Philippine Realty & Holdings Corporation

2025 ANNUAL REPORT

STRENGTHENING FOUNDATIONS

STRENGTHENING FOUNDATIONS
A robust and reliable foundation underpins the organization, ensuring operational stability, long-term sustainability, and sustained stakeholder trust.

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VISION

A premium property development company in the Philippines delivering superior value to its customers.

MISSION

We are committed to providing individuals, families and businesses premium and upscale residential condominiums, offices, commercial spaces and leisure developments in the Philippines using best-of-class, grade-A materials, top-of-the-line fixtures, latest and state-of-the-art equipment and facilities.

We aspire to provide our shareholders a fair return for the use of their capital, for our customers an excellent value for their investments, and for our employees, a continuing employment opportunity and equitable compensation. We neither believe in gains made by taking unfair advantage of others nor do we sacrifice long-term objectives for short-term profits. We value enduring relationships with our stakeholders.

We create spacious living in intimate communities, combining aesthetics with functionality while preserving the environment. We affirm our duties as a good corporate citizen. We commit to assist underprivileged sectors of society in improving the quality of their lives.

Message to Stockholders

Dear Stockholders,

As the Philippine real estate market gears up for recalibration this 2026, we take stock of what has proven to be unvarying and reliable for us at PhilRealty. That is why our theme for this year's annual report is Strengthening Foundations. While the past years had been difficult for the Company as we needed to take a long pause to reassess the property market because of the pandemic, consequently we had to re-employ the strategies that worked so successfully for us in the past and which made your Company distinct, unique and apart from its industry peers.

By recognizing what exactly made your Company a developer of choice in the past, we placed the customer at the center of all our business decisions and development plans, to be able to deliver exceptional products with long-term and lasting value.

In this report, you will find in more detail updates on our major projects in which we have invested heavily in, and the efforts PhilRealty has done to strengthen not just the business, but the heart of the company, as well.

Also detailed in this report are the results of our operations in 2025. Particularly noteworthy is how key decisions have paid off—from reduced costs to new undertakings and partnerships.

In 2025, PhilRealty reported total revenues of ₱271.3 million from the group's recurring income streams, supported by sustained demand for rental spaces and management services under multi-year contracts with built-in escalation provisions.

The expanding portfolio of investment properties and real estate inventories will support PhilRealty's revenue generation as development and investment milestones are progressively completed.

We are also pleased to share that just this May, PhilRealty was awarded by Pasig City as among the Top 10 business and real property taxpayers for the corporate category in 2025. To be awarded as such this year, with their theme "Partners in Prosperity: Sustaining Growth, Inspiring Future," is especially meaningful as this recognition reflects our commitment to be positive contributors to the country not only through our developments, but also through the fulfillment of our corporate duty.

Through ever-changing demands in the real estate landscape, we remain confident and steadfast in our goal to grow. This is all through your continued trust and support. We look forward to more meaningful and progressive years ahead.

GERARDO DOMENICO ANTONIO V. LANUZA
Chairman of the Board

EDMUNDO C. MEDRANO
President

Financial Performance

PhilRealty's 2025 performance reflects a continued shift toward a development-focused operating model. The Group reported improved results despite the impact of one-off lease termination charges, supported by a streamlined cost base and effective cost management. Ongoing investments by PhilRealty in the Unico Project and in its subsidiary, Three Corners Realty Corporation (TCRC) drove changes across the Group's financial position, with asset expansion funded by a measured increase in long-term borrowings supported by a stable equity base. Overall, the Group's financial position reflects ongoing project execution and the alignment of resources toward its development goals.

KEY PERFORMANCE INDICATORS

Performance Indicators	31-December-2025	31-December-2024
Current Ratio	3.84	3.28
Quick Ratio	0.27	0.45
Solvency Ratio	2.9	3.03
Debt Ratio	0.35	0.33
Debt-to-Equity Ratio	0.53	0.49
Asset-to-Equity Ratio	1.53	1.49
Gross Profit Margin	47%	39%
Net Profit Margin	(41%)	(65%)
Return on Assets	(0.01)	(0.01)
Return on Equity	(0.01)	(0.02)
Price/Earnings Ratio	(16)	(10)

INCOME

Total income of **₱271.3 million** in 2025 reflected the contribution of recurring income streams, supported by sustained demand for rental spaces and management services under multi-year contracts with built-in escalation provisions.

The expanding portfolio of investment properties and real estate inventories supports PhilRealty's revenue base as development and invesment milestones are progressively getting completed.

CONSOLIDATED NET INCOME (LOSS) AFTER TAX

PhilRealty reported a consolidated net loss of **₱63.6 million** in 2025, reflecting an improvement from the prior year's performance. The results were primarily impacted by the one-off financial effect of the early termination of the head lease in Bonifacio Global City (BGC) and the related sublease arrangement, which resulted in non-recurring charges recognized under other

expenses. This also gave rise to deferred tax adjustments on net operating loss carryforwards as well as on deferred tax adjustments on the property-for-share swap transaction executed by and between PhilRealty and its subsidiary, TCRC.

Recurring operations were supported by consistent management services activity and a streamlined cost base. Cost of services totaled **₱80.0 million**, while general and administrative expenses declined to **₱225.9 million**, reflecting continuing efforts to control costs. Excluding non-recurring and one-off early lease termination-related charges, operating expenses went down 17% in 2025 from 2024.

Construction of the Unico Project progressed steadily throughout the year, with continued progress in PhilRealty's key development activities, supported by a streamlined cost base and on-target project execution.

TOTAL COMPREHENSIVE INCOME

PhilRealty's total comprehensive loss narrowed to **₱45.1 million** from **₱112.9 million** in 2024, reflecting much better results for the year and positive movements in other comprehensive income. The improvement was supported by a **₱13.9 million** unrealized holding gain on financial assets measured at financial assets at fair value through other comprehensive income (FVOCI), driven by favorable changes in the market value of key investments. PhilRealty also recorded a **₱4.5 million** remeasurement gain on retirement benefit obligations, arising from updated actuarial assumptions and market conditions, partially offsetting prior year's actuarial losses.

TOTAL ASSETS

Total assets expanded to **₱9.9 billion** in 2025, primarily driven by actual growth in real estate inventories and valuation improvements in investment properties.

Current assets at **₱4.2 billion**, increased by 7%, mainly due to the ongoing development of the Unico Project, PhilRealty's flagship residential development. Costs related to the Andrea North Estate Project were reclassified to land held for development, following management's updated assessment of the project's future use.

Cash and cash equivalents declined to **₱68 million**, mainly due to higher development spending for the Unico Project and scheduled loan repayments, with the outflows exceeding inflows from new borrowings. Trade and other receivables - current portion also decreased to **₱223.3 million**, reflecting improved collections and lower receivable generation following moderated real estate sales.

Non-current assets declined slightly to **₱5.7 billion**, primarily due to the settlement of finance lease receivables and derecognition of right-of-use assets after the early termination of the head leases and the pretermination of the related sublease arrangements in BGC. Investment properties increased to **₱5.5 billion** from **₱5.3 billion**, reflecting valuation adjustments during the year.

These movements reflect ongoing investment in the Group's development pipeline and support the progression of its development activities.

TOTAL LIABILITIES

Total liabilities increased to **₱3.4 billion** in 2025 from **₱3.2 billion** in 2024, mainly due to higher long-term borrowings and project-related payables associated with the ongoing development of the Unico Project in BGC.

Current liabilities declined by 9% to **₱1.1 billion** from **₱1.2 billion** the settlement of short-term loans and lease obligations. This was partly offset by higher trade and other payables, which increased to **₱337 million** from **₱201 million** as customers' deposits for reservations and contractor retention fees increased in line with the Unico construction progress.

Non-current liabilities increased to **₱2.3 billion** from **₱2.0 billion**, driven by additional long-term borrowings for project development. Lease liabilities were fully derecognized after the early termination of the various BGC sub-lease contracts concomitant with the pre-termination of the head leases.

These movements reflect the prudent and judicious use of leveraging to support ongoing development activities during the period.

TOTAL EQUITY

PhilRealty's total equity stood at **₱6.46 billion** in 2025, lower than the **₱6.52 billion** reported in 2024, reflecting the total comprehensive loss for the year, as well as movements in reserves and non-controlling interests during the year.

Financial Performance

Capital stock remained unchanged at **₱4.3 billion**, while additional paid-in capital reflected minor adjustments for share-related transaction costs. Reserves increased to **₱72.0 million** from **₱54.3 million**, supported by a **₱13.9 million** fair-value gain on financial assets at FVOCI and a **₱4.5 million** actuarial gain on retirement benefit obligations, net of tax.

Retained earnings stood at **₱1.5 billion**, while non-controlling interests reflected a deficit position of **₱45.2 million**, consistent with the performance of the subsidiaries.

These movements reflect changes in the Group's equity components, consistent with ongoing development and investment activities during the period.

CURRENT RATIO
PhilRealty's current ratio improved to 3.84:1 in 2025 from 3.28:1 in 2024, indicating stronger liquidity and an enhanced ability to meet short-term obligations. The increase reflects effective working capital management and balance sheet liquidity.

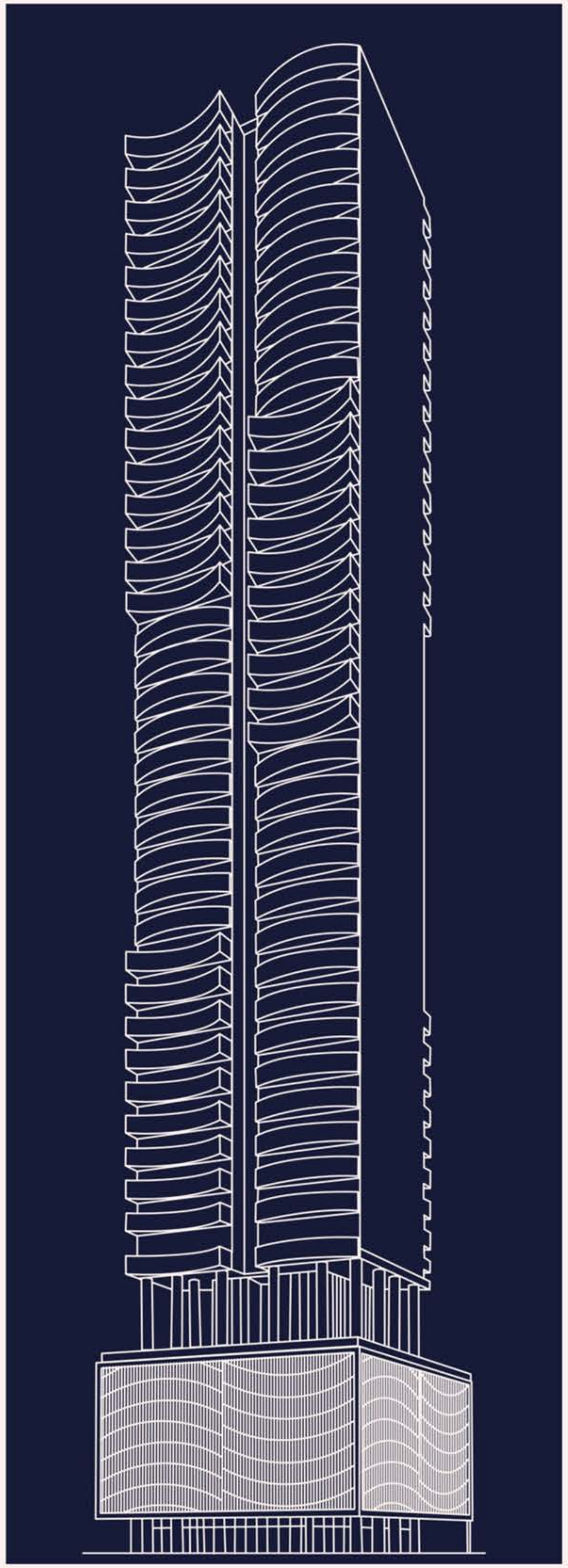
DEBT-TO-EQUITY RATIO
PhilRealty's debt-to-equity ratio increased slightly to 0.53:1 in 2025, reflecting the Group's use of long-term financing to support project development. Despite the increase, leverage remains at a moderate level, maintaining a balanced and still conservative capital structure.

ASSET-TO-EQUITY RATIO
PhilRealty's asset-to-equity ratio increased to 1.53:1 in 2025, indicating growth in the Group's asset base relative to equity. This reflects the expansion of assets relative to equity in line with ongoing project development activities.

EARNINGS PER SHARE
Earnings per share remained at (**₱0.01**) in 2025, reflecting the impact of the total comprehensive loss during the year.

BOOK VALUE PER SHARE
Book value per share was at **₱0.75** per share in 2025, and it was also at **₱0.75** per share in 2024.

GROSS PROFIT MARGIN
Gross profit margin improved to 47% in 2025 from 39% in 2024, supported by effective cost management.



Message from the President

EDMUNDO C. MEDRANO
President

Over the years, a certain truth has made itself even more apparent and relevant, now more than ever—a strong core and an unshakable foundation—is critical to survival. This is the key to long-term success and this is exactly what we have always sought to achieve in PhilRealty.

We are in the midst of extremely difficult times globally, yet we carry on—because we are fueled by our goals and our commitment towards developing spaces and properties that will serve our communities for years to come.

Despite the turns brought about by evolving and volatile markets, we at PhilRealty make sure that all areas of our Company and operations never lose sight of our promise—which is what keeps us steadfast and focused amid any and all challenges. We believe in our long-term vision, and we see these turns as a clear validation of our belief that we have accurately chosen a demand inelastic business model anchored on customer satisfaction.

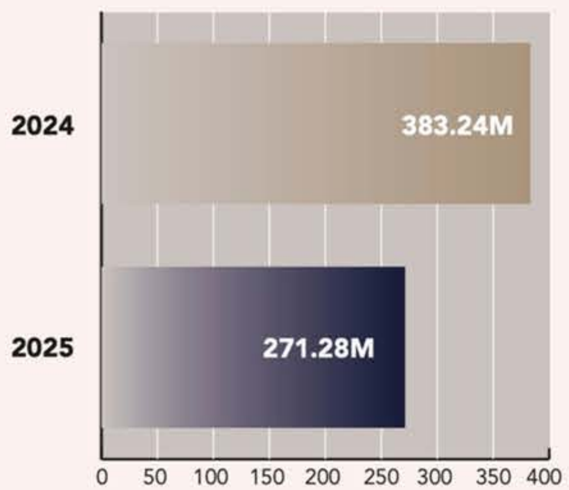
Progress is steady in our key projects; we are happy to share that we are continuing to forge and strengthen our connections with key partners who believe in our shared values. We are confident that this, alongside our humanitarian and environmental initiatives, will empower PhilRealty's employee base across the board, strengthening our belief in our shared mission and philosophy. We thus remain positive, too, on products of the highest quality that we will deliver to our customers when our ongoing projects are finally fully completed and turned over.

The past year reminds us even more of the importance of staying true to the course we've set. By continuously strengthening our foundations—by staying true to our mission—we trust that our passion for quality and attention to detail will soon reap its rewards. We remain ever optimistic that you, our partners, stakeholders, and customers, will also continue staying with us as we take stock, fortify ourselves, and build even greater momentum together.

