Yes[**x**] No [ ]

b) has been subject to such filing requirements for the past 90 days
Yes **[X**] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The Quarterly Financial Statements of the Company for the period ending June 30, 2026 are incorporated herein by reference and attached as an integral part of this Quarterly Report.

Statement of Compliance

The Financial Statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) issued by the Accounting Standards Council (ASC).

Earnings per Share

Basic Earnings per share is determined by dividing the Net Income by the weighted average number of shares issued and subscribed during the period.

Financial Information

a. The management maintains the same system of accounting policies and methods of computation in the Interim Financial Statements.

b. There were no changes in accounting estimates of amounts reported in interim periods of current financial year or even in prior financial years

c. There were no issuances, repurchases and repayments of equity securities

d. There were no changes in the composition of the issuer during the interim period i.e. Business Combinations, Acquisitions, or Disposal of Subsidiaries and Long-term Investments, Restructuring and Discontinuing operations

e. There were no dividends declared and paid on the Company's Common Equity.

f. There have been no material events that happened subsequent to the interim period that needs disclosure herein.

g. The Company 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 Company's operations.

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

1. Plan of Operations

The Q2 2026 Plan of Operations outlines Philippine Estates Corporation's key operational priorities for the third quarter of 2026. The Company's focus remains on completing ongoing developments, advancing regulatory requirements, improving existing communities, and preparing future residential projects for implementation. These initiatives are intended to sustain project delivery, support sales performance, and strengthen the Company's long-term development pipeline.

Ongoing Project Developments

A. Bulacan

Wellford Homes Malolos

Wellford Homes Malolos has reached a significant development milestone with the completion of land development works for Phases 1 and 2. All internal roads, drainage facilities, and related infrastructure have been completed, allowing the project to transition toward full community occupancy and turnover.

Sales efforts continue for the few remaining inventory in Phase 1, with the available townhouse units being positioned as ready-for-occupancy homes. Marketing activities for Phase 3 likewise continue, following the introduction of the project's new single-attached house model.

The Company also continues to coordinate with Meralco for the installation of permanent electrical service connections to the remaining occupied and soon-to-be occupied units. Coordination with the City of Malolos Water District likewise remains ongoing for the proposed permanent water distribution facility, intended to support the project's long-term utility requirements.

These activities are directed toward completing the remaining project obligations while ensuring that the development continues to meet the needs of existing and future homeowners.

B. Cebu

Wellford Residences Mactan

Wellford Residences Mactan (Building 1 – Madison) continues to maintain stable occupancy and sales performance. Preparatory activities for Building 2 (Washington) remain under evaluation in line with prevailing market conditions. The Company likewise continues to offer selected units under its Lease with Option to Purchase program to provide additional market opportunities and improve project utilization.

In line with the enhancement of project amenities, the Company is currently preparing the plans and technical documents for the proposed swimming pool. The pool is targeted for bidding and contractor award within 2026, with construction likewise scheduled to commence within the year, subject to the completion of the necessary plans, approvals, and procurement requirements.

Pacific Grand Townhomes

Following the completion of all housing units and land development works, current activities are focused on the clearing and improvement of the parks and playground areas, as well as enhancement of the guardhouse. These works form part of the Company's commitment to completing the project's common open spaces prior to turnover.

Pacific Grand Villas

Development efforts at Pacific Grand Villas are currently centered on the improvement of existing community amenities and the drainage system. Beautification works and the development of parks and playgrounds are underway to further improve the quality of the subdivision and provide additional value to homeowners.

Preparatory work for the reactivation of Phase 5 application likewise continues through the completion of the necessary engineering documents and regulatory requirements for future implementation.

C. Iloilo

Wellford Homes at Jaro Grand Estates – Phase 3, Parcel B

Development activities at Parcel B continue to progress in accordance with the implementation schedule. The initial portion of the land development works, which has already been awarded to the contractor, is on track for completion by the end of the year.

Backfilling activities within the residential house areas will commence thereafter to prepare the site for the succeeding phase of development. Upon completion of these works, the Company will proceed with the bidding and award of the remaining upper portion of Parcel B, allowing construction activities to continue without interruption.

For the Company's completed developments, Chateaux Geneva and Costa Smeralda continue to exhibit healthy inventory absorption. Routine road maintenance and site improvement works remain ongoing to preserve the quality of the communities. Processing of the Certificate of Completion for Costa Smeralda also continues in preparation for project turnover.

Upcoming Residential and Commercial Projects

- **Luzon Expansion**

The Company continues to pursue strategic expansion opportunities within Central Luzon through the development of new residential communities and the acquisition of future project sites.

Wellford Homes Santa Maria

The Development Permit for Wellford Homes Santa Maria has already been issued, marking the completion of a major regulatory milestone for the project.