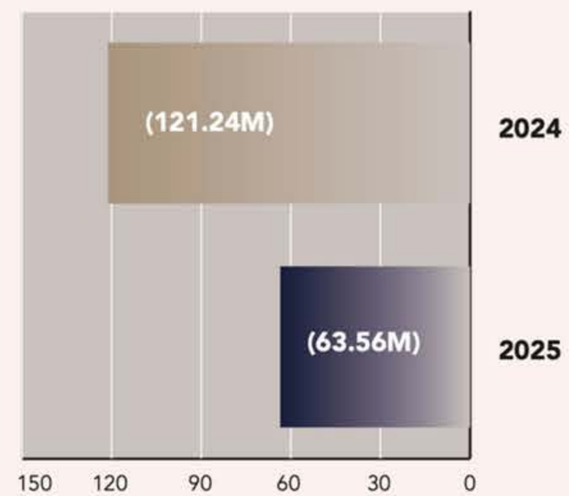
Financial Highlights

PHILIPPINE REALTY AND HOLDINGS CORPORATION
FINANCIAL SOUNDNESS INDICATORS

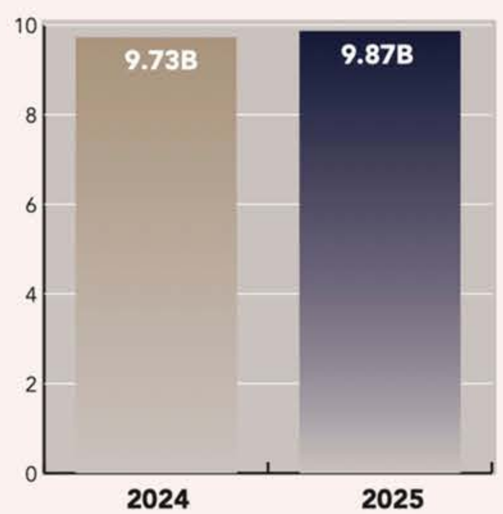
Total Income



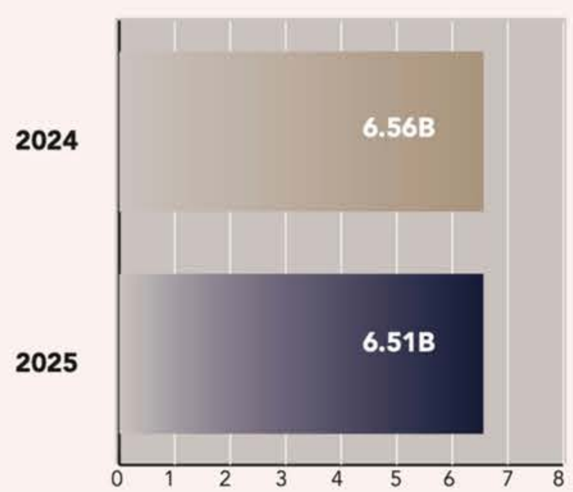
Net Income (Loss) After Tax



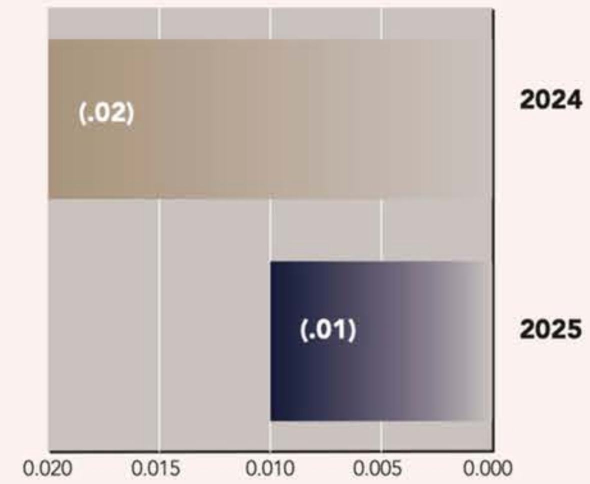
Total Assets



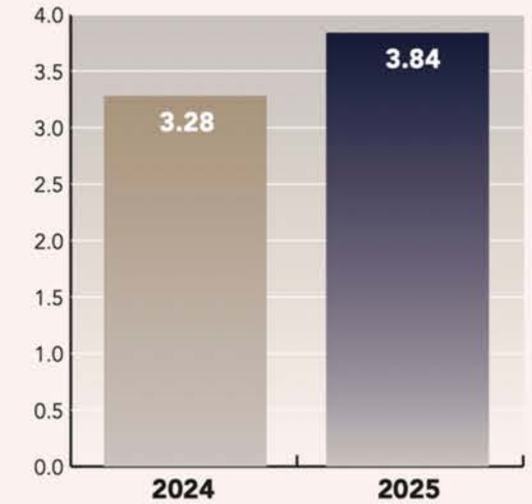
Equity



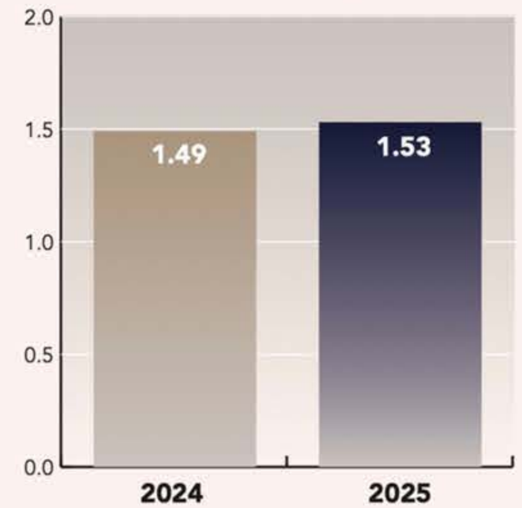
Return on Equity



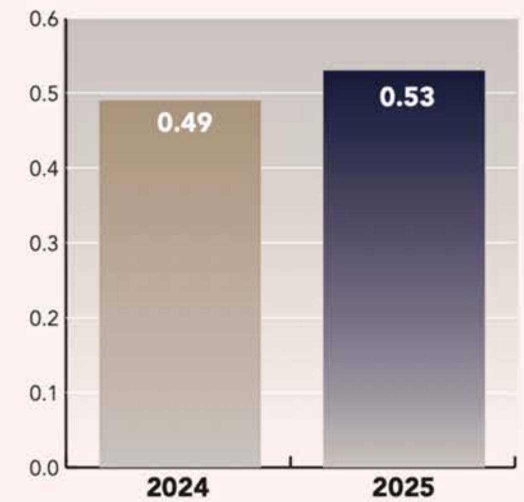
Current Ratio



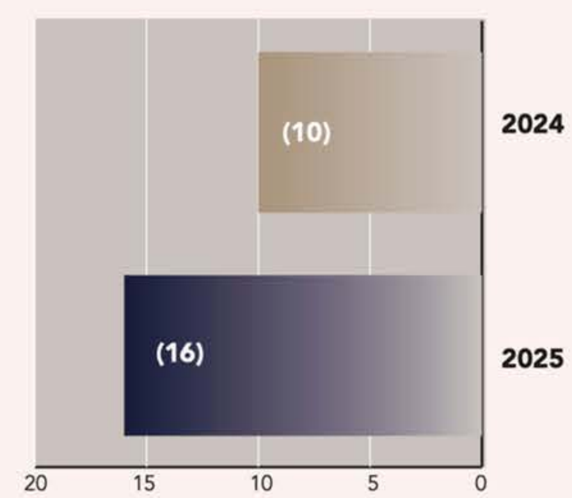
Asset-to-Equity Ratio



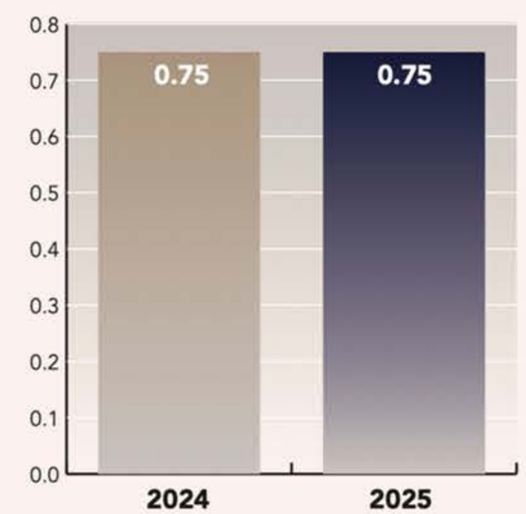
Debt-to-Equity Ratio



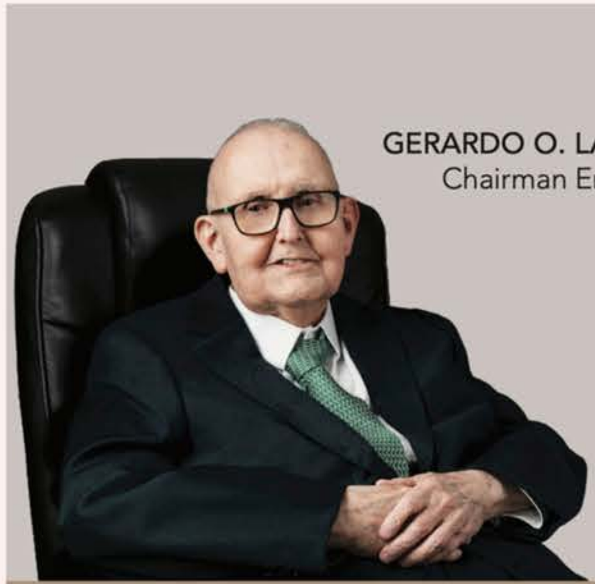
Price-to-Earnings Ratio



Book Value Per Share



Board of Directors



GERARDO O. LANUZA, JR.
Chairman Emeritus

ANTONIO O. OLBES
Vice Chairman Emeritus

AMADOR C. BACANI
Director

ANDREW C. NG
Director

GERARDO DOMENICO ANTONIO V. LANUZA
Chairman of the Board

RENATO G. NUÑEZ
Vice Chairman and
Lead Independent Director

CHIARA ROSARIO JULIA V. LANUZA-PAREDES
Director

ROSALINDA Y. BASAS
Independent Director

EDMUNDO C. MEDRANO
Director

ALFONSO MARTIN E. EIZMENDI
Independent Director

JOMARK O. AROLLADO
Independent Director

Management Commitee

GERARDO DOMENICO ANTONIO V. LANUZA
Chairman of the Board

RICHARD NICOLAS K. GO
Vice President and Head, Sales and Chief Sales Officer

MARISSA S. BONTOGON
Vice President and Treasurer and Risk Officer

EDMUNDO C. MEDRANO
President

EDILYNDA G. ENRIQUEZ
Assistant Vice President and Head, Human Resources and Administration

MARK ANTHONY M. RAMOS
Vice President and Controller and Compliance Officer

ROZANO L. SANTOS
Assistant Vice President for Special Projects

ERWIN V. CIAR
First Vice President and Head, Project Construction and Management

Corporate Officers and Board Committees

CORPORATE OFFICERS

Edmundo C. Medrano - President
Rex P. Bonifacio - Corporate Secretary
Marissa S. Bontogon - Treasurer and Risk Officer
Mark Anthony M. Ramos - Controller and Compliance Officer

FIRST VICE PRESIDENT
Erwin V. Ciar

VICE PRESIDENT
Marissa S. Bontogon
Richard Nicolas K. Go
Mark Anthony M. Ramos

ASSISTANT VICE PRESIDENT
Aileen A. Duran
Edilynda G. Enriquez
Inja Kristi J. Fajatin
Michael M. Mirande
Ilaine P. Rodriguez*
Leonard Ross C. Santos
Rozano L. Santos

*(*Joined July 1, 2026)*

BOARD COMMITTEES

AUDIT COMMITTEE

The Audit Committee is composed of at least four (4) members of the board of directors, three (3) of whom are independent directors, including the chairperson. The members of the Audit Committee have banking, accounting, or related financial expertise or general management experience commensurate with the size, complexity of operations and risk profile of the Company. The Audit Committee provides oversight over the Company's financial reporting policies, practices, control, and internal and external audit functions. It monitors and evaluates the adequacy and effectiveness of the Company's internal control system.

Members
Renato G. Nuñez - Chairman (Lead Independent Director)
Alfonso Martin E. Eizmendi - Member (Independent Director)
Jomark O. Arollado - Member (Independent Director)
Amador C. Bacani - Member (Non-Executive Director)

BOARD RISK OVERSIGHT COMMITTEE

The Board Risk Oversight Committee has the responsibility for the development and oversight of the risk management program for the Company. The Committee is composed of five members of the board of directors, four (4) of whom are independent directors including the chairperson. The members of the Board Risk Oversight Committee possess a range of expertise as well as adequate knowledge of the Company's risk exposures to be able to help develop appropriate strategies for preventing losses and minimizing the impact of losses when they occur. The Committee oversees the system of limits to discretionary authority that the board delegates to management, and shall, where appropriate, have access to external expert advice, particularly in relation to proposed strategic transactions, such as major investments, mergers and acquisitions.

Members
Jomark O. Arollado - Chairman (Independent Director)
Renato G. Nuñez - Member (Lead Independent Director)
Alfonso Martin E. Eizmendi - Member (Independent Director)
Rosalinda Y. Basas - Member (Independent Director)
Edmundo C. Medrano - Member (Executive Director)

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE

The Corporate Governance and Nominations Committee assists the board of directors in fulfilling its corporate governance responsibilities. The Committee is responsible for ensuring the board's effectiveness and due observance of corporate governance principles and guidelines. The Corporate Governance and Nominations Committee is composed of four (4) members of the board of directors, all of whom are independent directors, including the chairperson.

Members
Alfonso Martin E. Eizmendi - Chairman (Independent Director)
Renato G. Nuñez - Member (Lead Independent Director)
Jomark O. Arollado - Member (Independent Director)
Rosalinda Y. Basas - Member (Independent Director)

EXECUTIVE COMMITTEE

The Executive Committee is composed of five (5) members of the board of directors, one (1) of whom is an independent director, and three (3) non-executive directors. The Executive Committee shall have the power to act on such specific matters as delegated to it by the board, except with respect to the following: i) approval of any action for which shareholders' approval is also required; ii) filling up of vacancies in the board; iii) amendment or repeal of by-laws or the adoption of new by-laws; iv) amendment or repeal of any resolution of the board which by its expressed terms are not so amendable or repealable; and v) distribution of cash dividends to the shareholders. The Executive Committee decides upon on all matters that are outside the duties and responsibilities of the Audit Committee, the Corporate Governance and Nomination Committee and the Board Risk Oversight Committee.

Members
Gerardo Domenico Antonio V. Lanuza – Chairman (Non-Executive Director)
Gerardo O. Lanuza, Jr. – Member (Non-Executive Director)
Edmundo C. Medrano – Member (Executive Director)
Amador C. Bacani – Member (Non-Executive Director)
Renato G. Nuñez - Member (Lead Independent Director)

PROCUREMENT COMMITTEE

The Procurement Committee is composed of six (6) members of the board, one (1) of whom is an independent director. Majority of the members of the Procurement Committee have engineering or technical background, and some have management expertise or relevant business experience. The Procurement Committee is the board committee primarily responsible for approving, monitoring and verifying procurement actions recommended by management/management committees (typically either by the Management Committee or the Project Committee) and sees to it that approved procurement procedures have been applied properly. The Procurement Committee ensures consistent and correct application of procurement practices, and generally, to approve or pass upon contracts or for amounts delegated to it by the board of directors based on the board-approved approving and signing authorities.

Members
Andrew C. Ng – Chairman (Non-Executive Director)
Jomark O. Arollado - Member (Independent Director)
Gerardo O. Lanuza, Jr. - Member (Non-Executive Director)
Gerardo Domenico Antonio V. Lanuza - Member (Non-Executive Director)
Amador C. Bacani - Member (Non-Executive Director)
Edmundo C. Medrano - Member (Executive Director)

RELATED PARTY TRANSACTIONS COMMITTEE

The Related Party Transactions (RPT) Committee is composed of five (5) members of the board of directors, three (3) of whom are independent directors, including the chairperson. In case a member of the Committee has conflict of interest in a particular RPT, he will need to inhibit himself in the deliberations and in the approval process of that particular transaction. The RPT Committee evaluates all material RPTs to ensure that these transactions with related parties are not undertaken on more favorable economic terms than similar transactions with non-related parties under similar circumstances. The Committee ensures that no corporate or business resources of the Company are misappropriated or misapplied in connection with the transaction/s with related party/ies.

Members
Jomark O. Arollado - Chairman (Independent Director)
Renato G. Nuñez - Member (Lead Independent Director)
Alfonso Martin E. Eizmendi - Member (Independent Director)
Edmundo C. Medrano – Member (Executive Director)
Amador C. Bacani – Member (Non-Executive Director)

RETIREMENT PLAN COMMITTEE

The Retirement Plan Committee is composed of four (4) members of the board of directors that includes the chairman of the board and the president, and at least one (1) independent director. The members of the Retirement Plan Committee are also the trustees of the Retirement Plan (the "Plan") and they are responsible for the general administration of the Plan and shall also be responsible for the management of the Retirement Trust Fund (RTF) established under the Plan. The RTF shall consist of the Company's fund contributions, determined by way of periodic actuarial valuation, together with all income, gain and other additions thereto, less any losses, expenses and benefits payments. The Retirement Plan Committee appointed two (2) highly qualified fund management entities as Trustees, to hold in trust and manage the funds and the assets of the Plan, to implement, carry out and accomplish the purposes of the Plan. The Retirement Plan Committee is responsible for assessing the performance of its designated Trustees/ fund managers to make sure that the RTF is managed properly in terms of maximizing its yield subject to acceptable risk-return considerations as designed by the Committee.

Members
Gerardo Domenico Antonio V. Lanuza – Chairman (Non-Executive Director)
Renato G. Nuñez - Member (Lead Independent Director)
Amador C. Bacani – Member (Non-Executive Director)
Edmundo C. Medrano – Member (Executive Director)

The Iconic InterContinental is Set to Return to Manila

IHG Hotels & Resorts partners with PhilRealty's subsidiary Three Corners Realty Corporation (TCRC), PhilRealty's parent company Greenhills Properties Incorporated (GPI), and Keyland Corporation (Keyland) to develop a premier luxury hotel destination

The InterContinental was an icon in Manila's luxury hotel scene for nearly five decades. The original hotel, whose building was designed by National Artist for Architecture Leandro Locsin and built in 1969, was witness to key moments in history, and was instrumental in shaping Manila's culinary landscape.

After more than ten years since its closure in 2015, InterContinental has announced its return. Under IHG Hotels & Resorts, the new InterContinental Manila—to be located in BGC—will showcase a luxury travel experience tailored for the modern traveler.

InterContinental Manila is set to open in 2032, with 212 rooms and exceptional amenities, including an all-day dining restaurant and signature specialty restaurant and bar. Harking back to its days as one of Manila's top luxury hotels, the new InterContinental Manila will also feature versatile meeting and event spaces, as well as ballroom, function, and meeting rooms.

Its commitment to world-class, luxury hospitality extends to its relaxation and wellness amenities. The new InterContinental Manila, which will be developed by IHG in partnership with PhilRealty subsidiary TCRC, PhilRealty parent company GPI, and Keyland, will be fully equipped with a health club and spa, outdoor swimming pool, and poolside bar.

"The InterContinental brand has a storied history in Manila," says Vivek Bhalla, IHG Hotels & Resorts' managing director for Southeast Asia and Korea. "For 46 years, it was a symbol of luxury and a hotel icon. Reintroducing InterContinental to Manila is a wonderful milestone, and a perfect fit for the city with strong long-term fundamentals and increasing demand for luxury travel."

TCRC is a wholly owned subsidiary of PhilRealty. In 2025, PhilRealty completed a tax-free asset exchange with TCRC, under which the former exchanged a parcel of land located in BGC containing an area of 1,600 square meters more or less, in exchange for the latter's voting redeemable preferred shares of stock. This partnership with InterContinental, GPI and Keyland further cements the commitment of PhilRealty Group as a whole, to upholding a world-class standard of development in the most prime real estate location in the Philippines.

Exterior rendering of Intercontinental Manila

Steady Progress

Unico residential towers' promising construction progress sets it for an optimistic Q4 2028 on-time completion

Soon, Bonifacio Global City's glistening skyline will welcome a new icon for luxury living: in just the span of a year, the construction of PhilRealty's 40-storey luxury condominium project, Unico has completed 33 floors—now rising to level 39 from podium level 6 in May last year.

From its launch in 2024, Unico residential tower maintained consistent construction momentum and the project is set towards on time—and in all likelihood, an earlier completion date than the originally projected completion date of end-2028.

For the Unico Project project, PhilRealty is working with architectural firms, namely, US-based Arquitectonica and homegrown Casas + Architects, each bringing years of expertise in building award-winning structures in major cities across the globe and in the country. Unico is designed to be a low-density residential tower featuring sixty-four (64) exclusive two (2)-bedroom and den units. Each floor is being designed to house a maximum of only two (2) units giving residents ample privacy—a true luxury in this era of hyperdevelopment.

With the help of PhilRealty's design partners, Unico has undergone enhancements for its facade, amenities, and interior design concepts. The improvements placed great emphasis on building performance, architectural longevity, and capturing the visual language that best reflects the lifestyle and values of its future residents—a blend of modernity and innovation, with the relaxed feel of a warm resort oasis in the city.

Aside from on-target construction progress, major packages have also been procured for the Unico residential tower. Among these include four (4) passenger elevators that are made in Japan with MelEye Mitsubishi elevator monitoring and control system interfaced with building management system plus one shuttle elevator and one service elevator that can fit a hospital bed, generator and power systems, building maintenance unit, steel doors and louvers, and Italian kitchen cabinets and wardrobes from contemporary furniture retailer Poliform.

Within the period, construction contracts were secured through competitive bidding, with the aim to meet cost efficiency without sacrificing quality.

Unico residential tower's continuous, consistent progress in construction was made possible through PhilRealty's active monitoring and management, and now the project is on a stable, controlled, and predictable delivery path. By the end of 2026, PhilRealty is eyeing construction progress to reach approximately 58%, with tower topping off scheduled in July 2026, three months ahead of the original target.

Within the year, Unico residential tower will also see substantial completion of its building facade, installation of its elevator systems, and will see the appointment of several topnotch and luxury fit-out contractors. They are also set to procure interior fit-out construction packages, airconditioning systems and home automation, and swimming pool works and natural stone packages.

As we look back at Unico progress in the past year, PhilRealty is confident in the on-time completion of its luxury, purely residential building, especially as the project has now moved beyond the highest-risk phase of early development. PhilRealty takes pride in the insight and attention given by the company and its partners in substantially and significantly reducing design, structural, and execution risks. Through the deliberate and well-studied design and project upgrades compared to competing developments, we are confident that the Unico residential units will result in increased value and quality living for their eventual owners.

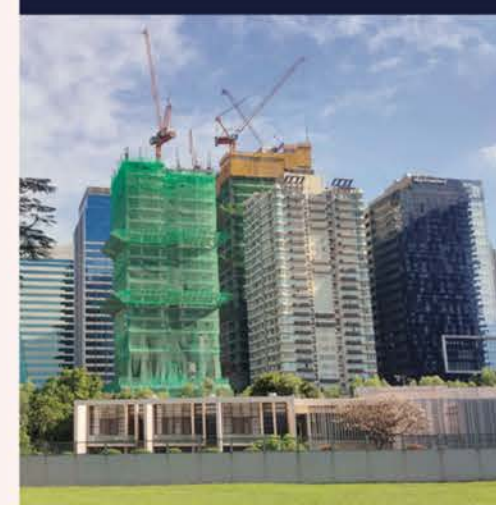
Feature

7TH FLOOR
JULY 2025

The amenity floor features spaces for wellness, fitness, and leisure.

17TH FLOOR
OCT 2025

Each floor is designed to house a maximum of only 2 units



23RD FLOOR
JAN 2026

The tower will have 64 exclusive 2-bedroom with den units

33RD FLOOR
APR 2026

Contemporary furniture retailer Poliform is set to fit units with Italian kitchen cabinets and wardrobes

PhilRealty employees planted native tree species at La Mesa Watershed in support of its reforestation efforts

A Commitment to the Community

Through these annual initiatives, PhilRealty renews its commitment to advocating for health and environment

People and community remain at the heart of everything PhilRealty does. In the past year, the company has stayed true to its long-standing partnerships with organizations dedicated to improving human lives and the environment.

Recognizing the importance of both people and nature, PhilRealty regularly organizes corporate social responsibility initiatives that aim to help uplift the quality of life of those living in communities within PhilRealty's immediate reach and beyond.

Nurturing nature
In June last year, working with Million Trees Foundation, the company organized a tree planting activity at the La Mesa Watershed in support of its reforestation efforts. Sharing in the commitment towards environmental protection and the restoration of Philippine forests, PhilRealty employees planted native tree seedlings and indigenous species.

This initiative is set to add support to the La Mesa Watershed, a vital natural reserve that supplies water to Metro Manila and surrounding provinces. The watershed is just one of the many sites supported by the Million Trees Foundation, a non-profit organization working towards large-scale reforestation and environmental education to mitigate climate change.

The children of Barangay Kaunlaran's Planas Site Daycare Center received milk pouches from PhilRealty representatives

Development should come hand in hand with health. PhilRealty shares its commitment to saving lives with its annual blood donation campaign

PhilRealty's successful tree planting initiative adds to the ongoing Annual Million Trees Challenge, wherein the Million Trees Foundation and the Metropolitan Waterworks and Sewerage System (MWSS) aims to plant 15 million trees by 2030.

Starting with the youth
To build a thriving community, it is also important to pay attention to peoples' health. A chosen community in Quezon City—notably composed of pre-school students of Barangay Kaunlaran's Planas Site Daycare Center—received 400 pouches of carabao's milk in a milk feeding program in partnership with the National Dairy Authority.

The milk feeding program held last July 4, 2025 saw PhilRealty representatives interacting with the children and mothers and barangay officials. The initiative underscores PhilRealty's belief that investing in the health and development of children is a meaningful investment in the nation's future.

Carabao's milk is a nutritious dairy choice, making it apt to be shared among the pre-school students. Carabao's milk contains around 40 to 58% more calcium and 11 to 40% more protein than cow's milk, and is also easier to digest.

Saving lives
PhilRealty is now also on its ninth year of blood donation, honoring a long-standing partnership with the Philippine Red Cross. The blood donation drive last July 31, 2025 was held at the Clubhouse at One Balete Compound, seeing employees, security personnel, housekeeping staff, student interns, and even unit owners participating.

The blood donation drive resulted in a total of 36 successful donations. Through this program, PhilRealty renewed its commitment to ensuring that blood is readily available for those in need. The initiative reflects the strong spirit of volunteerism and social responsibility embedded in PhilRealty's corporate culture.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025, 2024 and 2023

Philippine Realty & Holdings Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **PHILIPPINE REALTY AND HOLDINGS CORPORATION** and **SUBSIDIARIES (the Group)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud and error.

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

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

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

Maceda Valencia and Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company 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.

GERARDO DOMENICO ANTONIO V. LANUZA
Chairman

EDMUNDO C. MEDRANO
President

MARISSA S. BONTOGON
Vice President and Treasurer and Risk Officer

Signed this 17th day of March 2026.

SUBSCRIBED AND SWORN to before me this ______ day of ______________, 2026, affiants exhibiting to me their Tax Identification Nos., as follows: MAR 3 0 2026

Name	Tax Identification No.
Gerardo Domenico Antonio V. Lanuza	243-616-771
Edmundo C. Medrano	134-515-229
Marissa S. Bontogon	162-411-720

ATTY. BRYAN G. PEKAS
NOTARY PUBLIC FOR QUEZON CITY
ADM. MATTER NO. NP-171 VALID UNTIL DEC. 31, 2026
ROLL OF ATTORNEY NO. 66393/TIN 289-467-753
IBP NO. 576803 DECEMBER 30, 2025, QUEZON CITY
MCLE NO. VIII-0013054, VALID UNTIL 14/APR/2028
PTR NO. 10438501, JANUARY 5, 2026, MARIKINA CITY
913 EDSA DIAMOND FINANCE, CUBAO, Q.C.

DOC NO. 68
PAGE NO. 15
BOOK NO. V
SERIES OF 2026

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REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation and Subsidiaries
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

We have audited the consolidated financial statements of Philippine Realty and Holdings Corporation and Subsidiaries as at and for the year ended December 31, 2025, on which we have rendered our report dated March 17, 2026.

In compliance with Revised Securities Regulation Code Rule 68 and based on the certification received from the Parent Company's corporate secretary and the results of our work done, as at December 31, 2025, we are stating that the said Parent Company has two thousand two hundred forty-five (2,245) shareholders owning one hundred (100) or more shares.

MACEDA VALENCIA & CO.

JOSE T. VALENCIA
Partner
CPA License No. 32659
Tax Identification No. 119-894-676-000
PTR No. 10788996
Issued on January 23, 2026 at Makati City
BOA/PRC Reg. No. 4748 valid until August 7, 2027
BIR Accreditation No. 08-005063-000-2024 (firm); 08-005063-001-2024 (individual)
Issued on March 26, 2024; valid until March 25, 2027

March 17, 2026
Makati City

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REPORT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation and Subsidiaries
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Philippine Realty and Holdings Corporation and Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of total comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory 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 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 (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Philippines. We have also 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.

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 audit 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.

Maceda Valencia & Co
Member of Nexia

Valuation of Investment Properties

The Risk

Investment properties is considered to be a matter of significance as it requires the application of valuation judgment and use of assumptions by management. As of December 31, 2025, investment property has a total carrying amount of P5.45 billion contributing 55% to the Group's total assets.

Our Response

To determine fair value adjustments, we obtained the latest appraisal report and evaluated appropriateness of assumptions and valuation method, and completeness of the information used.

We also assessed the competence, capabilities, and objectivity of the external appraiser engaged by management by confirming that the appraiser is duly accredited by the Securities and Exchange Commission (SEC).

Valuation of Real Estate Inventories

The Risk

Real estate inventories constitute a material component in the Group's consolidated statements of financial position. Real estate inventories amounted to P2.95 billion representing 30% of the total assets as at December 31, 2025. Real estate inventories include completed units, properties under construction and land held for development. Real estate inventories are valued at the lower of cost or market and net realizable value.

The valuation of real estate inventories is influenced by assumptions and estimates regarding construction costs to be incurred, and future selling prices. Weak demand and the consequential over supply of residential units might exert downward pressure on transaction volumes and selling prices of residential properties.

Our Response

Based on the controls over cost recognition process, we examined supporting documents of transactions of the ongoing projects to ensure that costs are complete and accurate and relates to that project and any spending noted outside the budgeted costs, including capitalized interest, are explained.

We compared cost against net realizable values of inventories through inspection of most recent sales contracts and expected sales proceeds from the remaining properties.

Recoverability of Deferred Tax Assets and Measurement of Deferred Tax Liabilities

The Risk

As disclosed in Note 24 to the consolidated financial statements, the Group has recognized deferred tax assets of P159.18 million and deferred tax liabilities of P801.87 million as at December 31, 2025. The recognition, measurement, and recoverability of these deferred tax balances involve significant management judgment and estimation, particularly in assessing the probability of sufficient future taxable profits, determining the expected timing of reversal of temporary differences, and applying the appropriate tax rates and rules under the National Internal Revenue Code (including the impact of any enacted changes in tax laws).

Our Response

We obtained an understanding of management's process for identifying, measuring, and assessing the recoverability of deferred tax assets and the measurement of deferred tax liabilities. Our substantive audit procedures included the following:

- Reviewing the completeness and accuracy of the underlying temporary differences by agreeing them to the tax computations, financial statement balances, and supporting tax schedules;
- Evaluating the reasonableness of management's forecasts of future taxable profits, including key assumptions such as revenue growth rates, operating margins, capital expenditures, and other relevant factors. These assumptions were compared against historical performance and approved budgets;
- Testing the mathematical accuracy of the deferred tax calculations and assessing the appropriateness of the periods over which the temporary differences are expected to reverse;
- Assessing the appropriateness of the tax rates applied in the calculations and their compliance with relevant tax laws and regulations, involving our internal tax specialists as necessary; and
- Evaluating the adequacy and completeness of the disclosures in Notes 24 and 31 in accordance with PAS 12, Income Taxes. This included assessing the disclosure of the nature and amount of temporary differences, expiry periods of unused tax losses and credits, and the significant judgments and key assumptions used by management.

Presentation of Loans and Capitalization of Borrowing Costs

The Risk

The Group has a significant loan balance of P2.21 billion as of December 31, 2025, which is material to the financial statements. Interest costs of P87.60 million have been capitalized during the year in relation to the ongoing project. The capitalization of interest is accounted for under PAS 23, Borrowing Costs. We identified this as a key audit matter due to the magnitude of the loan and capitalized interest relative to the Group's financial position, the complexity involved in determining the amount of interest eligible for capitalization, and the significant judgments required. These judgments include assessing which expenditures qualify for capitalization, determining the appropriate capitalization rate, and ensuring the capitalization period aligns with the construction timeline of the related assets. There is an inherent risk of misstatement if these judgments are not appropriately applied or if the underlying assumptions are unreasonable.

Our Response

We reviewed loan agreements and the terms and conditions such as but not limited to debt covenants, guarantees, payment, schedule and interest, and determined appropriateness of disclosures in the financial statements.

We obtained an understanding of the terms of the loan agreement and management's process for identifying qualifying assets and calculating capitalized interest.
We tested the accuracy of the interest capitalization calculation, including the interest rate applied and the period of capitalization, by agreeing inputs to loan documentation and project timelines.

We evaluated the appropriateness of management's judgments regarding the eligibility of assets for interest capitalization, including corroborating the status of construction projects with supporting evidence such as progress reports and contractor invoices.

Allowance for Impairment Losses on Trade and Other Receivables

The Risk

The allowance for impairment losses on trade and other receivables is considered to be a matter of significance as it requires the application of judgment and use of subjective assumptions by management. As of December 31, 2025, trade and other receivables amounted to of P256.69 million, contributing 2.6% to the Group's total assets.

Our Response

We tested the calculation methodology which is based on cash flows of future payments considering historical data of collections and defaults including the value of repossessed inventories and possible refunds. We also tested the assumptions including interest rates used in computing for the expected credit loss.

Real Estate Revenue Recognition

The Risk

Although revenue from real estate sales amounted to P23.45 million, representing only 8.6% of Revenues and Other Income for the year ended December 31, 2025, the recognition of such revenue involves areas susceptible to fraud risk. Specifically, the process requires the application of management judgment and estimation in determining the timing and conditions under which a contract qualifies for revenue recognition. Errors or intentional misapplication of these judgments could result in material misstatements in the financial statements.

The Group's accounting policies for revenue recognition on real estate sales are disclosed in Note 30, while the significant judgments and estimates applied by management are disclosed in Note 31 to the consolidated financial statements.

Our Response

We obtained an understanding of the Group's revenue recognition process for real estate sales, including related controls. We performed risk assessment procedures to evaluate the design and implementation of relevant controls and conducted walkthroughs to identify areas where fraud risk could arise.
In particular, we tested the operating effectiveness of controls over:

- Initiation: ensuring sales reservations and payment schemes are based on valid transactions, and cancellations are issued in accordance with policy.
- Authorization: verifying that contracts (Reservation Agreements, Contracts to Sell, Deeds of Absolute Sale) and cancellations are approved by authorized officers.
- Recording and processing: confirming that sales are system-generated at the point of recognition, counterchecked by finance officers, and cancellations are manually recognized only upon approval.

We also tested controls over the financial reporting close process, including preparation and review of disclosures by authorized finance officers.

In addition, we performed substantive procedures on selected sales and cancellation transactions during the year. This included examining supporting documents (approved payment schemes, Contracts to Sell, Deeds of Absolute Sale, Notices of Cancellation) and reperformance of calculations to validate the amounts recognized.

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

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

In preparing the 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 Company 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.

Auditor's Responsibilities for the Audit 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs 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 separate financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 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 material doubt on the 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 auditor's 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 auditor's 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 material audit findings, including any material 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 auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Jose T. Valencia.

MACEDA VALENCIA & CO.

JOSE T. VALENCIA
Partner
CPA License No. 32659
Tax Identification No. 119-894-676-000
PTR No. 10788996
Issued on January 23, 2026 at Makati City
BOA/PRC Reg. No. 4748 valid until August 7, 2027
BIR Accreditation No. 08-005063-000-2024 (firm); 08-005063-001-2024 (individual)
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March 17, 2026
Makati City

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	Note	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	3	**P67,956,349**	P212,525,104
Financial assets at fair value through profit or loss (FVPL)	4	**6,750,000**	6,750,000
Trade and other receivables - current portion	6	**223,262,586**	310,056,766
Real estate inventories	7	**2,948,523,289**	2,395,612,671
Prepayments and other current assets – net	8	**971,186,310**	995,291,809
Investment in finance lease – current portion	12	**-**	16,798,904
Total Current Assets		**4,217,678,534**	3,937,035,254
Non-current Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	5	**41,867,434**	27,925,315
Trade and other receivables – net of current portion	6	**33,424,568**	68,744,092
Investments in and advances to associates – net	9	**53,577,532**	54,301,261
Investment properties	10	**5,451,388,370**	5,326,432,281
Property and equipment – net	11	**71,629,190**	83,892,120
Right-of-use assets – net	12	**-**	76,909,906
Investment in finance lease – net of current portion	12	**-**	155,173,275
Other non-current assets		**53,386**	53,386
Total Non-current Assets		**5,651,940,480**	5,793,431,636
Total Assets		**P9,869,619,014**	P9,730,466,890
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Trade and other payables - current portion	13	**P336,992,014**	P201,192,447
Loans and note payable - current portion	14	**760,651,466**	984,428,257
Lease liability - current portion	12	**-**	16,367,703
Total Current Liabilities		**1,097,643,480**	1,201,988,407
Non-current Liabilities			
Trade and other payables - net of current portion	13	**108,849,648**	104,872,422
Loans and note payable - net of current portion	14	**1,448,970,595**	857,491,696
Retirement benefit obligation	16	**95,136,266**	90,759,285
Deferred tax liabilities – net	24	**642,690,108**	790,887,733
Lease liability – net of current portion	12	**-**	126,725,111
Deferred rent income	12	**11,879,904**	41,405,086
Total Non-current Liabilities		**2,307,526,521**	2,012,141,333
Total Liabilities		**P3,405,170,001**	P3,214,129,740

Forward

Philippine Realty & Holdings Corporation
2025 ANNUAL REPORT

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	Note	2025	2024
EQUITY			
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	25	**P4,275,721,448**	P4,275,721,448
Additional paid-in capital	25	**777,487,094**	780,630,029
Reserves	26	**72,021,276**	54,362,518
Retained earnings		**1,494,456,768**	1,557,228,901
Treasury stock	25	**(110,049,633)**	(110,049,633)
		6,509,636,952	6,557,893,263
Equity Attributable to Non-Controlling Interests	27	**(45,187,940)**	(41,556,113)
		6,464,449,013	6,516,337,150
		P9,869,619,014	P9,730,466,890

See Notes to the Consolidated Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

	Notes	2025	2024	2023
INCOME				
Sales of real estate		**P23,446,542**	P54,281,940	P174,460,724
Rent	*12*	**85,599,189**	78,226,430	65,161,614
Management fees	*17*	**37,870,945**	42,928,666	41,203,464
Interest	*19*	**10,943,084**	10,840,037	14,050,801
Commission	*18*	**6,891,196**	10,313,645	5,215,928
Other income	*20*	**106,527,998**	186,653,703	426,546,957
		271,278,954	383,244,421	726,639,488
COSTS AND EXPENSES				
Cost of real estate sold	*7*	**2,000,000**	33,972,600	90,154,100
Cost of services	*21*	**80,001,584**	79,282,634	74,604,569
General and administrative expenses	*22*	**225,892,695**	259,703,091	307,660,262
Loss on lease cancellation	*23*	**93,027,404**	-	-
Finance costs	*12,14*	**80,768,427**	89,057,427	70,157,474
Equity in net loss of an associate	*9*	**723,730**	2,135,489	1,799,381
Other expenses	*23*	**203,517**	200,543	4,898,497
		482,617,357	464,351,784	549,274,283
INCOME (LOSS) BEFORE INCOME TAX		**(211,338,403)**	(81,107,363)	177,365,205
INCOME TAX EXPENSE (BENEFIT)	*24*	**(147,775,176)**	40,132,029	64,496,247
NET INCOME (LOSS)		**(P63,563,227)**	(P121,239,392)	P112,868,958
Attributable to:				
Equity holders of the parent	*28*	**(P62,772,133)**	(P121,235,533)	P112,880,755
Non-controlling interest	*27*	**(791,094)**	(3,859)	(11,796)
		(P63,563,227)	(P121,239,392)	P112,868,959
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Remeasurement gain (loss) on defined benefit obligation, net of tax	*26*	**P4,511,119**	P3,510,610	(P8,521,221)
Unrealized holding gain (loss) on financial assets at FVOCI	*5,26*	**13,942,119**	4,852,614	(878,903)
		18,453,238	8,363,224	(9,400,124)
TOTAL COMPREHENSIVE INCOME (LOSS)		**(P45,109,989)**	(P112,876,168)	P103,468,835
BASIC EARNINGS (LOSS) PER SHARE	*28*	**(P0.01)**	(P0.01)	P0.01

See Notes to the Consolidated Financial Statements.

Philippine Realty & Holdings Corporation
2025 ANNUAL REPORT

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Equity Attributable to Equity Holders of the Parent Company							
	Capital Stock (Note 25)	Additional Paid-in Capital (Note 25)	Reserves (Note 26)	Retained Earnings	Treasury Stock (Note 25)	Total	Non-controlling Interests (Note 27)	Total Equity
Balance at January 1, 2023	P4,275,721,448	P780,630,029	P65,530,662	P1,555,405,651	(P110,049,633)	P6,567,238,157	(P41,540,458)	P6,525,697,699
Comprehensive income (loss)								
Net income (loss) for the year	-	-	-	112,880,755	-	112,880,755	(11,796)	112,868,959
Other comprehensive loss for the year	-	-	(9,400,124)	-	-	(9,400,124)	-	(9,400,124)
Adjustments	-	-	46,784	-	-	46,784	-	46,784
Total comprehensive income (loss) for the year	-	-	(9,353,340)	112,880,755	-	103,527,415	(11,796)	103,515,619
Balance at December 31, 2023	P4,275,721,448	P780,630,029	P56,177,322	P1,668,286,406	(P110,049,633)	P6,670,765,572	(P41,552,254)	P6,629,213,318
Comprehensive income (loss)								
Net loss for the year	-	-	-	(121,235,533)	-	(121,235,533)	(3,859)	(121,239,392)
Other comprehensive income for the year	-	-	8,363,224	-	-	8,363,224	-	8,363,224
Total comprehensive income (loss) for the year	-	-	8,363,224	(121,235,533)	-	(112,872,309)	(3,859)	(112,876,168)
Disposal of Financial Asset at FVOCI	-	-	(10,178,028)	10,178,028	-	-	-	-
Balance at December 31, 2024	P4,275,721,448	P780,630,029	P54,362,518	P1,557,228,901	(P110,049,633)	P6,557,893,263	(P41,556,113)	P6,516,337,150
Comprehensive income (loss)								
Net loss for the year	-	-	-	(62,772,133)	-	(62,772,133)	(791,094)	(63,563,227)
Other comprehensive income for the year	-	-	18,453,238	-	-	18,453,238	-	18,453,238
Adjustments	-	-	(794,480)	-	-	(794,480)	(2,840,733)	(3,635,213)
Total comprehensive income (loss) for the year	-	-	17,658,758	(62,772,133)	-	(45,113,375)	(3,631,827)	(48,745,202)
Share transaction cost (*see Note 35*)	-	(3,142,935)	-	-	-	(3,142,935)	-	(3,142,935)
Balance at December 31, 2025	**P4,275,721,448**	**P777,487,094**	**P72,021,276**	**P1,494,456,768**	**(P110,049,633)**	**P6,509,636,953**	**(P45,187,940)**	**6,464,449,013**

See Notes to the Consolidated Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF TOTAL CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

	Notes	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before (loss) income tax		**(P211,338,403)**	(P81,107,363)	P177,365,206
Adjustments for:				
Loss on cancellation of lease	23	**93,027,404**	-	
Finance costs	12,14	**80,768,427**	89,057,427	70,157,474
Depreciation and amortization	21,22	**25,624,459**	25,964,742	19,410,315
Provision for retirement benefits	16,20,22	**15,796,958**	12,157,585	14,813,508
Equity in net loss of an associate	9	**723,730**	2,135,489	1,799,380
Gain on change in fair value of investment properties	10,20	**(98,114,332)**	(158,384,893)	(259,380,144)
Interest income	19	**(10,943,084)**	(10,840,037)	(14,050,801)
Reversal of impairment loss on trade and other receivables	6,20,22	**(1,306,448)**	(7,130,236)	(22,136,446)
Foreign exchange loss (gain) – net	20,23	**(300,890)**	(812,642)	402,230
Loss (gain) on repossession of real estate inventories	23	**-**	-	3,524,627
Gain on sale of investment properties	20	**-**	-	(128,065,333)
Dividend income	5,20	**-**	(1,637,722)	-
Operating loss before working capital changes		**(106,062,179)**	(130,597,650)	(136,159,984)
Decrease (increase) in:				
Trade and other receivables		**120,807,256**	184,404,735	47,982,799
Prepayments and other current assets		**21,479,714**	(534,071,280)	(48,950,129)
Real estate inventories		**(465,307,733)**	(289,515,518)	35,211,279
Increase (decrease) in:				
Trade and other payables		**139,776,793**	177,994,362	(57,931,774)
Other non-current liabilities		**(29,525,184)**	(2,203,252)	2,601,128
Cash absorbed by operations		**(318,831,333)**	(593,988,603)	(157,246,681)
Collection of lease receivables		**26,486,539**	24,449,088	23,672,896
Interest received	19	**2,692,913**	1,719,953	14,050,801
Contributions to retirement fund	16	**(5,500,000)**	(2,500,000)	(7,000,000)
Net cash used in operating activities		**(295,151,881)**	(570,319,562)	(126,522,984)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property and equipment		**574,349**	244,482	776,528
Additions to property and equipment	11	**(3,270,515)**	(7,954,948)	(40,698,040)
Additions to investment properties	10	**(26,841,757)**	-	(3,939,956)
Proceeds from sale of investment in stock	5	**-**	12,124,501	-
Dividends received	20	**-**	1,637,722	-
Proceeds from sale of investment properties		**-**	-	62,036,427
Net cash from (used in) investing activities		**(29,537,923)**	6,051,757	18,174,959

Forward

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PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF TOTAL CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

	Notes	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans	14	**P2,755,083,200**	P3,132,611,060	P2,018,581,702
Transaction costs paid on the issuance of shares	25,35	**(3,142,935)**	-	-
Lease liability payments		**(22,920,362)**	(22,972,049)	(22,972,049)
Finance cost paid		**(161,818,652)**	(124,093,584)	(56,615,119)
Payments of loans and note payable	14	**(2,387,381,092)**	(2,492,710,836)	(1,710,985,337)
Net cash from financing activities		**179,820,159**	492,834,591	228,009,197
EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		**300,890**	812,642	(402,230)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(144,568,755)**	(70,620,572)	119,258,942
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3	**212,525,104**	283,145,676	163,886,734
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	**P67,956,349**	P212,525,104	P283,145,676

See Notes to the Consolidated Financial Statements.