The application for the project's License to Sell is currently on hold while the Company evaluates alternative approaches on how best to comply with the latest guidelines on socialized housing requirement, as released by the DHSUD. This assessment is intended to determine the most practical and sustainable compliance strategy prior to the continuation of the regulatory process.

- **Future Residential Developments**

  The Company also continues to undertake planning and pre-development activities for the following residential projects:

  - **Winfields Village Tanza (Cavite)** – A proposed 19.7-hectare horizontal residential development envisioned to provide quality and affordable housing within the rapidly developing Cavite growth corridor.
  - **Wellford Homes Balagtas (Bulacan)** – A proposed 10-hectare residential subdivision currently in the planning stage, intended to address the increasing housing demand within the province of Bulacan.

In support of the Company's long-term expansion plans, feasibility studies and preliminary project evaluations are likewise being undertaken for prospective residential developments in Pandi and Plaridel, both situated in Bulacan. These properties are being assessed for their development potential and strategic fit within the Company's future project pipeline.

- **Iloilo Expansion**

In Iloilo, the Company continues to evaluate opportunities for future growth through complementary residential and commercial developments.

A feasibility study for a proposed commercial development adjacent to Jaro Grand Estates remains in progress. At the same time, a remaster planning exercise is being undertaken to optimize land use, improve connectivity within the estate, and support future phases of development.

These initiatives are intended to maximize the long-term value of the Company's landholdings while positioning the Iloilo portfolio for sustained growth.

The Company continues to develop and generate cash flow through the following projects:

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.

Costa Smeralda.

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

Wellford Homes – Jaro, 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 10 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.

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.

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.

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.

2. Financial Position

As of June 30, 2026, the Company remained in a strong financial position, with total assets amounting to ₱3.80 billion. It continued to maintain a healthy liquidity position, as evidenced by a current ratio of 5.35:1, supported by current assets of ₱3.21 billion against current liabilities of ₱0.60 billion. This indicates that the Company has more than sufficient current resources to meet its short-term obligations.

The Company also maintained a conservative capital structure, with a debt-to-equity ratio of 0.29:1, reflecting low financial leverage and a strong equity base. Overall, the Company's balance sheet demonstrates sound liquidity, prudent financial management, and the financial capacity to support its ongoing operations, project development activities, and future growth initiatives.

The following discussion highlights the significant or material changes in the Company's balance sheet accounts as of June 30, 2026, compared with December 31, 2025. These changes represent movements of 5% or more during the period.

Causes for Material Changes

a. Cash – the increase of 275.02% was primarily due to the proceeds from working capital loans obtained from Philippine Bank of Communications and Luzon Development Bank, as well as the partial collection of just compensation from the expropriation of properties in Iloilo.

b. Trade and other receivables (net) – the increase of 43.19% was primarily due to the reclassification of completed and delivered units from contract assets to installment contracts receivable during the period.

c. Contract Assets - the decrease of -8.55% was primarily due to the reclassification of contract assets to installment contracts receivable upon the completion and delivery of units during the quarter, in accordance with the Company's revenue recognition policy.

d. Prepayments and other current assets – the increase of 13.40% was primarily due to the net increase in input VAT resulting from payments to contractors, as well as higher creditable VAT arising from government collections.

e. Advances to related parties (net of current portion) - the increase of 13.43% was primarily due to additional advances made during the quarter.

f. Property and equipment, net - the decrease of -5.21% was primarily due to the depreciation recognized on office units and other fixed assets during the period.

g. Accounts payable and other liabilities - the increase of 9.24% was mainly due to higher payables to contractors under agreed payment terms and an increase in taxes payable, which are scheduled for remittance in the succeeding quarter.

h. Borrowings - the increase of 33.02% was primarily due to additional loans obtained from Luzon Development Bank and Phil. Bank of Communications for working capital purposes.

i. Income tax payable - the increase of 54.28% was mainly as a result of higher taxable income generated during the period.

j. Contract liabilities - the increase of 26.38% 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 quarter.

k. Customers' deposits – the decrease of -19.53% was mainly due to the recognition of reservation payments as declared sales upon the execution and notarization of the corresponding Contracts to Sell.

l. Retention payable and refundable bonds – the decrease of -9.56% was primarily due to the release and payment of retention amounts previously withheld from contractors' progress billings upon satisfaction of the applicable contractual requirements.

m. Retirement benefits obligation - the decrease of -32.64% was primarily attributable to contributions made by the Company to its retirement fund during the quarter, resulting in a corresponding reduction in the retirement benefits obligation.

n. Retained Earnings (Deficit) - Retained earnings improved significantly to ₱54.63M, a substantial turnaround from the prior deficit of ₱-34.84M. This positive shift was primarily driven by a year-to-date net income of ₱89.47M

3. Result of Operations

For the second quarter of 2026, the Company generated consolidated net sales of ₱71.38 million, representing an increase of ₱43.28 million, or 154.02%, from ₱28.10 million recorded during the same period in 2025. The increase in net sales was primarily driven by the higher percentage of completion achieved on ongoing projects during the quarter. Since the Company recognizes revenue using the percentage-of-completion method, the advancement of project construction enabled the recognition of a greater portion of revenues, supplemented by improved sales performance across the Company's operating segments.