1. Corporate Information

Philippine Realty and Holdings Corporation (the "Parent Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 13, 1981. The principal activities of the Parent Company include the acquisition, development, sale and lease of all kinds of real estate and personal properties, and as an investment and holding company.

The Parent Company was listed with the Philippine Stock Exchange (PSE) on September 7, 1987.

The Parent Company is 65.20% owned by Greenhills Properties, Inc., a company registered under the laws of the Philippines.

The Parent Company's registered office is at One Balete, 1 Balete Drive corner N. Domingo St. Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines.

The consolidated financial statements include the accounts of the Parent Company and the following domestic subsidiaries:

	Principal Activities	Ownership Interest		
			2025	2024
PRHC Property Managers, Inc. (PPMI)	Property Management	Direct	100%	100%
Tektite Insurance Agency, Inc. (TIAI)	Insurance Agency (2025)/Insurance Brokerage (2024 and prior years)	Direct	100%	100%
Sultan's Power, Inc. (SPI)	Holding Company	Direct	100%	100%
Three Corners Realty Corporation (TCRC)	Real Estate	Direct	100%	100%
Universal Travel Corporation (UTC)	Travel and Tours Agency	Direct	81.53%	81.53%
Recon-X Energy Corporation	Waste Management	Indirect	51%	51%

2. Basis of Preparation

Statement of Compliance
The consolidated financial statements of Philippine Realty and Holding Corporation and Subsidiaries, (the "Group") have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC), as approved by the Philippine Financial Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC.

Approval of Financial Statements
The accompanying consolidated financial statements as at and for the year ended December 31, 2025 were approved and authorized for issuance by the Board of Directors (BOD) of the parent company on March 17, 2026.

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PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

Basis of Measurement
The consolidated financial statements have been prepared under the historical cost convention, except for the following which are measured using alternative basis at each reporting date:

Financial assets at FVPL	Fair value
Financial assets at FVOCI	Fair value
Investment properties	Fair value
Retirement benefit obligation	Present value of the defined benefit obligation less fair value of plan assets

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine peso, which is the presentation and functional currency of the Group. All financial information presented have been rounded to the nearest peso, unless otherwise stated.

Use of Estimates and Judgments
The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about material areas of estimation uncertainty and critical judgments in applying accounting policies that have the most material effect on the amounts recognized in the consolidated financial statements are described in Notes 30 and 31.

3. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	**P51,000**	P1,051,000
Cash in banks	**28,061,387**	41,728,474
Cash equivalents	**39,843,962**	169,745,630
	P67,956,349	P212,525,104

Cash in banks earned an average annual interest of 0.12% and 0.04% in 2025 and 2024. Cash equivalents represent money market placements or short-term investments with maturities up to three months and annual interests ranging from 2.50% to 4.50% and 2.25% to 5.12% in 2025 and 2024, respectively.

Interest income recognized amounted to P2.62 million, P1.00 million and P1.33 million in 2025, 2024 and 2023, respectively (see Note 19).

4. Financial Assets at Fair Value Through Profit or Loss (FVPL)

This account is composed of listed equity securities that are held for trading. The fair values of these securities totaling P6,750,000 are based on quoted market prices.

5. Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

As at December 31, financial assets at FVOCI consist of investments in:

		December 31, 2025 and 2024		
	Note	Listed shares of stock	Golf and country club shares	Total
Cost				
Beginning balance		P56,386,335	P3,350,000	P59,736,335
Accumulated unrealized holding gain (loss)				
January 1, 2024		(25,535,606)	(950,000)	(26,485,606)
Unrealized holding gain (loss)		(1,747,386)	6,600,000	4,852,614
Disposals	26	(10,178,028)	-	(10,178,028)
December 31, 2024		**(37,461,020)**	**5,650,000**	**(31,811,020)**
Unrealized holding gain (loss)	26	15,342,119	(1,400,000)	13,942,119
December 31, 2025		**(22,118,901)**	**P4,250,000**	**(17,868,901)**
Carrying amount December 31, 2024		P18,925,315	P9,000,000	P27,925,315
Carrying amount December 31, 2025		**P34,267,434**	**P7,600,000**	**P41,867,434**

The investments in shares of stock of various listed equity securities present the Parent Company with opportunity for return through dividend income. The above investments in equity instruments are not held for trading and the Group irrevocably elected to present subsequent changes in fair values in OCI.

The fair values of these investments are based on quoted market prices. Unrealized holding gains or losses from market value fluctuations are recognized as part of the Group's reserves.

In 2024, the Parent Company sold its shares in Premium Leisure Corporation with carrying amount of P10,178,028.

Unrealized holding gain (loss) recognized in other comprehensive income from financial assets at FVOCI amounted to P13.94 million in 2025, P4.85 million in 2024 and (P0.88) million in 2023 (see Note 26).

Dividend income recognized in profit or loss amounted to nil, P1.64 million and nil in 2025, 2024 and 2023, respectively (see Note 20).

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PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

6. Trade and Other Receivables

This account is composed of:

	Note	2025	2024
Trade:			
Sale of real estate		**P280,827,537**	P405,485,246
Lease		**31,226,399**	29,571,731
Management fees		**6,518,275**	8,726,074
Commission		**5,731,893**	8,484,851
Advances		**7,427,769**	3,857,475
Premiums receivable		**5,605,992**	3,637,023
Other receivables	15	**37,270,627**	38,266,244
		374,608,492	498,028,644
Less: allowance for impairment loss		**117,921,338**	119,227,786
		256,687,154	378,800,858
Less: non-current portion		**33,424,568**	68,744,092
Trade and other receivables - current portion		**P223,262,586**	P310,056,766

Trade receivables from sale of real estate include amounts due from buyers of the Parent Company's condominium projects, generally over a period of two (2) to three (3) years. The condominium certificates of title remain in the possession of the Parent Company until full payment has been made by the customers. Trade receivables for restructured accounts carry yield-to-maturity interest rates of 1.5% per month in 2025 and 2024. Total Interest income recognized from trade receivables amounted to P74,334, P718,376 and P3,134,708 in 2025, 2024 and 2023, respectively (see Note 19). Certain trade receivables with total carrying value of P18 million and P95 million as at December 31, 2025 and 2024, respectively, are pledged to a local bank as collateral to the Company's loans payable (see Note 14).

Advances consist mainly of advances to officers and employees that are settled either through liquidation or salary deduction.

Other receivables mainly consist of receivables from multiple parties for reimbursable expenses paid by the Group in behalf of these parties.

Receivables amounting to P117.92 million and P119.23 million as of December 31, 2025 and 2024 respectively, were fully provided with allowance. The movements in the allowance for Expected Credit Losses (ECL) on receivables are as follows:

				2025			
	Sale of real estate	**Lease**	**Management fees**	**Premiums receivable**	**Advances**	**Other receivables**	**Total**
Beginning balance	**P68,658,115**	**P7,034,694**	**P3,189,750**	**P2,899,963**	**P862,891**	**P36,582,373**	**P119,227,786**
(Reversals)	**(1,306,448)**	**-**	**-**	**-**	**-**	**-**	**(1,306,448)**
	P67,351,667	**P7,034,694**	**P3,189,750**	**P2,899,963**	**P862,891**	**P36,582,373**	**P117,921,338**

				2024			
	Sale of real estate	Lease	Management fees	Premiums receivable	Advances	Other receivables	Total
Beginning balance	P73,462,630	P4,787,074	P3,189,750	P2,899,963	P862,891	P41,155,714	P126,358,022
Provisions	-	2,247,620	-	-	-	1,056,518	3,304,138
(Reversals)	(4,804,515)	-	-	-	-	(5,629,859)	(10,434,374)
	P68,658,115	P7,034,694	P3,189,750	P2,899,963	P862,891	P36,582,373	P119,227,786

7. Real Estate Inventories

This account consists of:

	2025	2024
In progress:		
BGC Project	**P2,607,523,057**	P2,052,612,439
Andrea North Estate	-	117,572,442
	2,607,523,057	2,170,184,881
Completed units:		
Andrea North SkyVillas Tower	**35,678,000**	37,678,000
Andrea North Skyline Tower	**14,362,111**	14,362,111
The Icon Plaza	**38,020,766**	38,020,766
	88,060,877	90,060,877
Land held for development:		
New Manila, Quezon City	**252,939,355**	135,366,913
	P2,948,523,289	P2,395,612,671

BGC Project pertains to the Unico Project, a 40-storey upscale residential condominium located in Bonifacio South District in Taguig City. The project broke ground on March 5, 2024. The carrying amount represents the cost of the land, and all other costs incurred in the planning and preparation, site preparation, foundation and structural framework. Accumulated cost also includes capitalized interest.

In 2025, the Company reclassified costs amounting to P117.57 million related to the Andrea North Estate project, previously presented as 'In Progress,' to 'Land Held for Development,' as management determined this classification more appropriately reflects that the costs pertain to land development.

Certain real estate inventories are mortgaged as collaterals to loans (see Note 14).

The cost of real estate inventories sold recognized in the consolidated statements of total comprehensive income amounted to P2,000,000, P33,972,600 and P90,154,100 in 2025, 2024 and 2023, respectively.

8. Prepayments and Other Current Assets

This account consists of:

	2025	2024
Prepaid expenses	**P427,864,955**	P493,584,701
Creditable withholding tax	**320,176,463**	303,612,516
Input tax	**101,215,102**	65,652,616
Prepaid taxes	**59,865,093**	78,576,033
Investment in escrow	**31,552,471**	31,552,471
Others	**30,512,226**	22,313,472
	P971,186,310	P995,291,809

Prepaid expenses consist of advance payment to contractors, rent, real property tax, insurance premium and membership dues.

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Creditable withholding tax pertains to taxes withheld by the Group's customers in accordance with tax regulations which remained unutilized as at the end of the reporting period. This can be utilized by the Group as a deduction from future income tax obligations.

Input tax refers to the value-added tax (VAT) that a Company pays on goods or services purchased for its operations.

Prepaid taxes include unutilized creditable withholding taxes which the Company opted for refund with the Bureau of Internal Revenue and tax certificates.

Investment in escrow pertains to the Parent Company's account in PBCom in connection with the escrow agreement with Department of Human Settlements and Urban Development for the construction of Project Unico.

9. Investments in and Advances to Associates

Details of the ownership interests in associates as at December 31 are as follows:

	2025	2024
Meridian Assurance Corporation (MAC)	**30%**	30%
Le Cheval Holdings, Inc. (LCHI)	**45%**	45%
Alexandra (USA), Inc. (AUI)	**45%**	45%

Details of investments in and advances to associates are as follows:

	2025	2024
Meridian Assurance Corporation		
Investment - acquisition cost	**P81,829,858**	P81,829,858
Accumulated equity in net loss:		
Balance at beginning of year	**(27,653,746)**	(25,518,258)
Equity in net loss for the year	**(723,730)**	(2,135,489)
Balance at end of year	**(28,377,476)**	(27,653,747)
	P53,452,382	P54,176,111
Le Cheval Holdings, Inc.		
Investment - acquisition cost	**P11,250**	P11,250
Allowance for impairment loss	**(11,250)**	(11,250)
	P -	P -
Accumulated equity in net loss:		
Balance at end of year	**P125,150**	P125,150

	2025	2024
Alexandra (USA), Inc.		
Investment - acquisition cost	**P14,184,150**	P14,184,150
Allowance for impairment loss	**(14,184,150)**	(14,184,150)
	-	-
Advances to AUI	**132,417,765**	132,417,765
Allowance for unrecoverable advances	**(132,417,765)**	(132,417,765)
	-	-
	P53,577,532	P54,301,261

Allowance for impairment loss pertains to the company's investments in associates that have ceased operations or in process of liquidation.

Aggregated amounts relating to associates are as follows:

	2025	2024
Meridian Assurance Corporation (MAC)		
Total assets	**P350,700,561**	P351,969,981
Total liabilities	**(28,502,616)**	(27,149,697)
Net assets	**322,197,945**	324,820,284
Income	**4,220,536**	659,480
Cost and expenses	**(6,626,812)**	(7,777,777)
Net loss	**(P2,406,276)**	(P7,118,297)
Le Cheval Holdings, Inc. (LCHI)		
Total assets	**P45,362**	P45,362
Total liabilities	**(142,248)**	(142,248)
Net liabilities	**(96,886)**	(96,886)
Income	**-**	-
Cost and expenses	**-**	-
Net loss	**P -**	P -

The following are the principal activities of the Group's Associates:

Meridian Assurance Corporation
MAC was incorporated and registered with the SEC on March 16, 1960, renewed on November 13, 2007, primarily to engage in the business of insurance and guarantee of any kind and in all branches except life insurance, for consideration, to indemnify any person, firm or corporation against loss, damage or liability arising from any unknown or contingent event, and to guarantee liabilities and obligations of any person, firm or corporation and to do all such acts and exercise all such powers as may be reasonably necessary to accomplish the above purposes which may be incidental.

On July 7, 2021, MAC received a letter from the Insurance Commission (IC) confirming MAC's withdrawal from the insurance business. It is also stated in the letter that MAC is no longer required to submit annual financial statements and other documentary requirements to the commission starting financial year-end 2021. As at December 31, 2022, MAC is in the process of preparing the necessary documents for the amendment of its Articles of Incorporation and By-laws for filing with the SEC and IC. Thereafter, the Company plans to engage in the business of asset management. As of December 31, 2025 and 2024, the Company's application for amendment of its Articles of Incorporation and By-laws is still in process with SEC.
The registered office of MAC is Unit E-2003B East Tower, Tektite Towers (formerly Philippine Stock Exchange Centre), Exchange Road, Ortigas Center, Pasig City.

Le Cheval Holdings, Inc.
LCHI, which was incorporated and registered with the SEC on August 30, 1994 as a holding company is inactive.

Alexandra (USA), Inc.
AUI was incorporated in the United States of America (USA). AUI is involved in property development in Florida, USA. AUI is jointly owned with GPI (45%) and Warrenton Enterprises Corporation (10%) of William Cu-Unjieng. AUI is in the process of liquidation.

10. Investment Properties

Investment properties consist of:

	2025	2024
Cost		
Land – BGC	**P871,044,982**	P846,000,000
Land – La Union	**33,859,578**	33,859,578
Land and building	**402,443,016**	402,443,016
Condominium units and parking slots	**791,364,312**	789,567,537
	2,098,711,888	2,071,870,131
Accumulated unrealized holding gain	**3,352,676,482**	3,254,562,150
	P5,451,388,370	P5,326,432,281

Land – BGC
In 2025 the parcel of land located in BGC with carrying value amounting to P1,584,000,000 was transferred to TCRC in exchange for the latter's preferred shares. Costs capitalized as part of land amounted to P25,044,982.

Land – La Union
This pertains to a lot in San Fernando, La Union which is presently being held for capital appreciation.

Land and building
This property pertains to land and building located in Baguio which is being leased to PPMI under a lease agreement which is renewed annually. PPMI oversees the property and leases it to individuals and corporate clients for short-term accommodations, functions, and events.

Condominium units and parking slots
These are condominium units and parking spaces at the East Tower, West Tower of Tektite Towers and Skyvillas Towers held for rental.

Details of the accumulated unrealized fair value gain are as follows:

	2025	2024
Accumulated unrealized holding gain		
Land – BGC	**P738,000,000**	P728,120,000
Land – La Union	**331,707,822**	331,707,822
Land and building	**176,720,984**	161,143,984
Condominium units and parking slots	**2,106,247,676**	2,033,590,344
	P3,352,676,482	P3,254,562,150

The movements in accumulated unrealized fair value gain in 2025 and 2024 are as follows:

	Note	2025	2024
Beginning balance		**P3,254,562,150**	P3,096,177,257
Changes in fair value during the year	*20*	**98,114,332**	158,384,893
Total		**P3,352,676,482**	P3,254,562,150

Details of the carrying amount of investment properties are as follows:

	2025	2024
Carrying amount of investment properties		
Land	**P1,974,612,382**	P1,939,687,400
Land and building	**579,164,000**	563,587,000
Condominium units and parking slots	**2,897,611,988**	2,823,157,881
	P5,451,388,370	P5,326,432,281

An independent valuation of the Company's investment properties was performed by Asian Appraisal Company, Inc. on November 26 to 28, 2025 to determine their fair values. The external independent appraiser used sales comparison approach in arriving at the value of the properties. In this approach, the values of the properties were determined based on sales and listings of comparable properties. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity or at a different floor level of the same building. Comparison would be premised on factors such as location, size and physical attributes, selling terms, facilities offered and time element.

Rental income recognized from the investment properties in 2025, 2024 and in 2023 amounted to P85,599,189, P78,226,430 and P65,161,614, respectively. Real property taxes attributable to the investment properties in 2025, 2024 and 2023 amounted to P6,933,713, P7,027,242 and P6,970,788, respectively and are included as part of taxes and licenses in cost of services and general and administrative expenses. Condominium dues are attributable to the investment properties in 2025, 2024 and 2023 amounted to P11,679,808, P8,797,869 and P10,254,996, respectively and are included also in cost of services (see Note 21).

Certain investment properties are mortgaged as collateral to loans (see Note 14).