Gross profit likewise increased substantially to ₱37.32 million from ₱14.76 million in the second quarter of 2025, an improvement of ₱22.56 million, or 152.85%. The increase was primarily attributable to the higher level of revenue recognized from the advancement of project completion while maintaining healthy gross profit margins.

Operating expenses increased by ₱15.13 million, or 57.16%, compared with the same period last year. The increase was mainly due to higher business activity associated with the increased level of project implementation and sales, resulting in higher operating costs, as well as the continued impact of inflation on the cost of goods and services.

As a result, the Company reported net income before tax of ₱102.77 million for the second quarter of 2026, representing a significant increase of 900.10% compared with the same period in 2025. The substantial improvement in profitability was primarily attributable to

the recognition of the partial collection of just compensation arising from the expropriation of certain properties in Iloilo during the quarter. No comparable expropriation-related collection was recognized in the corresponding period of 2025.

Comparative Top Key Performance Indicators of the Company:

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

a. Sales – The Company gauges 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 Liabilities. Working Capital turnover is calculated by dividing Sales over Average Net Working Capital.

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

INDICATOR	Q2 2026	Q2 2025
Return on sales	124.85%	-14.87%
Past due ratio	6.81%	7.79%
Gross Profit rate	52.28%	52.52%
Working Capital Turnover	0.03	0.01

4. Other Notes to 2Q 2026 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 institution, private or government. The Company periodically reviews its capital structure and existing obligations.

Compliance with Leading Practice on Corporate Governance

The Company has adopted the Manual of Corporate Governance and full compliance with the same has been made since the adoption of the Manual.

The Company is taking further steps to enhance adherence to principles and practices of good corporate governance. Among these are as follows:

- Organizational and Procedural Controls
- Independent Audit Mechanism
- Regular Reporting to Audit Committee
- Creation of Board Committees
- Financial and Operational Reporting
- Compliance to Government Regulatory and Reportorial Requirements
- Disclosure of Transparency to the Public

There was no deviation committed by any of the Company's directors and/or officers on the Manual of Corporate Governance during the period covered in this report.

PART II – OTHER INFORMATION

Disclosure not made under SEC FORM 17-C: **NONE**

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY		
STATEMENTS OF FINANCIAL POSITION		
	Unaudited F/S 30-Jun-26	Audited F/S 31-Dec-25
ASSETS		
Current Assets		
Cash	67,197,287	17,918,349
Trade and other receivables (net)	248,823,080	173,773,874
Contract assets	190,120,221	207,891,333
Advances to related parties (net)	634,963,327	634,963,327
Real estate inventories, net	2,001,563,059	1,986,121,265
Prepayments and other current assets	68,923,879	60,781,072
	3,211,590,853	3,081,449,220
Non-current Assets		
Advances to related parties (net of current portion)	509,177,578	448,885,775
Property and equipment, net	24,873,927	26,241,847
Financial Asset at FVOCI	27,717,623	27,717,623
Investment property	162,394	162,394
Deferred tax assets	13,600,862	13,600,862
Other noncurrent assets	11,457,623	11,737,613
	586,990,007	528,346,114
TOTAL ASSETS	3,798,580,860	3,609,795,334
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities	303,682,142	277,999,186
Borrowings (current portion)	110,317,291	103,293,919
Income tax payable	3,720,590	2,411,629
Lease liabilities	654,334	654,334
Contract Liabilities	175,348,397	138,750,380
Customers' deposits	6,989,294	8,685,818
	600,712,048	531,795,266
Non-current Liabilities		
Advances from related parties	5,829,852	5,829,852
Borrowings (non- current portion)	64,211,517	27,911,373
Retention payable and refundable bonds	36,963,907	40,869,753
Deferred Tax Liabilities	152,998,246	152,998,246
Retirement benefits obligation	4,128,130	6,128,130
	264,131,652	233,737,354
Total liabilities	864,843,700	765,532,620
Equity		
Capital Stock	2,891,099,660	2,891,099,660
Remeasurement gain on retirement benefits	10,292,769	10,292,769
Unrealized fair value loss on financial assets at FVOCI	-22,282,377	-22,282,377
Retained Earnings (Deficit)	54,627,108	-34,847,338
Total equity	2,933,737,160	2,844,262,714
TOTAL LIABILITIES AND EQUITY	3,798,580,860	3,609,795,334

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY					
STATEMENT OF INCOME AND DEFICIT					
		2026		2025	
		Apr-Jun	Year to date	Apr-Jun	Year to date
REAL ESTATE SALES		71,382,417	122,258,571	28,101,260	62,650,555
LESS: COST OF SALES		34,063,309	61,493,102	13,342,013	30,430,449
GROSS PROFIT		37,319,108	60,765,469	14,759,247	32,220,106
OPERATING EXPENSES		41,604,628	62,659,277	26,473,047	54,363,175
NET OPERATING INCOME (LOSS)		(4,285,520)	(1,893,808)	(11,713,800)	(22,143,069)
FINANCE COST		(4,703,135)	(8,278,667)	(3,763,439)	(7,631,083)
CLAIM FROM EXPROPRIATION CASE		109,903,390	109,896,354		345,707,231
OTHER INCOME		1,854,257	4,944,743	2,632,647	5,291,835
NET INCOME (LOSS)		102,768,992	104,668,622	(12,844,592)	321,224,914
LESS: INCOME TAX		13,646,452	15,194,176	(8,664,697)	21,790,932
DEFERRED INCOME TAX			-	-	-
NET INCOME (LOSS) AFTER PROVISION		89,122,540	89,474,446	(4,179,895)	299,433,982
RETAINED EARNINGS, BEGINNING		(34,495,432)	(34,847,338)	82,311,330	(221,302,547)
NET INCOME (LOSS)		89,122,540	89,474,446	(4,179,895)	299,433,982
RETAINED EARNINGS, END		54,627,108	54,627,108	78,131,435	78,131,435
EARNINGS (LOSS) PER SHARE *		0.03	0.03	(0.00)	0.10
**** Based on Weighted Average number of common shares outstanding***				***2,891,099,660***	

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	CAPITAL STOCK	Remeasurement gain on retirement benefits	Unrealized fair value loss on financial assets at FVOCI	DEFICIT	TOTAL
Subscribed and paid at December 31, 2024	2,891,099,660	9,070,990	-22,282,377	-221,302,547	2,656,585,726
Net Income (Loss) as of June 30, 2025				299,433,982	299,433,982
Balance at June 30, 2025	**2,891,099,660**	**9,070,990**	**-22,282,377**	**78,131,435**	**2,956,019,708**
Subscribed and paid at December 31, 2025	2,891,099,660	10,292,769	-22,282,377	-34,847,338	2,844,262,714
Net Income (Loss) as of June 30, 2026				89,474,446	89,474,446
Balance at June 30, 2026	**2,891,099,660**	**10,292,769**	**-22,282,377**	**54,627,108**	**2,933,737,160**

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY		
STATEMENT OF CASH FLOW		
	June 2026	June 2025
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Income (Loss)	89,474,446	299,433,982
Adjustment to reconcile net income (loss) to net		
Cash provided by operating activities:		
Depreciation and Amortization	1,541,571	1,553,147
Amortization of deferred charges		
Income from insurance claims		
Gain on sale of property and equipment		
Provision for doubtful accounts		
Decrease (increase) in assets:		
Trade and other receivables (net)	(75,049,207)	30,626,734
Contract assets	17,771,112	(26,773,733)
Real estates Inventories	(15,441,794)	(49,919,294)
Prepayments and other current assets	(8,142,808)	(4,755,267)
Other Assets	279,990	(176,956)
Increase (decrease) in liabilities:		
Accounts payable and other liabilities	26,991,918	41,862,073
Contract Liabilities	36,598,017	17,895,696
Accrued expenses		0
Customers' Deposit	(1,696,524)	1,745,414
Retention payable and refundable bonds	(3,905,846)	3,394,748
Retirement benefits obligation	(2,000,000)	
Net cash provided by (used in) operating activities	66,420,875	314,886,544
CASH FLOW FROM INVESTING ACTIVITIES:		
Additions to raw land inventory		
Additions to equipment	(173,651)	(516,747)
Deductions to real estate held for sale		
Proceeds from sale of property & equipment	-	
Net cash provided by (used in) investing activities	(173,651)	(516,747)
CASH FLOW FROM FINANCING ACTIVITIES:		
Additional deposits on subscription		
Net decrease(increase) in due to affiliates	(60,291,803)	(281,850,393)
Proceeds from SRO	0	0
Payment of long-term debts		
Payment for short-term borrowings	(76,816,164)	(68,374,576)
Proceeds of short term borrowings	120,139,681	74,905,103
Net cash provided by (used in) financing activities	(16,968,286)	(275,319,866)
NET INCREASE (DECREASE) IN CASH	49,278,938	39,049,931
ADJUSTMENT OF PRIOR PERIODS	-	
CASH AT BEGINNING	17,918,349	28,666,483
CASH, ENDING BALANCE	**67,197,287**	**67,716,414**