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11. Property and Equipment

The details of the carrying amounts of property and equipment, the gross carrying amounts, and accumulated depreciation and amortization of property and equipment are shown below:

	For the Years Ended December 31, 2025 and 2024				
	Condominium Units, Building and Building Improvements	**Office Furniture, Fixtures and Equipment**	**Transportation, Machinery and Other Equipment**	**Leasehold and Office Improvements**	**Total**
Cost					
January 1, 2024	P100,987,980	P37,358,677	P85,438,557	P1,221,181	P225,006,395
Additions	2,184,552	1,107,700	4,662,696	-	7,954,948
Disposals	-	(6,937,431)	(26,620,700)	-	(33,558,131)
December 31, 2024	103,172,532	31,528,946	63,480,553	1,221,181	199,403,212
Additions	-	1,001,444	2,137,071	132,000	3,270,515
Disposals	-	(271,250)	(6,108,125)	-	(6,379,375)
December 31, 2025	**103,172,532**	**32,259,140**	**59,509,499**	**1,353,181**	**196,294,352**
Accumulated depreciation					
January 1, 2024	48,830,981	34,087,342	49,385,858	1,221,180	133,525,361
Provision	4,828,108	1,922,359	8,548,913	-	15,299,380
Disposals	-	(6,930,109)	(26,383,540)	-	(33,313,649)
December 31, 2024	53,659,089	29,079,592	31,551,231	1,221,180	115,511,092
Provision	4,854,746	1,529,413	8,555,138	19,800	14,959,097
Disposals	-	(271,250)	(5,533,777)	-	(5,805,027)
December 31, 2025	**58,513,835**	**30,337,755**	**34,572,592**	**1,240,980**	**124,665,162**
Carrying Amount					
December 31, 2024	P49,513,443	P2,449,354	P31,929,322	P1	P83,892,120
December 31, 2025	**P44,658,697**	**P1,921,385**	**P24,936,907**	**P112,201**	**P71,629,190**

Certain transportation equipment of the Group with total carrying value of P24.94 million and P31.89 million as at December 31, 2025 and 2024, respectively are pledged as security under chattel mortgage (see Note 14).

12. Leases

A. Rights-of-use assets

The Parent Company leases two parcels of land located at 5th Avenue corner 24th Street and 5th avenue corner 25th Street, Bonifacio Global City, Taguig City. These contracts have a term of fifteen (15) years, renewable for another ten (10) years upon submission of a written notice to renew at least ninety days prior to the expiration of the original term, with terms and conditions mutually agreed by both parties.

The Parent Company also leases Unit 10A in Icon Plaza located at 26th Street, Bonifacio Global City, Taguig City. The contract has a term of five (5) years and is renewable upon mutual agreement of both parties.

Early Termination of Lease

During the reporting period, the Parent Company, as lessee, experienced the early termination of the non-cancellable head lease for a parcel of land located in BGC by the property owner. The lease was originally set to expire in 2032.

As a result of the termination, the right-of-use asset with a carrying amount of P63.4 million and the lease liability of P66.2 million were derecognized. The net effect of these derecognitions, after accounting for any compensation paid or received, resulted in a loss of P2.8 million, which has been recognized in profit or loss within other expenses. The compensation arrangements did not result in any additional contingent liabilities. No further rights or obligations remain under lease agreements post-termination.

The carrying amount of right-of-use assets as at December 31, 2025 and 2024 is shown below:

	2025	2024
Right-of-use assets	**P133,796,186**	P133,796,186
Accumulated depreciation	**(67,551,642)**	(56,886,280)
Derecognition	**(66,244,544)**	-
	P -	P76,909,906

B. Investment in finance leases

The Parent Company entered into a sublease contract relating to one of the parcels of land being leased in BGC as discussed above. This agreement was assessed by the management to be of a finance lease and is renewable at the end of the lease term of initially fifteen (15) years upon mutual consent of the parties.

As mentioned, the head lease for this parcel of land was terminated. Consequently, the related sublease agreement with the sublessee was also terminated.

As a result of the termination, the net investment in sublease with a carrying amount of P153.5 million and the lease liability of P63.4 million were derecognized. The net effect of these derecognitions, after accounting for any compensation paid or received, resulted in a loss of P90.1 million, which has been recognized in profit or loss within other expenses. The compensation arrangements did not result in any additional contingent liabilities. No further rights or obligations remain under either the head lease or sublease agreements post-termination.

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The movements in the lease receivables are shown below:

	2025	2024
Balance at beginning of year	**P24,449,088**	P23,672,896
Collection for the year	**2,037,451**	776,192
Balance at end of year	**P26,486,539**	P24,449,088

Amounts receivable under finance lease	**2025**	2024
Year 1	**P -**	P24,856,576
Year 2	**-**	25,671,552
Year 3	**-**	26,099,392
Year 4	**-**	26,955,072
Year 5	**-**	27,404,352
Onwards	**-**	76,889,472
Undiscounted lease payments	**-**	207,876,416
Present value of minimum lease payments receivable	**-**	P171,972,179
Less: current portion	**-**	16,798,904
Investment in finance lease – net of current portion	**P -**	P155,173,275

Interest income recognized in profit or loss amounted to P8,022,332, P8,843,737 and P9,573,151 in 2025, 2024 and 2023, respectively (see Note 19).

C. Lease liabilities

The movements in the lease liabilities are shown below:

	2025	2024
Balance at beginning of year	**P143,092,814**	P157,762,978
Accretion of interest	**6,552,660**	7,401,885
Payments during the year	**(22,920,362)**	(22,072,049)
Lease termination	**(126,725,112)**	-
Balance at end of year	**P -**	P143,092,814

A maturity analysis of lease liabilities under both lessee and lessor based on the total cash flows is reported in the table below:

	2025		2024	
	Undiscounted	**Discounted**	Undiscounted	Discounted
Right-of-use assets				
Less than 1 year	**P -**	**P -**	P11,844,653	P8,521,596
More than 1 year	**-**	**-**	74,400,000	63,362,555
	-	**-**	86,244,653	71,884,151
Finance lease				
Less than 1 year	**-**	**-**	11,160,000	7,846,107
More than 1 year	**-**	**-**	74,400,000	63,362,556
	-	**-**	85,560,000	71,208,663
	P -	**P -**	P171,804,653	P143,092,814

Amounts recognized in profit or loss:

	Notes	**2025**	2024	2023
Depreciation expense	*21,22*	**P10,665,362**	P10,665,362	P10,647,871
Interest expense		**6,552,660**	7,401,885	8,131,867

D. **Short-term operating leases as lessor**

As lessor
The Group entered into short-term lease agreements including condominium units, office spaces, food plaza spaces and parking spaces. The lease contracts between the Group and its lessees have a term of one (1) year which are renewable annually.

Total rental income earned in 2025, 2024 and 2023 amounted to P85,599,189, P78,226,430 and P65,161,614, respectively.

Deferred rental income amounting to P11,879,904 and P41,405,086 as of December 31, 2025 and 2024, respectively, pertains to advance rent received from lessees to be applied on the last three (3) months of the lease contract.

Refundable deposits on these lease agreements amounted to P19,187,697 and P19,389,920 in 2025 and 2024, respectively, and are included as part of trade and other payables (see Note 13).

As lessee
The Group entered into short-term lease agreement for a machine amounting to P50,544, P40,909, and 40,909 in 2025, 2024, and 2023, respectively.

13. Trade and Other Payables

This account consists of:

	Note	**2025**	2024
Customers' deposits		**P253,184,762**	P11,504,762
Retention fee payable		**78,557,203**	38,664,663
Non-trade payables		**47,470,751**	44,914,260
Accrued expenses		**31,842,534**	32,801,182
Refundable deposits	*12*	**19,187,697**	19,389,920
Trade payables		**7,762,650**	149,981,540
Due to government agencies		**6,406,832**	8,223,796
Others		**1,429,233**	584,746
		445,841,662	306,064,869
Less: non-current portion		**108,849,648**	104,872,422
		P336,992,014	P201,192,447

Customers' deposits consist of down payments representing less than 25% of the contract price of the condominium units sold which are deductible from the total contract price.

Retention fee payable pertains to retention fees withheld from the contractors of ongoing projects.

Non-trade payables consist of transfer fees and retention commission payable.
Accrued expenses consist of accrual for costs of outside services, insurance, supplies, tax and other legal expenses.

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Trade payables consist mainly of amounts due to contractors and suppliers relating to the Unico Project.

Due to government agencies consist mainly of payable to the Bureau of Internal Revenue, SSS, HDMF and PhilHealth.

14. Loans and Note Payable

The movements in the loans and note payable are summarized as follows:

	2025	2024
Balance at beginning of year	**P1,841,919,953**	P1,202,019,729
Availments of loan	**2,755,083,200**	3,132,611,060
Payments of principal	**(2,387,381,092)**	(2,492,710,836)
Balance at end of year	**P2,209,622,061**	P1,841,919,953

The loans and note payable are composed of the following:

	2025	2024
Payable within one year:		
Parent Company		
Philippine National Bank	**P353,304,267**	P355,784,313
Philippine Bank of Communications	**399,988,304**	621,391,611
Union Bank of the Philippines	**7,023,349**	6,773,656
RCBC Savings Bank	**335,546**	478,677
	760,651,466	984,428,257
Payable after one year:		
Parent Company		
Philippine Bank of Communications	**1,431,197,297**	833,346,880
Union Bank of the Philippines	**11,968,906**	19,975,771
Philippine National Bank	**5,202,831**	3,233,668
RCBC Savings Bank	**601,561**	935,377
	1,448,970,595	857,491,696
	P2,209,622,061	P1,841,919,953

Philippine National Bank (PNB)
In 2025, PNB renewed an interest-bearing P450 million Revolving Credit Line in favor of the Parent Company available for drawings by way of up to 180-day promissory notes (PNs) payable at maturity of the PNs and secured by certain real estate inventories with carrying amount of P135.4 million (see Note 7). Outstanding balances of the drawings were P353 million and P356 million in 2025 and 2024, respectively.

Philippine Bank of Communications (PBCom)
In 2019, the Parent Company entered into a long-term credit facility agreement with PBCom. PBCom approved an interest-bearing Term Loan under which the Parent Company drew down P500 million in 2019. These loans are payable within six (6) years from the date of drawdown payable quarterly in arrears and secured by certain investment properties mortgaged in favor of PBCom with the total carrying amount of P654.4 million and P633.8 million as of December 31, 2025 and 2024, respectively.

As at December 31, 2025, the said Term Loan was fully paid.

In 2020, PBCom approved an interest-bearing Loan Line amounting to P300 million available for drawings in the form of 180-day promissory notes (PNs) payable at maturity of the PNs. The principal payment is on the maturity date of the PNs. This was fully paid as of December 31, 2025.

In 2021, PBCom approved an interest-bearing Contract to Sell Financing line amounting to P300 million available for drawings. The Parent Company drew down nil and P64.72 million in 2025 and 2024, respectively, payable at maturity of the deed of undertaking and are secured by certain receivables assigned in favor of PBCom amounting to P18 million and P95 million as at December 31, 2025 and 2024, respectively (see Note 6).

In 2023, PBCom approved an interest-bearing Term Loan amounting to P3.8 billion. The Company drew P483 million and P640 million in 2025 and 2024, respectively, payable in 5 years. This loan was availed specifically to fund the Unico Project.

The loan includes a covenant in which the Parent Company shall maintain a maximum debt-to-equity ratio of 2:1 at all times. As at December 31, 2025 and 2024, the Parent Company is compliant with the loan covenant.

In 2023, PBCom approved an interest-bearing Loan Line amounting to P300 million available for drawings in the form of 180-day promissory notes (PNs) payable at maturity of the PNs.

In 2024, PBCom approved an interest-bearing Loan Line amounting to P300 million available for drawings. The Parent Company drew down P300 million and nil in 2025 and 2024, respectively. These loans are payable within three (3) years from the date of the drawdown payable quarterly in arrears and secured by certain investment properties with carrying amount of P920.4 million and P893.2 million as of December 31, 2025 and 2024, respectively.

Union Bank of the Philippines (UBP)
In 2024 and 2023, the Parent Company availed interest-bearing car loans from Union Bank payable in installment within sixty (60) months. These loans are secured by the vehicle acquired under this facility (see Note 11).

RCBC Savings Bank (RCBC)
Parent
In 2023, the Parent Company availed interest-bearing car loans from RCBC Savings Bank payable in installment within sixty (60) months. These loans are secured the vehicles acquired under this facility (see Note 11).

Total interest on the above loan agreements charged to profit or loss amounted to P74,215,767, P81,652,640 and P61,951,600 in 2025, 2024 and 2023, respectively. Interest on loans payable capitalized as part of the cost of real estate development amounted to P87,602,885 and P36,928,244 in 2025 and 2024, respectively. The capitalization rate used was 7.71% and 8.19% in 2025 and 2024, respectively.

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Subsidiary
In 2019, PPMI availed of a five-year interest-bearing note payable amounting to P3,744,000 from a local bank to finance the purchase of transportation equipment. The loan was obtained in February 2019 and will mature in February 2024. The loan was fully paid on February 15, 2024.

Interest expense charged to profit or loss amounted to nil and P2,902 in 2025 and 2024, respectively.

15. Related Party Transactions

The details of related party transactions and balances are as follows:

As at and for the year ended December 31, 2025:	**Transactions**	**Outstanding balance**	**Terms and conditions**
Trade receivables			The receivables are secured with related units until full payment.
Principal Shareholder			
Greenhills Properties, Inc.			
Cancellation during the year	**(P51,892,140)**	**P -**	
Other receivables			Other receivables are secured with related units until full payment.
Affiliates			
Collections during the year	**(207,987)**	**11,514,811**	
Officers			
Addition during the year	**336,689**		
Collections during the year	**(71,761)**	**885,650**	
Principal Shareholder			
Greenhills Properties, Inc.			
Collections during the year	**(658,868)**	**200**	
Advances			Advances to associates are unsecured, non-interest bearing and to be settled in cash.
Associates			
Alexandra (USA), Inc.	-	**132,417,765**	
Le Cheval Holdings, Inc.	-	**122,248**	
Less: Allowance for impairment loss	-	**132,540,013**	
Balance, net	-	-	
Key management personnel			Key management includes directors (executive and non-executive) and executive officers. Short-term benefits are payable monthly and post-employment benefits are payable upon retirement
Short-term benefits			
Salaries and other short-term employee benefits	**37,198,494**		
Post-employment benefits			
Provision for retirement benefits/PVO	**7,545,495**		

As at and for the year ended December 31, 2024:	Transactions	Outstanding balance	Terms and conditions
Trade receivables			The receivables are secured with related units until full payment.
Principal Shareholder			
Greenhills Properties, Inc.			
Sale of parking space	P -		
Collections during the year	-	P51,892,140	

Forward

Other receivables			Other receivables are secured with related units until full payment.
Affiliates			
Addition during the year	(5,414,714)	11,722,798	
Officers			
Collections during the year	(896,186)	620,722	
Principal Shareholder			
Greenhills Properties, Inc.			
Addition during the year	(10,156,557)	659,068	

As at and for the year ended December 31, 2024:	Transactions	Outstanding balance	Terms and conditions
Advances			Advances to associates are unsecured, non-interest bearing and to be settled in cash.
Associates			
Alexandra (USA), Inc	-	132,417,765	
Le Cheval Holdings, Inc.	-	122,248	
Less: Allowance for impairment loss	-	132,540,013	
Balance, net	-	-	
Key management personnel			Key management includes directors (executive and non-executive) and executive officers. Short-term benefits are payable monthly and post-employment benefits are payable upon retirement
Short-term benefits			
Salaries and other short-term employee benefits	P36,803,995		
Post-employment benefits			
Provision for retirement benefits/PVO	6,965,696		

Advances to related parties
The Parent Company's substantial receivables from AUI, an associate, which is intended to fund the latter's working capital requirement, represents non-interest-bearing advances with no fixed term with the option to convert to equity in case of increase in capital. Advances contributed by AUI's stockholders were in accordance with the percentage of ownership of the stockholders in AUI. As previously mentioned, AUI is in the process of liquidation (see Note 9).

Related party balances that were eliminated during consolidation

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements:

	2025	2024	2023
At December 31			
Trade and other receivables	**P45,024,198**	P22,523,812	P22,970,115
Due to parent	**146,621,453**	127,029,298	126,996,926
For the years ended December 31			
Other income	**4,713,877**	-	-
Shared services	**2,696,259**	-	-
Professional fees	**768,580**	738,683	433,611
Rent income	**209,880**	271,350	537,600

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16. Retirement Benefit Plans

The Group generally operates a funded, non-contributory, defined benefit retirement plans covering substantially all of their regular employees. The plans are administered by local banks as trustees and provide for a lump-sum benefit payment upon retirement. The benefits are based on the employees' monthly salary at retirement date multiplied by years of credited service. No other post-retirement benefits are provided.

Through their defined benefit retirement plans, the Group is exposed to a number of risks, the most material of which are detailed below:

- *Asset volatility* - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.
- *Inflation risk* - Some of the Group retirement obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plans' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out by an independent actuary January 21, 2026, February 9, 2026 and February 10, 2026 for the year ended December 31, 2025 and February 5, 2025, February 19, 2025 and March 11, 2025 for the year ended December 31, 2024. The present value of the defined benefit obligation, and the related current service cost were measured using the Projected Unit Credit Method.

Key assumptions used are shown below:

	Valuation at	
	2025	2024
Discount rate	**5.88% - 6.51%**	6.08% - 6.19%
Future salary increase	**4.00% - 6.00%**	4.00% - 6.00%

Assumptions regarding future mortality and disability are set based on actuarial advice in accordance with published statistics and experience.

The reconciliation of the present value of the defined benefit obligation (DBO) and the fair value of the plan assets to the recognized liability presented as accrued retirement liability in the consolidated statements of financial position is as follows:

	2025	2024
Present value of defined benefit obligation	**P123,056,380**	P118,763,464
Fair value of plan assets	**(27,920,114)**	(28,004,179)
Recognized liability	**P95,136,266**	P90,759,285

A Plan amendment by PPMI during the year changed the benefit payable under the Plan, which resulted in the recognition of reversal of past service cost for the year.

The movements in the present value of defined benefit obligation are shown below:

	2025	2024
Liability at beginning of year	**P118,763,464**	P121,003,805
Current service cost	**10,215,275**	10,069,909
Interest cost	**7,251,544**	6,704,063
Remeasurement gains		
Changes in financial assumptions	**(4,064,393)**	(33,278)
Changes based on experience	**(2,145,268)**	(5,178,925)
Benefits paid from company reserves	**(6,964,242)**	(13,802,110)
Liability at end of year	**P123,056,380**	P118,763,464

The movements in the plan assets are shown below:

	2025	2024
Fair value of plan assets at beginning of year	**P28,004,179**	P35,368,121
Interest income	**1,669,861**	1,881,640
Actual contribution	**5,500,000**	2,500,000
Benefits paid	**(6,964,242)**	(11,067,363)
Remeasurement loss	**(257,750)**	(218,159)
Return on plan assets, excluding amounts included in interest income	**(31,934)**	(460,060)
Fair value of plan assets at end of year	**P27,920,114**	P28,004,179

The main categories of plan assets as at December 31, 2025 and 2024 are as follows:

	2025	2024
Cash and cash equivalents	**P25,116,627**	P22,938,086
Equity instruments	**2,707,073**	5,020,397
Accrued interest	**129,330**	94,333
Liabilities	**(32,916)**	(48,637)
	P27,920,114	P28,004,179

The retirement expense - net recognized in profit or loss consists of:

	2025	2024	2023
Current service cost	**P10,215,275**	P9,580,682	P10,309,836
Past service cost	**-**	(2,734,747)	-
Net interest on defined benefit liability	**5,581,683**	5,311,650	4,503,672
	P15,796,958	P12,157,585	P14,813,508

The reversal of provision for retirement benefits and provision for retirement benefits is recognized under other income and, general and administrative expenses, respectively, in the consolidated statements of total comprehensive income (see Notes 20 and 22).

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The sensitivity analysis of the defined benefit obligation is:

	Increase (decrease) in basis points	Effect on defined benefit obligation
Discount rate	1.00%	(P11,446,153)
	(1.00%)	13,443,176
Future salary increase	1.00%	13,600,545
	(1.00%)	(11,774,267)

The above sensitivity analyses are based on changes in principal 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 the sensitivity of the defined benefit obligation to material 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 in the consolidated statements of financial position.

The BOD reviews the level of funding required for the retirement fund for the Parent Company. This includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation.

As of December 31, 2025, the weighted average duration of defined benefit obligation are 10.90 years, 10.30 years and 2.10 years for Parent Company, PPMI and TIAI, respectively (2024: 11.00 years, 11.30 years and 2.30 years, respectively).

17. Management Fees and Other Services Fees

The Group provides general management services and financial management and supervision over the janitorial and security services through PPMI. In consideration for the said services, PPMI charges the property owners a fixed monthly amount with a 10% escalation rate annually. These management contracts are renewable for a period of two (2) to three (3) years upon mutual agreement of both PPMI and the property owners. PPMI is entitled to fixed reimbursement of actual cost of the on-site staff. The total income from management fees and other services fees amounted to P37.87 million, P42.93 million and P41.20 million in 2025, 2024 and 2023, respectively.

18. Commission

The Group derives commission income from insurance brokerage through TIAI which amounted to P6.89 million, P10.31 million and P5.22 million in 2025, 2024 and 2023, respectively.

19. Interest Income

The Group's interest income was derived from the following:

	Note	2025	2024	2023
Sublease	12	**P8,022,332**	P8,843,737	P9,573,151
Cash and cash equivalents	3	**2,618,579**	1,001,577	1,327,085
Trade receivables	6	**74,334**	200,617	319,564
Penalty for late payments	6	**-**	517,759	2,815,144
Others		**227,839**	276,347	15,857
		P10,943,084	P10,840,037	P14,050,801

20. Other Income

The account consists of:

	Note	2025	2024	2023
Gain on change in fair value of investment properties	10	**P98,114,332**	P158,384,893	P259,380,144
Reversal of allowance for impairment losses on receivables	6	**1,306,448**	10,434,374	25,000,000
Foreign exchange gain		**300,890**	812,642	-
Gain from disposal of fixed assets		**247,221**	-	-
Dividend income	5	**-**	1,637,722	-
Reversal of retirement expense	16	**-**	909,560	-
Gain on sale of investment properties		**-**	-	128,065,333
Gain on money market investments		**-**	1,483	61,811
Others		**6,559,107**	14,473,029	14,039,669
		P106,527,998	P186,653,703	P426,546,957

Others mainly pertain to billings of the Parent Company to affiliates for shared service fee.

21. Cost of Services

The account consists of:

	Note	2025	2024	2023
Salaries, wages, and other benefits		**P22,612,543**	P22,963,870	P22,332,559
Condominium dues	10	**11,679,808**	8,797,869	10,254,996
Depreciation and amortization on ROU assets	12	**10,057,962**	10,057,962	9,937,930
Outside services		**5,204,817**	9,269,645	8,238,708
Utilities		**8,094,563**	6,115,060	6,405,401
Taxes and licenses		**6,916,827**	7,034,449	7,082,369
Commission		**4,067,985**	3,723,830	3,054,398
Repairs and maintenance		**3,468,296**	4,535,462	1,423,249
SSS, Pag-IBIG and other contributions		**2,455,062**	2,491,356	2,031,418
Insurance and bond premiums		**2,447,885**	2,491,399	2,155,302
Communication		**455,492**	471,709	492,331
Employees' welfare		**-**	35,882	53,753
Others		**2,540,344**	1,294,141	1,142,155
		P80,001,584	P79,282,634	P74,604,569

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Others include various expenses that are individually immaterial.

22. General and Administrative Expenses

The account consists of:

	Note	2025	2024	2023
Salaries, wages, and other benefits		**P68,826,718**	P67,631,868	P65,670,871
Professional fees		**23,250,760**	22,691,261	28,917,983
Transportation and travel		**19,484,094**	19,387,636	16,694,189
Taxes and licenses		**18,158,491**	29,085,906	92,729,926
Depreciation and amortization				
Property and equipment	11	**14,959,097**	15,299,380	8,762,444
ROU assets	12	**607,400**	607,400	709,941
Provision for retirement benefits	16	**15,796,958**	13,067,145	14,813,508
Outside services		**14,822,417**	12,688,231	8,004,499
Insurance and bond premiums		**9,353,293**	9,370,547	8,012,471
SSS, Pag-IBIG, Medicare and other benefits		**6,123,522**	6,883,141	8,127,483
Provision for impairment loss on trade and other receivables	6	**-**	3,304,138	2,863,554
Repairs and maintenance		**5,486,520**	12,606,871	4,320,622
Marketing expense		**4,591,174**	13,572,046	26,435,882
Condominium dues		**4,220,491**	4,664,829	4,408,640
Postage and communication		**2,784,171**	2,438,410	2,459,827
Utilities		**2,636,173**	3,380,716	2,569,246
Supplies and materials		**873,257**	115,218	323,620
Representation and entertainment		**487,433**	10,586,080	870,586
Rental	12	**50,544**	40,909	40,909
Miscellaneous		**13,380,182**	12,281,359	10,924,061
		P225,892,695	P259,703,091	P307,660,262

23. Other Expenses

The account consists of:

	Note	2025	2024	2023
Loss on sublease	12	**P93,027,404**	P -	P -
Bank charges		**106,628**	200,543	971,640
Foreign exchange loss		**78,678**	-	-
Loss on money market investment		**18,211**	-	-
Loss on repossession of real estate properties		**-**	-	3,524,627
Unrealized foreign exchange loss		**-**	-	402,230
		P93,230,921	P200,543	P4,898,497

On June 30, 2023, the Company repossessed a condo unit and recognized a loss on repossession amounting to P3,524,627. It was then subsequently sold in June 2023 for P12,293,133.86.

24. Income Taxes

The components of income tax expense (benefit) are as follows:

	2025	2024	2023
Current	**P2,625,790**	P3,700,533	P4,874,336
Deferred	**(150,400,966)**	36,431,496	59,621,911
	(P147,775,176)	P40,132,029	P64,496,247

The reconciliation of the provision for income tax expense (benefit) computed at the statutory rate to the provision shown in the consolidated statements of total comprehensive income is as follows:

	2025	2024	2023
Income (loss) before income tax	**(P211,338,403)**	(P81,107,363)	P177,365,206
Income tax expense (benefit) using statutory tax rate	**(P52,774,139)**	(P20,513,435)	P44,341,301
Additions to (reductions in) income tax resulting from the tax effects of:			
Non-deductible expenses	**7,500,782**	15,923,465	17,534,397
Loss on lease cancellation	**7,175,426**	-	-
Unrecognized net operating loss carry-over (NOLCO)	**340,227**	373,278	1,120,162
Limit on interest expense	**153,738**	55,215	78,884
Dividend income	**-**	(409,431)	-
Gain on changes in fair value of investment property of a subsidiary	**(207,000)**	(229,500)	(217,600)
Interest income subjected to final tax	**(646,884)**	(244,599)	(319,908)
Movement on unrecognized deferred tax assets	**(109,317,326)**	45,177,036	1,959,011
	(P147,775,176)	P40,132,029	P64,496,247

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The components of the deferred income tax assets (liabilities) recognized by the Group are as follows:

	2025		2024	
	Tax Base	**Deferred Tax**	Tax Base	Deferred Tax
Deferred Tax Assets:				
Retirement benefit obligation	**P110,992,491**	**P27,748,123**	P87,231,212	P21,807,803
NOLCO	**509,688,541**	**127,422,135**	36,928,244	9,232,061
Deferred rent income	**12,853,359**	**3,213,339**	33,205,900	8,301,475
Book and tax basis difference under PFRS 16	**-**	**-**	12,944,144	3,236,036
Impairment loss on receivables	**3,189,750**	**797,438**	3,189,752	797,438
Unrealized foreign exchange loss	**-**	**-**	-	-
	636,724,141	**159,181,035**	173,499,252	43,374,813
Deferred Tax Liabilities:				
Gain on change in fair value of investment properties	**(P2,616,676,571)**	**(P654,169,143)**	(P3,211,797,991)	(P802,949,498)
Gain on sublease	**-**	**-**	(76,501,030)	(19,125,257)
Capitalized interest	**(124,531,129)**	**(31,132,782)**	(36,928,244)	(9,232,061)
Unrealized gain on repossession of real estate inventories	**-**	**-**	(9,244,982)	(2,311,246)
Retirement benefit obligation	**(18,909,980)**	**(4,727,495)**	-	-
Unrealized fair value gain on land exchanged for shares	**(738,000,000)**	**(110,700,000)**	-	-
Accrued rent receivable	**(4,266,000)**	**(1,066,500)**	(1,765,295)	(441,324)
Unrealized foreign exchange gain	**(300,890)**	**(75,223)**	(812,642)	(203,160)
	(3,502,684,570)	**(801,871,143)**	(3,337,050,184)	(834,262,546)
	(P2,865,960,429)	**(P642,690,108)**	(P3,163,550,932)	(P790,887,733)

During the year, the Parent Company completed a tax-free asset exchange (asset share swap) with TCRC, under which it exchanged certain property in exchange for shares of stock (see Note 10). For accounting purposes, the acquired shares of stock were initially recognized at fair value of P1,584,000,000. In accordance with the initial recognition exemption, no deferred tax liability has been recognized in respect of the resulting taxable temporary difference. However, the existing deferred tax liability associated with the property at the time of the transaction was carried over to the acquired asset, shares of stock.

Deferred tax assets of P159.18 million have been recognized at December 31, 2025. This includes P127.42 million relating to net operating carry-over amounting to P509.69 million in 2025. The deferred tax asset in respect of these unused tax losses has been recognized to the extent that it is probable that sufficient future taxable profits will be available against which the losses can be utilized, provided mainly by the income from the Unico Project (see Note 7) and other available tax planning opportunities.

No deferred tax asset has been recognized in respect of the remaining unused tax losses of P275.05 million in 2025 and P646.09 million in 2024, as it is not considered probable that future taxable profits will be available against which these losses can be utilized.

The recognized deferred tax assets were from the Parent Company and PPMI.

The Group's unrecognized deferred tax assets pertain to the following:

	2025		2024	
	Tax Base	**Deferred Tax**	Tax Base	Deferred Tax
NOLCO	**P275,790,061**	**P68,910,533**	P684,061,805	P170,963,719
Allowance for impairment loss on receivables	**353,178,279**	**87,918,366**	354,173,134	88,168,366
Allowance for impairment loss on investments in subsidiaries and associates	**-**	**-**	-	-
MCIT	**6,336,936**	**6,336,936**	6,800,699	6,800,699
Accrued retirement benefit expense	**3,053,755**	**610,751**	3,968,563	793,713
	P638,359,031	**P163,776,586**	P1,049,004,201	P266,726,497

Deferred tax assets have not been recognized by management in respect of the above items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

Detail of the Group's NOLCO which can be claimed as deduction from future taxable income is as follows:

Year Incurred	Expiry date	Amount	Applied	Expired	Balance
2025	2028	P273,224,363	P -	P -	P273,224,363
2024	2027	185,765,907	-	-	185,765,907
2023	2026	31,902,967	(1,536,920)	-	30,366,047
2022	2025	95,688,923	-	(95,688,923)	-
2021	2026	255,773,127	-	-	255,773,127
2020	2025	112,815,045	-	(112,815,045)	-
		P955,170,332	(P1,536,920)	(P208,503,968)	P745,129,444

In accordance to Section 4 of Revenue Regulations No. 25-2020 issued on September 30, 2020, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Details of the Group's MCIT which can be claimed as deduction from future taxable income is as follows:

Year Incurred	Expiry date	Amount	Applied	Expired	Balance
2025	2028	P1,162,127	P -	P -	P1,162,127
2024	2027	1,453,903	-	-	1,453,903
2023	2026	3,995,993	(80,714)	-	3,915,279
2022	2025	1,625,890	-	(1,625,890)	-
		P8,237,913	(P80,714)	(P1,625,890)	P6,531,309

25. Capital and Treasury Stock

Movements in the Group's capital stock are as follows:

	2025	2024	2023
Authorized			
16,000,000,000 common shares at P0.50 par value	**P8,000,000,000**	P8,000,000,000	P8,000,000,000
Issued and outstanding			
7,866,647,523 shares	**3,933,323,762**	3,933,323,762	3,933,323,762
Subscribed			
1,314,711,262 shares	**657,355,632**	657,355,632	657,355,632
Subscriptions receivable – Capital Stock	**(157,478,973)**	(157,478,973)	(157,478,973)
Subscription receivable – APIC	**(157,478,973)**	(157,478,973)	(157,478,973)
	342,397,686	342,397,686	342,397,686
Capital Stock	**4,275,721,448**	4,275,721,448	4,275,721,448
Additional paid-in capital			
Beginning balance	**780,630,029**	780,630,029	780,630,029
Transaction cost (*see Note 35*)	**(3,142,935)**	-	-
	777,487,094	780,630,029	780,630,029
	P5,053,208,542	P5,056,351,477	P5,056,351,477

Details of the Group's treasury stock are as follows:

	2025	2024	2023
Treasury Stock			
82,049,497 common shares with average cost of P1.34 per share	**P110,049,633**	P110,049,633	P110,049,633

26. Reserves

This account consists of:

	Note	2025	2024	2023
Revaluation on FVOCI				
Balance at beginning of year		**(P31,811,020)**	(P26,485,605)	(P25,606,702)
Changes in fair value during the year	5	**13,942,119**	4,852,614	(878,903)
Disposal	5	**-**	(10,178,028)	-
Balance at end of year	5	**(17,868,901)**	(31,811,019)	(26,485,605)
Remeasurement gain (loss) on retirement benefit obligation				
Balance at beginning of year		**(23,538,901)**	(27,049,512)	(18,575,075)
Adjustment		**(794,480)**	-	46,784
Actuarial gain (loss) during the year – gross		**5,991,114**	4,543,955	(11,395,861)
Tax effect		**(1,479,995)**	(1,033,345)	2,874,640
Balance at end of year		**(19,822,262)**	(23,538,902)	(27,049,512)
Appropriated retained earnings		**109,712,439**	109,712,439	109,712,439
		P72,021,276	P54,362,518	P56,177,322

The Parent Company's retained earnings amounting to P109,712,439 is appropriated to cover the cost of treasury shares.

27. Non-controlling Interest

This pertains to equity in subsidiaries not attributable, directly or indirectly, to the parent.

Details are as follows:

	2025	2024	2023
Universal Travel Corporation			
January 1	**(P7,256,113)**	(P7,252,254)	(P7,240,458)
Share in net loss	**2,543**	(3,859)	(11,796)
December 31	**(P7,253,570)**	(P7,256,113)	(P7,252,254)
Recon-X Energy Corporation			
January 1	**(34,300,000)**	(34,300,000)	(34,300,000)
Adjustment	**(2,840,733)**	-	-
Share in net loss	**(793,637)**	-	-
December 31	**(37,934,370)**	(34,300,000)	(34,300,000)
	(P45,187,940)	(P41,556,113)	(P41,552,254)

Management has assessed Recon-X Energy Corporation as immaterial to the consolidated financial position and performance of the Group. Accordingly, unaudited financial information has been used in consolidation of the December 31, 2025 and 2024 financial statements Any adjustments arising from the completion of the current year audit of this subsidiary will be recognized in the consolidated financial statements of the following year. Management believes that such adjustments, if any, will not have a material impact on the consolidated financial statements of the Group as of and for the year ended December 31, 2025.

28. Basic Earnings Per Share

	2025	2024	2023
Net income (loss) attributable to equity holders of Parent Company	**(P62,772,133)**	(P121,235,533)	P112,880,755
Weighted average no. of common shares issued and outstanding	**9,099,309,288**	9,099,309,288	9,099,309,288
Basic earnings (loss) per share	**(P0.01)**	(P0.01)	P0.01

The weighted average number of common shares issued and outstanding was computed as follows:

	2025	2024	2023
Issued and outstanding shares	**7,866,647,523**	7,866,647,523	7,866,647,523
Subscribed shares	**1,314,711,262**	1,314,711,262	1,314,711,262
Treasury shares	**(82,049,497)**	(82,049,497)	(82,049,497)
Average number of shares	**9,099,309,288**	9,099,309,288	9,099,309,288

The Group has no potential dilutive shares as at December 31, 2025, 2024 and 2023.

29. Provisions and Contingencies

The Group is currently involved in various legal proceedings and tax assessments. Estimates of probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material adverse effect on the consolidated financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the Group's strategies relating to these proceedings.

30. Material Accounting Policies

<u>Adoption of Amendments to Standards</u>
The accounting policies adopted in the preparation of the financial statements are consistent with those of the Company's financial statements for the year ended December 31, 2024 except for the adoption of the following amended PFRS Accounting Standards which became effective beginning January 1, 2025. Unless otherwise indicated, none of these had a material effect on the financial statements.

New and Amended Standards Not Yet Adopted
A number of new and amended standards are effective for annual periods beginning after January 1, 2025 and have not been applied in preparing the financial statements. The Company is currently assessing the impact of adopting this amendment. The Company will adopt the following new and amended standards and interpretations on the respective effective dates:

- Annual Improvements to PFRS Accounting Standards – Volume 11:
  - PFRS 7, *Financial Instruments: Disclosures*. 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. Implementation guidance was also amended to address: (a) 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; and (b) 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, *Financial Instruments*. 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 also to paragraph 3.3.3 of PFRS 9.

    An amendment was also made to address 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, *Consolidated Financial Statements.* 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, *Statement of Cash Flows*. The amendment addresses a potential confusion in applying paragraph 37 of PAS 7 that arises from the use of the term 'cost method' that is no longer defined in PFRS Accounting Standards.

  The amendments are effective for annual periods beginning on January 1, 2026.

- PFRS 18, *Presentation and Disclosure in Financial Statements* will supersede PAS 1, Presentation of Financial Statements. The standard is effective for annual periods beginning on January 1, 2027.

New Standard and Amendments to Standards Effective on or after January 1, 2025 but Not Applicable to the Company

- PFRS 17, *Insurance Contracts*
- PAS 21, *Lack of Exchangeability*
- PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*.
- PFRS 19, *Subsidiaries without Public Accountability: Disclosures*

The accounting policies set out below have been applied consistently to all periods presented in the separate financial statements.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company, the subsidiaries, up to December 31 each year. Details of the subsidiaries are shown in Note 35.

The consolidated financial statements were prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-company balances and transactions, including inter-company profits and unrealized profits and losses, are eliminated.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Parent Company controls an entity when the Parent Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Parent Company. They are deconsolidated from the date that control ceases.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired i.e. discount on acquisition is credited to profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognized. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the Parent Company.

Acquisition-related costs are expensed as incurred.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Associates

An associate is an entity over which the Parent Company is in a position to exercise material influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture is a joint arrangement that involves the establishment of a separate entity in which each venturer has an interest.

An investment is accounted for using the equity method from the day it becomes an associate or joint venture. The investment is initially recognized at cost. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the share in the earnings of the investees.

Under the equity method, the investments in the investee companies are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Parent Company's share in the net assets of the investee companies, less any impairment losses. The consolidated statements of total comprehensive income reflect the share of the results of the operations of the investee companies. The Parent Company's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Parent Company and the investee companies are eliminated to the extent of interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period where the equity method was suspended.

The reporting dates of the investee companies and the Group are identical, and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances. Upon loss of material influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of material influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset, or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Segment Information

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 35 to the financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

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The measurement policies the Group used for segment reporting under PFRS 8 are the same as those used in the financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods. All inter-segment transfers are carried out at arm's length prices.
Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

For management purposes, the Group is currently organized into five business segments. These divisions are the basis on which the Group reports its primary segment formation.

The Group's principal business segments are as follows:

a. Sale of Real Estate and Leasing
b. Property Management
c. Insurance Brokerage
d. Holding Company
e. Travel Services (discontinued as of July 31, 2018)

The Group's resources producing revenues are all located in the Philippines. Therefore, geographical segment information is not presented.

Financial Assets and Liabilities

Financial Assets

Initial recognition and Measurement

The Group recognizes a financial asset in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting. Financial assets are recognized initially at fair value of the consideration given. The initial measurement of financial assets, except for those designated as at FVPL, includes transaction costs.