PROPERTY AND EQUIPMENT (net)

Property and equipment as of June 30, 2026 is as follows:

PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY					
PROPERTY, PLANT AND EQUIPMENT					
	Right-of-use Asset	Transportation Equipment	Computer Software	Building & Machineries Furniture & Fixtures Office Equipment	TOTAL
Cost					
At January 1, 2026	2,796,430	7,385,021	350,000	102,741,549	113,273,000
Additions	0	0	0	173,651	173,651
Disposals	-	-			0
June 30, 2026	***2,796,430***	***7,385,021***	***350,000***	***102,915,200***	***113,446,651***
					-
Accumulated Depreciation					
At January 1, 2026	-1,725,738	-7,385,021	-350,000	-77,570,395	-87,031,153
Additions	0	0	0	-1,541,571	-1,541,571
Disposals	-	-			
June 30, 2026	***-1,725,738***	***-7,385,021***	***-350,000***	***-79,111,966***	***-88,572,724***
					-
Net Book Value					
At January 1, 2026	***1,070,693***	***0***	***0***	***25,171,155***	***26,241,847***
June 30, 2026	***1,070,693***	***0***	***0***	***23,803,234***	***24,873,927***

BUSINESS SEGMENT INFORMATION

The business segment report of the Company as of June 30, 2026 is as follows:

PHILIPPINE ESTATES CORPORATION								
SEGMENT REPORT								
June 30, 2026								
		Metro Manila	Cebu	Bulacan	Iloilo	Davao	Valenzuela	Total
Revenue								
	Sales	0	12,439,297	72,397,841	37,421,433	0	0	122,258,571
	Cost of sale	0	3,268,534	39,989,492	18,235,076	0	0	61,493,102
	Gross Profit	0	9,170,763	32,408,349	19,186,357	0	0	60,765,469
	Other income	49,965	2,231,061	800,427	1,089,401	213,954	559,935	4,944,744
		49,965	11,401,824	33,208,776	20,275,758	213,954	559,935	65,710,213
Expenses								
	Depreciation	1,541,571	0	0	0	0	0	1,541,571
	Loss on Cancelled Contracts	0	6,431,868	4,284,600	7,102,147	0	0	17,818,615
	Other expenses	23,479,789	5,622,934	3,894,893	9,810,996	0	490,479	43,299,091
		25,021,360	12,054,802	8,179,493	16,913,143	0	490,479	62,659,277
Segment income (loss)		(24,971,394)	(652,978)	25,029,283	3,362,615	213,954	69,456	3,050,936
	Finance cost	8,260,130	0	18,537	0	0	0	8,278,667
	Claims from expropriation case	0	0	0	109,896,354	0	0	109,896,354
	Provision for Income Tax	15,194,176	0	0	0	0	0	15,194,176
Net income (loss) for the year		(48,425,700)	(652,978)	25,010,746	113,258,969	213,954	69,456	89,474,447
	Segment	1,358,433,471	415,083,769	433,015,726	1,559,866,133	2,855,936	15,724,963	3,784,979,998
	Deferred tax assets	13,600,862						13,600,862
Total assets		1,372,034,333	415,083,769	433,015,726	1,559,866,133	2,855,936	15,724,963	3,798,580,860
	Segment liabilities	17,942,857	119,516,145	245,550,119	294,456,676	791,255	7,929,710	686,186,762
	Borrowings	174,458,026	0	0	70,782	0	0	174,528,808
	Retirement benefits obligation	4,128,130	0	0	0	0	0	4,128,130
Total liabilities		196,529,013	119,516,145	245,550,119	294,527,458	791,255	7,929,710	864,843,700

PHILIPPINE ESTATES

QUALITY.
OUR DISTINCTION.
OUR COMMITMENT.

AGING OF RECEIVABLES
AS OF JUNE 25, 2026

PROJECT	PROJECT	RECEIVABLE BALANCE	CURRENT	PAST DUE					
				1-30	31-60	61-90	91-120	121-180	TOTAL
PACIFIC GRAND VILLAS PHASE 1B		**8,592,050.23**	**7,439,913.57**	-	-	-	-	**1,152,136.66**	**1,152,136.66**
LOT	PGV1B	5,950,198.85	5,950,198.85						-
H&L	PGV1B	2,641,851.38	1,489,714.72					1,152,136.66	1,152,136.66
		-	-	-	-	-	-	-	
PACIFIC GRAND VILLAS PHASE 1C		**1,514,632.53**	**1,054,775.09**	-	-	-	-	**459,857.44**	**459,857.44**
LOT	PGV1C	179,226.11	164,148.33					15,077.78	**15,077.78**
H&L	PGV1C	1,335,406.42	890,626.76					444,779.66	**444,779.66**
		-	-	-	-	-	-	-	
PACIFIC GRAND VILLAS PHASE 4A		**3,767,416.47**	**3,596,753.16**	-	-	-	-	**170,663.31**	**170,663.31**
LOT	PGV4A	2,628,754.87	2,496,893.01					131,861.86	131,861.86
H&L	PGV4A	1,138,661.60	1,099,860.15					38,801.45	38,801.45
		-	-	-	-	-	-	-	
PACIFIC GRAND VILLAS PHASE 4B		**6,183,857.35**	**6,148,609.69**	-	-	-	-	**35,247.66**	**35,247.66**
LOT	PGV4B	3,131,413.38	3,130,973.30					440.08	440.08
H&L	PGV4B	3,052,443.97	3,017,636.39					34,807.58	34,807.58
		-	-	-	-	-	-	-	
PACIFIC GRAND TOWNHOMES		**5,065,635.83**	**4,686,741.66**	-	-	-	-	**378,894.17**	**378,894.17**
H&L	PGT	5,065,635.83	4,686,741.66					378,894.17	378,894.17
		-	-	-	-	-	-	-	
WELLFORD RESIDENCES MADISON BLDG		**19,905,149.46**	**19,905,149.46**	-	-	-	-	-	-
CONDO	WRM	18,532,077.03	18,532,077.03						
LOT	WRM	1,373,072.43	1,373,072.43						
CEBU TOTAL		**45,028,741.87**	**42,831,942.63**	-	-	-	-	**2,196,799.24**	**2,196,799.24**
CHATEAUX GENEVA		-	-	-	-	-	-	-	-
LOT	CG	-	-					-	-
H&L	CG	-							-
		-	-	-	-	-	-	-	
COSTA SMERALDA		**39,256,289.80**	**39,174,207.87**	-	-	-	-	**82,081.93**	**82,081.93**
LOT	CS	2,638,271.64	2,598,438.04					39,833.60	39,833.60
H&L	CS	36,618,018.16	36,575,769.83					42,248.33	42,248.33
		-		-	-	-	-	-	
WELLFORD HOMES		**36,352,116.26**	**36,352,116.26**	-	-	-	-	-	-
H&L	WFH	36,352,116.26	36,352,116.26						-
		-	-	-	-	-	-	-	
WELLFORD HOMES - 2		-	-	-	-	-	-	-	-
LOT	WFH - 2	-	-						
H&L	WFH - 2	-	-						
		-	-	-	-	-	-	-	
ILOILO TOTAL		**75,608,406.06**	**75,526,324.13**	-	-	-	-	**82,081.93**	**82,081.93**
PLASTIC CITY INDUSTRIAL PARK		**4,560,710**						**4,560,710**	**4,560,710**
EMBASSY POINTE		9,049,365						9,049,365	**9,049,365**
AMAIA LAND CORP.			-						-
METRO MANILA		**13,610,075**	-	-	-	-	-	**13,610,075**	**13,610,075**
WELLFORD HOMES -MALOLOS		**98,997,657.97**	**98,997,657.97**	-	-	-	-	-	-
LOT	WFM	16,875,457.75	16,875,457.75						-
H&L	WFM	82,122,200.22	82,122,200.22						-
GRAND TOTAL		**233,244,881**	**217,355,925**	-	-	-	-	**15,888,956**	**15,888,956**
** Past Due Ratio*		*100%*	*93.2%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*6.8%*	*6.81%*

SIGNATURES

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

Issuer	: **ELVIRA A. TING**
Title	: PRESIDENT / CEO
Signature	:
Date	: 31 July 2026
Principal Financial Accounting Officer Controller	: **JOCELYN A. VALLE**
Title	: FINANCE HEAD
Signature	:
Date	: 31 July 2026

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

Receiving: DONNA ENCARNADO
Receipt Date and Time: May 08, 2026 01:46:18 PM

Company Information

SEC Registration No.: 0000112978
Company Name: PHILIPPINE ESTATES CORPORATION
Industry Classification: A01820
Company Type: Stock Corporation

Document Information

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Document Type: ANNUAL_REPORT
Document Code: SEC_Form_17-A
Period Covered: December 31, 2025
Submission Type: Original Filing
Remarks: WTH FS-C & FS-P

Acceptance of this document is subject to review of forms and contents

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	1	2	9	7	8					

Company Name

PHILIPPINE ESTATES CORPORATION

AND SUBSIDIARY

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

35TH FLOOR, ONE CORPORATE

CENTER, DOÑA JULIA VARGAS AVE.