Classification

The Group classifies its financial assets, at initial recognition, in the following categories: financial assets at amortized cost, financial assets at FVOCI and financial assets at FVPL. The classification depends on the business model of the Group for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are not reclassified subsequent to initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

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

After initial measurement, the financial assets are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition, and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are reclassified to FVPL, impaired or derecognized, as well as through the amortization process.

The Group's cash and cash equivalents, trade and other receivables and refundable deposits are included under this category.

Financial Assets at FVOCI (equity instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of total comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's financial assets at fair value through OCI include investments in quoted and unquoted equity instruments and proprietary club shares.

Financial Assets at FVPL. Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or materialy reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in profit or loss.

The Group's investments in equity instruments at FVPL are classified under this category.

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

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

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When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

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 is required to repay.

Impairment
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables on sale of real estate, the Group applies a general approach in calculating ECLs. Under the general approach, ECLs are recognized in three (3) stages as follows:

- Stage 1: For credit exposures for which there has not been a material increase in credit risk since initial recognition and there is no default that occurred, a 12-month ECL is provided for credit losses that result from default events that are possible within the next 12 months.
- Stage 2: For credit exposures for which there has been a material increase in credit risk since initial recognition and there is still no default that occurred, a loss allowance equivalent to lifetime ECL is required for credit losses expected over the remaining life of the exposure.
- Stage 3: For credit exposures for which there has been a material increase in credit risk since initial recognition and for which an actual default has also occurred, a loss allowance equivalent to lifetime ECL is required for credit losses expected over the remaining life of the exposure.

The key inputs in the model include the Group's definition of default and historical data of two (2) material projects with an average of five (5) years for the origination, maturity date and default date. The Group considers trade receivables on sale of real estate in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group.

At each reporting date, the Group assesses whether there has been a material increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a material increase in credit risk when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed material increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12- months ECL.

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. However, when there has been a material increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from publicly available sources to determine whether the debt instrument has materially increased in credit risk and to estimate ECLs.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

For trade receivables on lease and other financial assets such as accrued receivable, receivable from related parties and advances to other companies, impairment provisions would be based on the assumption that the receivable is demanded at the reporting date, and it would reflect the losses (if any) that would result from this. Since the receivables are collectible on demand, the contractual period is the very short period needed to transfer the cash once demanded. Discounting would have immaterial effect in the balances.

Financial Liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, finance lease liability and loans payable.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of total comprehensive income.

This category generally applies to short term and long-term debt.

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A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of total comprehensive income.

<u>Determination of Fair Value</u>
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.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is material to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

<u>Offsetting Financial Instruments</u>
Financial assets and financial liabilities are offset and the net amount is reported in the 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.

<u>Prepayments</u>
Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to income as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the consolidated statements of financial position as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one (1) year or the Group's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

<u>Investments in Associates</u>
An associate is an entity over which the Company is in a position to exercise material influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

In the separate financial statements of the Company, investment in shares of stock of associates is accounted for using the cost method. The reporting dates of the investee companies and the Company are identical and the investee companies' accounting policies conform to those used by the Company for like transactions and events in similar circumstances. Upon loss of material influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of material influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

Real Estate Inventories

Property acquired or being developed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value.

Cost includes 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.

Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less costs to complete and the estimated costs to sell.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

The provision account, if any, is reviewed on a monthly basis to reflect the reasonable valuation of the Group's inventories. Inventory items identified to be no longer recoverable is written-off and charged as expense for the period.

Real estate held for development is measured at lower of cost and NRV. Expenditures for development and improvements of land are capitalized as part of the cost of the land. Directly identifiable borrowing costs are capitalized while the development and construction is in progress.

Property and Equipment

Property and equipment are initially measured at cost which consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use and are subsequently measured at cost less any accumulated depreciation, amortization and impairment losses, if any.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of years
Condominium units	20
Building	25
Building improvements	5 to 10
Office furniture, fixtures and equipment	3 to 10
Transportation and other equipment	5
Leasehold and office improvements	5

The assets' residual values, estimated useful lives and depreciation and amortization methods are reviewed periodically to ensure that the amounts, periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

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An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time, the cost and their related accumulated depreciation are removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment Properties

Investment properties comprise completed property and property under development or re-development that are held to earn rentals or capital appreciation or both and that are not occupied by the Group. Investment property is initially measured at cost incurred in acquiring the asset and subsequently stated at fair value. Revaluations are made with sufficient regularity by external independent appraisers to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the period. The external independent appraiser uses sales comparison approach in arriving at the value of the properties.

In this approach, the value of the properties is based on sales and listings of comparable properties. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity or at different floor levels of the same building. Comparison would be premised on factors such as location, size and physical attributes, selling terms, facilities offered and time element.

A gain or loss arising from a change in the fair value of investment property is recognized in profit or loss for the period in which it arises.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

Derecognition

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statements of total comprehensive income in the year of retirement or disposal.

Impairment of Non-financial Assets

At each reporting date, the Group assesses whether there is any indication that any of its non-financial assets may 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.

The recoverable amount of the non-financial asset is the higher of fair value less costs of disposal 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.

When an impairment loss reverses subsequently, 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 in prior years. A reversal of an impairment loss is recognized in profit or loss.

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. Distribution to the Parent Company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Parent Company's Board of Directors.

Capital stock

Capital stock is classified as equity when there is no obligation to the transfer of cash or other assets. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Additional paid-in capital

Additional paid-in capital pertains to premium paid over the par value of shares net of share issue costs.

Retained earnings

Retained earnings include all the accumulated income (loss) of the Group, dividends declared and share issuance costs. Retained earnings is net of amount offset from additional paid-in capital arising from the quasi-reorganization.

Treasury stock

The Parent Company's equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of total comprehensive income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Employee Benefits

Short-term benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

Post-employment benefits

The Group's net obligation in respect of its defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

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The calculation of the defined benefit obligation (DBO) is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the DBO at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Revenue Recognition

Revenue from contracts with customers

Revenue from real estate sales

The Parent Company primarily derives its real estate revenue from the sale of vertical real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services.

The disclosures of material accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 31.

The Parent Company derives its real estate revenue from sale of condominium units. 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 Parent Company's performance does not create an asset with an alternative use and the Parent Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Parent Company uses the output method. The Parent Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the third-party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

Revenue from sales of completed real estate projects is accounted for using the full accrual method.

Any excess of collections over the recognized receivables are included in the "Trade and other payables" account in the liabilities section of the consolidated statements of financial position.

If any of the criteria under the full accrual or percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Trade and other payables" account in the liabilities section of the consolidated statements of financial position.

Cancellation of real estate sales
The Group reverses the previously recognized revenue and related costs.

The Group also derives its revenue from management fee, commission, rental and interest income for which the Group assessed that there is only one performance obligation. Revenue from contracts with customers is recognized at a point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Management fee
Management fee is recognized when the related services have been performed in accordance with the terms and conditions of the management agreement and applicable policies.

Commission income
Commission income is recognized when the real estate and insurance brokering services have been performed in accordance with the terms and conditions of the agreement, commission scheme and applicable policies. Commission income recognized is the amount earned as an agent and excludes amounts collected on behalf of the principal.

Interest income
Interest income is accrued on a time proportion basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income
Rent income from operating leases is recognized as income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Cost recognition from real estate sales
Cost of real estate sales is recognized as consistent with the revenue recognition method applied and is determined with reference to the specific, including estimated costs, on the property allocated to sold area. Cost of residential and commercial lots and units 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 Parent Company's in-house technical staff.

Estimated development costs include direct land development, shared development cost, building cost, external development cost, professional fees, post construction, contingency, miscellaneous and socialized housing. Miscellaneous costs include payments such as permits and licenses, business permits, development charges and claims from third parties which are attributable to the project. Contingency includes fund reserved for unforeseen expenses and/ or cost adjustments. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts are considered as special budget appropriations that are approved by management and are made to form part of total project costs on a prospective basis and allocated between costs of sales and real estate inventories.

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<u>Cost and Expense Recognition</u>
Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the consolidated statements of financial position as an asset.

Cost and expenses in the consolidated statements of total comprehensive income are presented using the function of expense method. General and administrative expenses are costs attributable to general, administrative and other business activities of the Group.

<u>Borrowing Costs</u>
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they were incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs are capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

The capitalization rate is calculated as the weighted average of the borrowing costs applicable to the entity's outstanding borrowings during the period, excluding borrowings made specifically for the qualifying asset. This rate is then applied to the expenditures on the qualifying asset to determine the borrowing costs eligible for capitalization.

<u>Leases</u>

The Group as Lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;

- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a material event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statements of financial position.

The Group applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

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Short-term leases with terms of less than 12 months or lease of low value assets are expensed as incurred.

The Group as Lessor
The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies PFRS 15 to allocate the consideration under the contract to each component.

The Group as Sub-lessor
The Group is a sub-lessor (intermediate lessor) to one of its right-of-use assets.
An intermediate lessor classifies the sublease as a finance lease or an operating lease as follows:

- If the head lease is a short-term lease, the sublease is classified as an operating lease
- Otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. A lease is classified as a finance lease if it transfers substantially all the risks and rewards from the right-of-use asset resulting from the head lease; otherwise, it is classified as an operating lease.

For subleases classified as a finance lease, the intermediate lessor derecognizes the right-of-use asset relating to the head lease that is transfers to the sublessee and recognizes the net investment in the sublease; any difference between the right-of-use assets and the investment in the finance sublease is recognized in profit or loss. At the commencement date, net investment in the finance lease is measured at an amount equal to the present value of the lease payments for the underlying right-of-use assets during the lease term. The lessor recognizes finance income over the lease term, based on a pattern reflecting a constant period rate of return on the lessor's net investment in the lease.

For subleases classified as operating lease, the intermediate lessor recognizes the lease income from operating leases on a straight-line basis over the lease term. The respective leased asset is included in the statement of financial position based on its nature.

<u>Income Tax</u>
Income tax expense for the year comprises current and deferred tax. Income 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. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted at the reporting date. Management periodically evaluates positions in income 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 on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. 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 legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority and the same taxable entity.

Uncertainty over Income Tax Treatments
The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty is followed.

The Group considers whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

If the Group concludes that it is probable that a particular tax treatment is accepted, the Company determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

If the Group concludes that it is not probable that a particular tax treatment is accepted, the Group uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

Provisions and Contingencies
Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and; when the amount of the obligation can be estimated reliably. When the Group expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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Contingent liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities 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 are disclosed when an inflow of economic benefits is probable.

Related Party Relationships and Transactions
Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise material influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Earnings per Share

Basic earnings per share
The Group computes its basic earnings per share by dividing net profit attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the period.

Diluted earnings per share
Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

Events After the Reporting Date
The Group identifies events after the reporting date as events that occurred after the reporting date but before the date the consolidated financial statements were authorized for issue. Any subsequent event that provides additional information about the Group's financial position at the reporting date is reflected in the consolidated financial statements. Non-adjusting subsequent events are disclosed in the notes to the consolidated financial statements when material.

31. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a material risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Critical Accounting Estimates and Assumptions

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

Revenue and cost recognition on real estate projects
The Parent Company's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Parent Company's revenue from real estate and construction contracts is recognized based on the percentage of completion and are measured principally on the basis of the estimated completion of a physical proportion of the contract work. Apart from involving material estimates in determining the quantity of inputs such as materials, labor and equipment needed, the assessment process for the POC is complex and the estimated project development costs requires technical determination by management's specialists (project engineers).

Similarly, the commission is determined using the percentage of completion.

Provision for expected credit losses of trade receivables
The Group uses historical loss rates as input to assess credit risk characteristics. The Group determines the appropriate receivables groupings based on shared credit risk characteristics such as revenue type, collateral or type of customer. The historical loss rates are adjusted to reflect the expected future changes in the portfolio condition and performance based on economic conditions and indicators such as inflation and interest rates that are available as at the reporting date.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a material estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables is disclosed in Notes 6 and 33.

Evaluation of net realizable value of real estate inventories
The Parent Company adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the assets. In determining the recoverability of the assets, management considers whether those assets are damaged or if their selling prices have declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Results of management's assessment disclosed that there is no need for provision for impairment of inventories as at December 31, 2025 and 2024.

Estimating useful lives of assets
The useful lives of assets are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of assets 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 Group's assets. In addition, the estimation of the useful lives is based on the Group's 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 assets would increase the recognized operating expenses and decrease non-current assets.

Post-employment and other employee benefits
The present value of the retirement obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement obligation.

Other key assumptions for retirement obligations are based in part on current market conditions. Additional information is disclosed in Note 16.

Retirement obligation as at December 31, 2025 and 2024 amounted to P95,136,266 and P90,759,285, respectively.

Estimating fair value of investment property
The Group obtained the services of an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. An independent valuation of the Group's investment properties was performed by appraisers to determine their fair values. The valuation was determined by reference to sales and listing of comparable properties.

Recoverability of deferred tax assets
The Group reviews the carrying amounts at each reporting date and reduces deferred tax assets to the extent that it may be more prudent and conservative not to make a determination when these deferred tax assets can be utilized. The Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the utilization of deferred tax assets.

Total unrecognized deferred tax assets amounted to P163,776,586 and P266,726,497 as at December 31, 2025 and 2024, respectively (see Note 24).

Impairment losses on non-financial assets
The Group performs an impairment review when certain impairment indicators are present. Determining the fair value of non-financial assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that non-financial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations.

<u>Critical Accounting Judgments</u>

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most material effect on the amounts recognized in the consolidated financial statements:

Existence of a contract
The Parent Company's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Parent Company before revenue recognition is to assess the probability that the Parent Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer.

Collectability
In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Revenue recognition method and measure of progress
The Parent Company concluded that revenue for real estate sales is to be recognized over time because: (a) the Parent Company's performance does not create an asset with an alternative use and; (b) the Parent Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Parent Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring material costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Parent Company requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Parent Company. The Parent Company considers that the initial and continuing investments by the buyer of about 25% would demonstrate the buyer's commitment to pay.

The Parent Company has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Parent Company's performance in transferring control of real estate development to the customers.

Distinction between investment properties and owner-occupied properties and real estate inventories and held for development
The Group determines whether a property qualifies as investment property. In making this judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as investment property only if an immaterial portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so material that a property does not qualify as investment property. The Group considers each property separately in making its judgment.
The Group determines that a property will also be classified as real estate inventory when it will be sold in the normal operating cycle or it will be treated as part of the Group's strategic land activities for development in the medium or long-term.

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Contingencies
The Group is currently involved in various legal proceedings and tax assessments. Estimates of probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material adverse effect on the financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the Group's strategies relating to these proceedings.

32. Fair Value Measurement

The fair values of the Group's financial instruments are equal to the carrying amounts in the consolidated statements of financial position as at December 31, 2025 and 2024.

Fair values have been determined for measurement and disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values are disclosed in the notes to the consolidated financial statements specific to that asset or liability.

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are as follows:

Cash and cash equivalents and trade and other receivables – current portion carrying amounts approximate fair values due to the relatively short-term maturities of these items.

Trade and other receivables-non-current portion carrying amounts approximate their fair values as they are either priced using prevailing market rates or that the effect of discounting has been considered.

Financial assets at FVPL and FVOCI – these are investments in equity securities, fair value for quoted equity securities is based on quoted prices published in markets as of reporting dates.

Trade and other payables – the carrying value of trade and other payables approximate its fair value either because of the short-term nature of these financial liabilities.

Loans payable – carrying amounts approximate their fair values as they are either priced using prevailing market rates or that the effect of discounting is not material.

The table below analyzes financial and non-financial assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVPL				
Equity investments	**P6,750,000**	**P -**	**P -**	**P6,750,000**
Financial assets at FVOCI				
Equity investments	**41,867,434**	**-**	**-**	**41,867,434**

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVPL				
Equity investments	P6,750,000	P -	P -	P6,750,000
Financial asset at FVOCI				
Equity investments	27,925,315	-	-	27,925,315

33. Financial Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks: market risk, liquidity risk and credit risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group. The policies for managing specific risks are summarized below.

The BOD of the parent company has overall responsibility for the establishment and oversight of the Group's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Market Risk

Foreign exchange risk
The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in US dollar. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Material fluctuation in the exchange rates could materially affect the Group's financial position.

Foreign exchange risk exposure of the Group is limited to its cash and cash equivalents. Currently, the Group has a policy not to incur liabilities in foreign currency. Construction and supply contracts, which may have import components, are normally denominated in Philippine peso.

The amounts of the Group's foreign currency denominated monetary assets at the reporting date are as follows:

	2025		2024	
	US dollar Deposit	**Peso Equivalent**	US dollar Deposit	Peso Equivalent
Cash and cash equivalents	**$219,320**	**P12,893,823**	$332,909	P19,313,377

The closing rates applicable as at December 31, 2025 and 2024 are P58.80 and P58.01 to US$1, respectively.

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The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's income in 2025 and 2024. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at a 99% confidence level.

	+/-	**Effect on Equity**
2025	**5.86%**	**P755,578**
2024	0.19%	36,118

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The primary source of the Group's interest rate risk relates to its cash and cash equivalents, and loans and note payable. The interest rates on cash and cash equivalents and loans and note payable are disclosed in Notes 3 and 14, respectively.

Cash and cash equivalents are short-term in nature and with the current interest rate level, any variation in the interest will not have a material impact on the profit or loss of the Group.

Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

The following table illustrates the sensitivity of the Group's profit or loss to a reasonably possible change in interest rates of its cash and cash equivalents and loan with all other variables held constant.

	2025		2024	
	+/-%	**Effect on Profit or Loss**	+/-%	Effect on Profit or Loss
Cash in bank	**0.12%**	**P28,061**	0.10%	P41,728
Cash equivalents	**0.08%**	**31,875**	0.08%	135,797
Loans and note payable	**7.81%**	**(172,571,483)**	1.27%	(23,392,383)
		(P172,511,547)		(P23,214,858)

Price risk
Price risk is the risk that the fair value of the financial instrument, particularly equity instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Parent Company's Board of Directors reviews and approves all equity investment decisions.

At December 31, 2025, the impact of 12% increase/decrease in the price of listed equity securities, with all other variables held constant, would have been an increase/decrease of in the Group's total comprehensive income and equity for the year of 2025 – P50,241 and 2024 – P176,995. The Group's sensitivity analysis takes into account the historical performance of the stock market.

Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

		Contractual Obligation			
	Carrying Amount	Less than One Year	One to Five Years	More than Five Years	Total
2025			**(In Thousand Pesos)**		
Trade and other payables*	**439,435**	**356,899**	**79,630**	**2,906**	**439,435**
Loans and note payable	**2,209,622**	**834,569**	**1,449,268**	**-**	**2,283,837**
2024			(In Thousand Pesos)		
Trade and other payables*	P300,053	P217,517	P79,630	P2,906	P300,053
Loans and note payable	1,841,919	1,059,210	956,334	-	2,015,544

Excluding payables to government.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's credit risk is primarily attributable to its cash and cash equivalents and trade and other receivables as disclosed in Notes 3 and 6, respectively. The Group has adopted stringent procedure in evaluating and accepting risk by setting counterparty and transaction limits. In addition, the Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. The Group's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not material as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

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Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals, which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

Other financial assets are comprised of cash and cash equivalents excluding cash on hand, financial assets at FVPL, financial assets at FVOCI and advances to associates. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations.

Nevertheless, the Group closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at December 31 are as follows:

	2025	2024
Cash and cash equivalents excluding cash on hand	**P67,905,349**	P211,474,104
Trade and other receivables	**256,687,154**	378,800,858
	P324,592,503	P590,274,962

The credit quality of financial assets which are neither past due nor impaired is discussed below:

(a) Cash in banks and cash equivalents

The Group deposits its cash balance in reputable banks to minimize credit risk exposure amounting to P67,905,349 and P211,474,104 as at December 31, 2025 and 2024, respectively (see Note 3). Cash deposits are considered to be of high grade.