COR. MERALCO AVE., ORTIGAS

CENTER, PASIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
phes_finance@yahoo.com	8637-3112	09178338243

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
709	Oct/10	December/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Jocelyn A. Valle	phesfinance@gmail.com	8637-3112	NA

Contact Person's Address

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

Note1: 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

PHILIPPINE ESTATES

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 of 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:

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

Doc No. 285
Page No. 58
Book No. 34
Series of 2026

FERDINAND D. AYAHAO
Notary Public
For and in Pasig City and the Municipality of Pateros
Commission No. 122 (2026-[illegible]) valid until 12/31/2027
MCLE Exemption No. VIII-[illegible], until 04/14/28
Roll No. 46377; IBP LRN 03459; 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

Diaz Murillo Dalupan and Company

WE ARE AN INDEPENDENT MEMBER OF THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

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.

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.

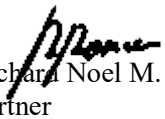
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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	₱ 2,891,016,410	₱ 7,074,716	₱ –	(₱ 342,639,833)	₱ 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	**₱ 2,891,099,660**	**₱ 10,292,769**	**(₱ 22,282,377)**	**(₱ 34,847,338)**	**₱ 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
Continued			
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 vatable sales.

The Group's input VAT amounted to 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	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 2025	Outstanding balance 2024	Conditions
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 Note5).

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:

2025	**Less than a year**	**Between 1-2 years**	**Between 2-5 years**	**Over 5 years**	**Total**
Retirement benefits obligation	**₱ –**	**₱ 3,012,762**	**₱ 3,759,810**	**₱ 5,863,776**	**₱ 12,636,348**

2024	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
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:

		Maturing in		
December 31, 2025	**On Demand**	**Within 1 year**	**1 to 5 years**	**Total**
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*

		Maturing in		
December 31, 2024	On Demand	Within 1 year	1 to 5 years	Total
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	Valuation
	2025	2024	hierarchy	techniques
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.

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Diaz Murillo Dalupan and Company

WE ARE AN INDEPENDENT MEMBER OF THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

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

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*

Diaz Murillo Dalupan and Company

WE ARE AN INDEPENDENT MEMBER OF THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

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
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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 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								
(under Trade and other receivables)	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	5,464,508	61,101	105,144	–	–	–	5,630,753	5,630,753
Pacific Wide Realtys and Development Corp	–	269,875	–			269,875	–	269,875
Pacific Rehouse Corporation	2,083,519	336,565,779	–	–	–	338,649,298	–	338,649,298
Metro Alliance Holdings and Equities Corporation	292,456,385	631,201	5,260,007	–	–	298,347,593	–	298,347,593
Westland Pacific Properties Corp	46,737,519	107,358	894,646	–	–	–	47,739,523	47,739,523
The Wellex Group, Inc	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
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

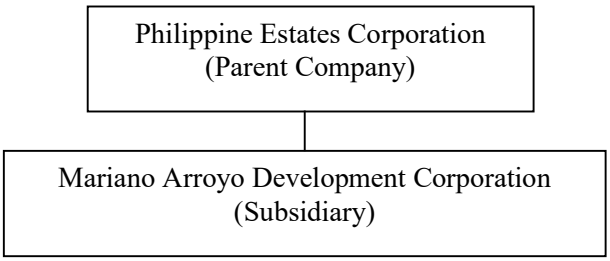
PHILIPPINE ESTATES CORPORATION AND SUBSIDIARY

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:	**Category A: Items that are directly credited to Unappropriated Retained Earnings**		
	Reversal of Retained Earnings Appropriation/s	–	
	Effect of restatements or prior-period adjustments	–	
	Others	–	–
Less:	**Category B: Items that are directly debited to Unappropriated Retained Earnings**		
	Dividend declaration during the reporting period	–	
	Retained Earnings appropriated during the reporting period	–	
	Effect of restatements or prior-period adjustments	–	
	Others	–	–
Unappropriated Retained Earnings, as adjusted			–
Add/Less: Net Income (loss) for the current year			–
Less:	**Category C.1: 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		–
Add:	**Category C.2: 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		–

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	**₱–**	₱–

Gmail **Phes Finance <phesfinance@gmail.com>**

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> 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
- EAFS000263366RPTTY122025.pdf
- EAFS000263366ITRTY122025.pdf
- EAFS000263366TCRTY122025-79.pdf
- EAFS000263366AFSTY122025.pdf

Invalid file

- <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.

This is a system-generated e-mail. Please do not reply.

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

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

APR 24 2026 PASIG CITY

Name	Tax Identification Number	Issuer
Arthur M. Lopez	050-181-930-515	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
For and in Pasig City and the Municipality of Pateros
Commission No. 122 (2026-2027) valid until 12/31/2027
MCLE Exemption No. VIII-EEP003234, until 04/14/28
Roll No. 46377; IBP Lifetime No. 06459; 06/27/2006 Manila; PTR No. 5886462A; 01/09/26; Pasig City
TIN 123-011-785; PTR 4018763AA; 01/09/26; Pasig City
4/F Tower PSE, Exchange Road
Ortigas Center, Pasig City, NCR, 1605 Philippines

Doc No. 286
Page No. 59
Book No. 34
Series of 2026

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
valid in the audit of 2021 to 2025 financial statements of SEC covered institutions
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BIR Accreditation No. 08-001911-006-2025, effective until October 10, 2028

April 24, 2026

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.

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.

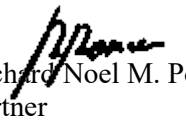
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Parent Company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law 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 2025	Outstanding balance 2024	Conditions
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:

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)*	**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	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)*	₱205,778,488	₱ 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**

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%

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:

2025	**Less than a year**	**Between 1-2 years**	**Between 2-5 years**	**Over 5 years**	**Total**
Retirement benefits obligation	**₱ –**	**₱ 3,012,762**	**₱ 3,759,810**	**₱ 5,863,776**	**₱ 12,636,348**

2024	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
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
	51,993,031	21,538,021	13,093,630	19,851,274	167,926	1,257,171	107,901,053
Segment income (loss)	(51,993,031)	(8,515,843)	26,228,665	(2,864,576)	(167,926)	(1,257,171)	(38,569,882)
Other income	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 before tax	(54,825,087)	(5,743,447)	27,255,412	124,732,157	358,564	3,308,946	95,086,545
Provision for income tax	32,203,303	–	–	–	–	–	32,203,303
Net income (loss) for the year	(₱ 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:

		Maturing in		
December 31, 2025	**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*

		Maturing in		
December 31, 2024	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					
Cash in banks	**0.125% to 0.25%**	**Fixed at the date of investment**	**₱ 17,202,062**	**₱ –**	**₱ 17,202,062**
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	Valuation
	2025	2024	hierarchy	techniques
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.

* * *

UNDERTAKING

A copy of SEC Form 17-A will be provided free of charge upon written request to the following:

CORPORATE SECRETARY
Philippine Estates Corporation
Units 3503 and 3504
35th Floor, One Corporate Center
Julia Vargas Ave., corner Meralco Ave.
Ortigas Center, Pasig City
Metro Manila

PART III

After reasonable inquiry and to the best knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on AUG 27 2026, 2026.

AMANDO J. PONSARAN, JR.
Corporate Secretary

SUBSCRIBED AND SWORN to before me, this ___ day of AUG 27 2026 2026, at Pasig City, Metro Manila, affiant having exhibited to me her government identification (TIN 171-798-949-000) with her photograph appearing thereon.

Notary Public

FERDINAND CATALAG
Notary Public
For and in Pasig City and the Municipality of Pateros
Commission No. 22 (2026-2027) valid until 12/31/2027
MCLE Exemption No. VIII-EHP003234, until 04/14/28
Roll No. 46377; IBP LRN 02459; OR 535886; 06/21/2002
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

Doc. No. 458;
Page No. 91;
Book No. 91;
Series of 2026.

Certification

I **JOCELYN A. VALLE, Finance Head** of **PHILIPPINE ESTATES CORPORATION** with SEC registration number **112978** with principal office at **35th Floor, One Corporate Centre, Julia Vargas Avenue cor. Meralco, Avenue, Ortigas Center, Pasig City**, on oath state:

1) That on behalf of **PHILIPPINE ESTATES CORPORATION**, I have caused this **SEC FORM 20-IS** to be prepared;

2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;

3) That the company **PHILIPPINE ESTATES CORPORATION** will comply with the requirements set forth in SEC Notice dated 11 MARCH 2026 for a complete and official submission of reports and/or documents through electronic mail; and

4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this AUG 27 2026 day of ____, 2026. Pasig City.

JOCELYN A. VALLE
Finance Head
TIN : 110-820-293

SUBSCRIBED AND SWORN to before me this AUG 27 2026 day of _____,20____.

NOTARY PUBLIC
FERDINAND MAYAHAO
Notary Public
For and in Pasig City and the Municipality of Taguig
Commission No. 122 (2026-2027) valid until 12/31/2027
MCLE Exemption No. VIII-BEP003234, until 04/14/28
Roll No. 46377; IBP LRN 02459; OR 535886; 06/21/2021
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

DOC NO 451
PAGE NO. 92
BOOK NO. 92
SERIES OF 2026