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. However, when there has been a material increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from publicly available sources to determine whether the debt instrument has materialy increased in credit risk and to estimate ECLs.

(b) Trade and other receivables

Receivables amounting to P117.92 million and P119.23 million as of December 31, 2025 and 2024, respectively (see Note 6), were impaired and fully provided for. The allowance for doubtful accounts for receivables has been determined as follows:

	2025	2024
Trade:		
Sale of real estate	**P67,351,667**	P68,658,115
Lease	**7,034,694**	7,034,694
Management fees	**3,189,750**	3,189,750
Premiums receivable	**2,899,963**	2,899,963
Advances	**862,891**	862,891
Other receivables	**36,582,373**	36,582,373
	P117,921,338	P119,227,786

(b.1.) Trade receivables on real estate

2025	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Trade receivables				
High grade	**P120,075,797**	**P -**	**P -**	**P120,075,797**
Sub-standard	**-**	**2,689,311**	**-**	**2,689,311**
Low grade	**-**	**-**	**147,428,558**	**147,428,558**
Individually impaired	**-**	**-**	**10,633,871**	**10,633,871**
	120,075,797	**2,689,311**	**158,062,429**	**280,827,537**
Provision				
High grade	**147,424**	**-**	**-**	**147,424**
Sub-standard	**-**	**-**	**-**	**-**
Low grade	**-**	**-**	**56,570,372**	**56,570,372**
Individually impaired	**-**	**-**	**10,633,871**	**10,633,871**
	147,424	**-**	**67,204,243**	**67,351,667**
	P119,928,373	**P2,689,311**	**P90,858,186**	**P213,475,870**

2024	Stage 1	Stage 2	Stage 3	Total
Trade receivables				
High grade	P183,970,406	P -	P -	P183,970,406
Sub-standard	-	2,274,286	-	2,274,286
Low grade	-	-	208,606,683	208,606,683
Individually impaired	-	-	10,633,871	10,633,871
	183,970,406	2,274,286	219,240,554	405,485,246
Provision				
High grade	P1,453,872	P -	P -	P1,453,872
Sub-standard	-	-	-	-
Low grade	-	-	56,570,372	56,570,372
Individually impaired	-	-	10,633,871	10,633,871
	1,453,872	-	67,204,243	68,658,115
	P182,516,534	P2,274,286	P152,036,311	P336,827,131

High grade exposures are loans that do not have greater-than-normal credit risk. The buyer has the apparent ability and willingness to satisfy his obligation in full and therefore no loss in ultimate collection is anticipated.

Sub-standard grade exposures are receivables that have normal credit risk and have past due above 30 days but below 90 days.

Low grade exposures are receivables that are past due date beyond 90 days and have approached greater-than-normal credit risk.

Individually impaired exposures are receivables that are past due beyond 90 days, have approached greater-than normal credit risk.

For trade receivables on sale of real estate, the Parent Company applies a general approach in calculating ECLs. Under the general approach, ECLs are recognized in three (3) stages as follows:

- Stage 1: For credit exposures for which there has not been a material increase in credit risk since initial recognition and there is no default that occurred, a 12-month ECL is provided for credit losses that result from default events that are possible within the next 12 months.
- Stage 2: For credit exposures for which there has been a material increase in credit risk since initial recognition and there is still no default that occurred, a loss allowance equivalent to lifetime ECL is required for credit losses expected over the remaining life of the exposure.
- Stage 3: For credit exposures for which there has been a material increase in credit risk since initial recognition and for which an actual default has also occurred, a loss allowance equivalent to lifetime ECL is required for credit losses expected over the remaining life of the exposure.

b.2 For trade receivables on lease and other financial assets such as accrued receivable, receivable from related parties and advances to other companies, impairment provisions would be based on the assumption that the receivable is demanded at the reporting date and it would reflect the losses (if any) that would result from this. Since the receivables are collectible on demand, the contractual period is the very short period needed to transfer the cash once demanded. Discounting would have immaterial effect in the balances.

			2025		
	Lease	**Management fees**	**Premiums receivable**	**Advances**	**Other receivables**
Gross amount	P31,226,399	P6,518,275	P5,605,992	P7,427,769	P43,002,520
Provisions	7,034,694	3,189,750	2,899,963	862,891	36,582,373
Carrying Amount	**P24,191,705**	**P3,328,525**	**P2,706,029**	**P6,564,878**	**P6,420,147**

			2024		
	Lease	Management fees	Premiums receivable	Advances	Other receivables
Gross amount	P29,571,731	P8,726,074	P3,637,023	P3,857,475	P46,751,095
Provisions	7,034,694	3,189,750	2,899,963	862,891	36,582,373
Carrying Amount	P22,537,037	P5,536,324	P737,060	P2,994,584	P10,168,722

34. Capital Management

The Parent Company manages its capital to ensure that the Parent Company is able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Parent Company consists of equity, which comprises of issued capital, additional paid-in capital, reserves, retained earnings and treasury stocks.

Management reviews the capital structure on a quarterly basis. As part of this review, management considers the cost of capital and the risks associated with it.
There were no changes in the Parent Company's approach to capital management during the year.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

The Company has capital requirements on their loans payable in which they shall maintain a maximum debt-to-equity ratio of 2:1 at all times. As at December 31, 2025 and 2024, the Company is within the requirement of the loan (see Note 14).

As part of the reforms of the Philippine Stock Exchange (PSE) to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Parent Company has fully complied with this requirement in 2025 and 2024.

35. Segment Information

The segment assets and liabilities as of December 31, 2025, 2024 and 2023 and the results of operations of the reportable segments for the years ended December 31, 2025, 2024 and 2023 are as follows:

Philippine Realty & Holdings Corporation
2025 ANNUAL REPORT

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2025							
	Parent Company	Subsidiaries						
	Sale of Real Estate and Leasing	Property Management	Insurance Agency	Holding Company	Real Estate	Travel Services	Intersegment adjustments	Consolidated
	(In Thousand Pesos)							
Revenue								
Revenue from contracts with customers	P23,447	P37,871	P6,891	P -	P -	P -	P -	P68,209
Rental income	83,137	2,672	-	-	-	-	(210)	85,599
Intersegment sales	-	769	-	-	-	-	(769)	-
Total revenue	106,584	41,312	6,891	-	-	-	(979)	153,808
Real estate costs and expenses	270,527	40,251	4,957	1,701	77	76	(9,695)	307,894
Equity in net loss of an associate	-	-	-	-	-	-	724	724
Gross income (loss)	(163,943)	1,061	1,934	(1,701)	(77)	(76)	(7,992)	(154,810)
Interest income	10,784	4	65	-	-	90	-	10,943
Finance costs	(80,768)	-	-	-	-	-	-	(80,768)
Other income	112,248	828	-	-	-	-	(6,548)	106,528
Other expenses	(93,231)	-	-	-	-	-	-	(93,231)
Provision for income tax	159,011	(10,875)	(361)	-	-	-	-	147,775
Net income (loss)	(55,899)	(8,982)	1,638	(1,701)	(77)	14	1,444	(63,563)
Net loss attributable to:								
Equity holders of PRHC								(62,772)
Non-controlling interests								(791)
								(63,563)
Other information								
Segment assets	8,128,876	104,611	16,961	130	1,610,365	210	(45,111)	9,816,042
Investment in associates	1,685,930	-	-	-	-	-	(1,632,352)	53,578
Total assets	9,814,806	104,611	16,961	130	1,610,365	210	(1,677,463)	9,869,620
Segment liabilities	2,704,234	34,543	5,207	86,464	28,642	29,146	(125,757)	2,762,479
Deferred tax liabilities	635,383	7,308	-	-	-	-	-	642,690
Total liabilities	3,339,617	41,851	5,207	84,464	28,642	29,146	(125,757)	3,405,169

Forward

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2025							
	Parent Company	Subsidiaries						
	Sale of Real Estate and Leasing	Property Management	Insurance Agency	Holding Company	Real Estate	Travel Services	Intersegment adjustments	Consolidated
			(In Thousand Pesos)					
Segment additions to:								
Property and equipment	3,138,515	132,000	-	-	-	-	-	3,270,515
Investment properties	-	-	-	-	-	-	-	-
Depreciation and amortization	14,861,407	56,172	41,519	-	-	-	-	14,959,098
Non-cash expenses other than depreciation and amortization	13,536,998	1,949,742	310,218	-	-	-	-	15,796,958
Impairment losses	6,020,325	-	-	-	-	-	-	6,020,325

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2024							
	Parent Company		Subsidiaries					
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Real Estate	Travel Services	Intersegment adjustments	Consolidated
			(In Thousand Pesos)					
Revenue								
Revenue from contracts with customers	P54,282	P42,928	P10,314	P -	P -	P -	P -	P107,524
Rental income	78,332	151	15	-	-	-	-	78,498
Intersegment sales	-	739	-	-	-	-	(739)	-
Total revenue	132,614	43,818	10,329	-	-	-	(739)	186,022
Real estate costs and expenses	326,927	39,194	5,853	1,866	58	71	(739)	373,230
Equity in net loss of an associate	-	-	-	-	-	-	2,135	2,135
Gross income (loss)	(194,313)	4,624	4,476	(1,866)	(58)	(71)	(2,135)	(189,343)
Interest income	10,722	2	66	-	-	50	-	10,840
Finance costs	(89,055)	(3)	-	-	-	-	-	(89,058)
Other income	182,208	4,446	-	-	-	-	-	186,654
Other expenses	(201)	-	-	-	-	-	-	(201)
Provision for income tax	(38,268)	(1,219)	(644)	-	-	-	-	(40,131)
Net income (loss)	(128,907)	7,850	3,898	(1,866)	(58)	(21)	(2,135)	(121,239)
Net income attributable to:								
Equity holders of PRHC								(121,235)
Non-controlling interests								(4)
								(121,239)
Other information								
Segment assets	9,581,060	102,125	16,508	62	1,000	1,302	(25,891)	9,676,166
Investment in associates	101,930	-	-	-	-	-	(47,629)	54,301
Total assets	9,682,990	102,125	16,508	62	1,000	1,302	(73,520)	9,730,467
Segment liabilities	2,374,505	34,265	6,665	81,523	58	30,251	(104,025)	2,423,242
Deferred tax liabilities	794,502	(3,614)	-	-	-	-	-	790,888
Total liabilities	P3,169,007	P30,651	P6,665	P81,523	P58	P30,251	(P104,025)	P3,214,130

Forward

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2024							
	Parent Company	Subsidiaries						
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Real Estate	Travel Services	Intersegment adjustments	Consolidated
			(In Thousand Pesos)					
Segment additions to:								
Property and equipment	P7,919	P36	P -	P -	P -	P -	P -	P7,955
Investment properties	-	-	-	-	-	-	-	-
Depreciation and amortization	15,135	88	77	-	-	-	-	15,300
Non-cash expenses other than depreciation and amortization	P12,730	(P910)	P337	P -	P -	P -	P -	P12,157
Impairment losses	P2,248	P -	P1,057	P1,762	P -	P -	P -	P5,067

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PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2023							
	Parent Company	Subsidiaries						
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Real estate	Travel Services	Intersegment adjustments	Consolidated
			(In Thousand Pesos)					
Revenue								
Revenue from contracts with customers	P174,461	P41,203	P5,216	P -	P -	P -	P -	P220,880
Rental income	65,150	151	165	-	-	-	-	65,466
Intersegment sales	-	434	-	-	-	-	(434)	-
Total revenue	239,611	41,788	5,381	-	-	-	(434)	286,346
Real estate costs and expenses	422,081	45,858	5,051	61	-	107	(434)	472,724
Equity in net loss of an associate	-	-	-	-	-	-	1,799	1,799
Gross income (loss)	(182,470)	(4,070)	330	(61)	-	(107)	(1,799)	(188,177)
Interest income	13,986	2	20	-	-	43	-	14,051
Finance costs	(70,083)	(74)	-	-	-	-	-	(70,158)
Other income	424,107	2,440	-	-	-	-	-	426,547
Other expenses	(4,899)	-	-	-	-	-	-	(4,899)
Provision for income tax	(63,823)	(592)	(81)	-	-	-	-	(64,496)
Net income (loss)	116,818	(2,294)	269	(61)	-	(64)	(1,799)	112,868
Net income attributable to:								
Equity holders of PRHC								112,880
Non-controlling interests								(12)
								112,868
Other information								
Segment assets	8,868,520	95,780	12,796	119	-	1,297	(23,080)	8,955,432
Investment in associates	100,930	-	-	-	-	-	(44,493)	56,437
Total assets	8,969,450	95,780	12,796	119	-	1,297	(67,573)	9,011,869
Segment liabilities	1,576,411	36,796	7,280	-	-	30,225	(21,489)	1,629,223
Deferred tax liabilities	756,870	(3,437)	-	-	-	-	-	753,433
Total liabilities	P2,333,281	P33,359	P7,280	P -	P-	P30,225	(P21,489)	P2,382,656

Forward

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2023							
	Parent Company	Subsidiaries						
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Real Estate	Travel Services	Intersegment adjustments	Consolidated
	(In Thousand Pesos)							
Segment additions to:								
Property and equipment	P40,698	P -	P -	P -	P -	P -	P -	P40,698
Investment properties	3,940	-	-	-	-	-	-	3,940
Depreciation and amortization	8,593	84	85	-	-	-	-	8,762
Non-cash expenses other than depreciation and amortization	P12,385	P2,112	P316	P -	P -	P -	P -	P14,813
Impairment losses	P2,864	P -	P -	P -	P -	P -	P -	P2,864

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following are the principal activities of the Parent Company's subsidiaries:

PRHC Property Managers, Inc. (PPMI)
PPMI was incorporated and registered with the SEC on May 24, 1991 to engage in the business of managing, operating, developing, buying, leasing and selling real and personal property either for itself and/or for others.

The registered office address of PPMI is at Unit E2003B, 20th Floor East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City.

Tektite Insurance Agency, Inc. (Formerly Tektite Insurance Brokers, Inc.)
TIAI was incorporated and registered with the SEC on January 2, 1989 to engage in the business of insurance brokerage. On May 24, 2022, the BOD of TIAI approved the amendment of its Articles of Incorporation and By-laws to conform with the IC's requirements in changing its business activities from that of an insurance broker to an insurance agent. On April 21, 2025, the SEC, with endorsement from IC, approved the amendment of its Articles of Incorporation.

The registered office address of TIAI is at the 20th Floor, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

Universal Travel Corporation (UTC)
UTC was incorporated and registered with the SEC on November 9, 1993 to engage in the business of travel services by providing, arranging, marketing, engaging or rendering advisory and consultancy services relating to tours and tour packages. On March 15, 2018, the Board of Directors of UTC approved the resolution on the cessation of operations effective July 31, 2018.

Thereafter, the Company became inactive.

The registered office address of UTC is Unit E2003B, 20th Floor East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City.

Sultan's Power, Inc. (SPI)
Sultan Power, Inc. ("SPI") was incorporated under Philippine laws and registered with the SEC on March 19, 2015 as a holding company. SPI acquired 51% of the total issued and outstanding shares of RECON-X Energy Corporation ("RECON-X") in 2021.

RECON-X was incorporated under Philippine laws and registered with the SEC on June 27, 2014 to engage in the business of recycling and converting plastics into fuel (gasoline, diesel and kerosene) using patented technology. The process was duly certified on November 2, 2015, by the Intellectual Property Office of the Philippines ("IPOPHL") for "Improved Method of Converting Land-Filled Plastic Wastes into Hydrocarbon Fuel", certified by the Department of Science and Technology ("DOST") and by the Department of Energy ("DOE"). As of December 31, 2021, RECON-X was able to procure the additional catalysts and materials needed for the plastic diesel conversion plant to be used to process waste materials into fuel. In 2023, RECON-X started introduction of feedstocks, performance testing and testing of fuel compliance with National Standards and securing plastic waste supply from a plastic waste aggregator and is still the same in 2025. RECON-X is continuing its efforts in streamlining its operations and sourcing technical staff for production.

The Company's registered office is at Units E-2003B 20th Floor East Tower, Tektite Towers, Exchange Road, Ortigas Center, Pasig City.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three Corners Realty Corporation (TCRC)
Three Corners Realty Corporation (the "Company") was registered with the SEC on September 16, 2024 primarily to engage in the real estate business. In 2025, the Parent Company and TCRC completed an asset exchange transaction in wherein TCRC incurred transaction cost on issuance of its preferred shares amounting to P3,142,935 charged against APIC (see Note 10 and 25).

The Company's registered office, which is also its principal place of business, is located at Unit No.10A, Podium 10th Level, The Icon Plaza, 26th Street, Bonifacio Global City, Taguig City.

Philippine Realty & Holdings Corporation
2025 ANNUAL REPORT

MVCo
Certified Public Accountants and Management Consultants
Member of Nexia

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STATEMENTS REQUIRED BY THE REVISED SECURITIES REGULATION CODE (SRC) RULE 68

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation and Subsidiaries
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

We have audited the accompanying consolidated financial statements of Philippine Realty and Holdings Corporation and Subsidiaries as at and for the year ended December 31, 2025, on which we have rendered our report dated March 17, 2026. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 5B and Annex 68-D), Financial Soundness Indicators (Part 1, 5C and Annex 68-E), and Map of Relationships Between and Among the Related Parties (Part 1, 5G) as additional components required by Part I, Section 5 of the Revised SRC Rule 68 and Schedules A, B, C, D, E, F, G and H, as required by Part II, Section 7 and Annex 68-J of the Securities Regulation Code, are presented for purposes of filing with the Securities and Exchange Commission and are not a required part of the basic consolidated financial statements.

Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with Part I, Section 5 and Part II, Section 7 of the Revised SRC Rule 68.

MACEDA VALENCIA & CO.

JOSE T. VALENCIA
Partner
CPA License No. 32659
Tax Identification No. 119-894-676-000
PTR No. 10788996
Issued on January 23, 2026 at Makati City
BOA/PRC Reg. No. 4748 valid until August 7, 2027
BIR Accreditation No. 08-005063-000-2024 (firm); 08-005063-001-2024 (individual)
Issued on March 26, 2024; valid until March 25, 2027

March 17, 2026
Makati City

"Annex A"

Reconciliation of Retained Earnings Availabole for Dividend Declaration

For the reporting period ended December 31, 2025

Philippine Realty And Holdings Corporation
One Balete, 1 Balete Drive Corner N. Domingo St.
Brgy. Kaunlaran, Dirtrict 4, Quezon City 1111, Philippines

Unappropriated Retained Earnings, beginning of the reporting period		**P1,526,539,586**
Add: Category A: Items that are directly credited to Unapppropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)		
Accumulated Deferred Tax	**P794,501,517**	-
Accumulated unrealized gain on fair market value	**(2,571,084,323)**	**(1,776,582,806)**
		(250,043,220)
Less: Category B: Items that are directly debited to Unapppropriated Retained Earnings		
Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Unappropriated Retained Earnings, as adjusted		**(250,043,220)**
Add/Less: Net Income (loss) for the current year		**(55,899,019)**
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) of financial instruments at fair value through profit or loss (FVTPL)	-	
Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP-gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS (describe nature)	-	
Sub-total		-

Philippine Realty & Holdings Corporation
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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 adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	**(97,286,332)**	
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 PFRS (describe nature)	-	**(97,286,332)**
Sub-total		**(97,286,332)**
Add: Category C.3: Unrealized income recognized in the 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 PFRS, previously recorded (describe nature)	-	-
Sub-total		-
Adjusted Net Income/Loss		**(153,185,351)**
Add: Category D: Non-actual losses 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 in SEC and BSP		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief during the year	-	
Others (describe nature)	-	
Sub-total		-
Add/Less: Category F: Adjustments related to relief granted in SEC and BSP		
Net movement of treasury shares (except for reacquisition of redeemable shares	-	
Net movement of deferred tax asset not considered in reconciling items under the previous categories	(159,118,981)	

Net movement of 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 to deviation from PFRS/GAAP – gain (loss)	-	
Others (describe nature)	-	(159,118,981)
Sub-total		(159,118,981)
Total Retained Earnings, end of the reporting period available for dividend		**(P312,304,332)**

Philippine Realty & Holdings Corporation
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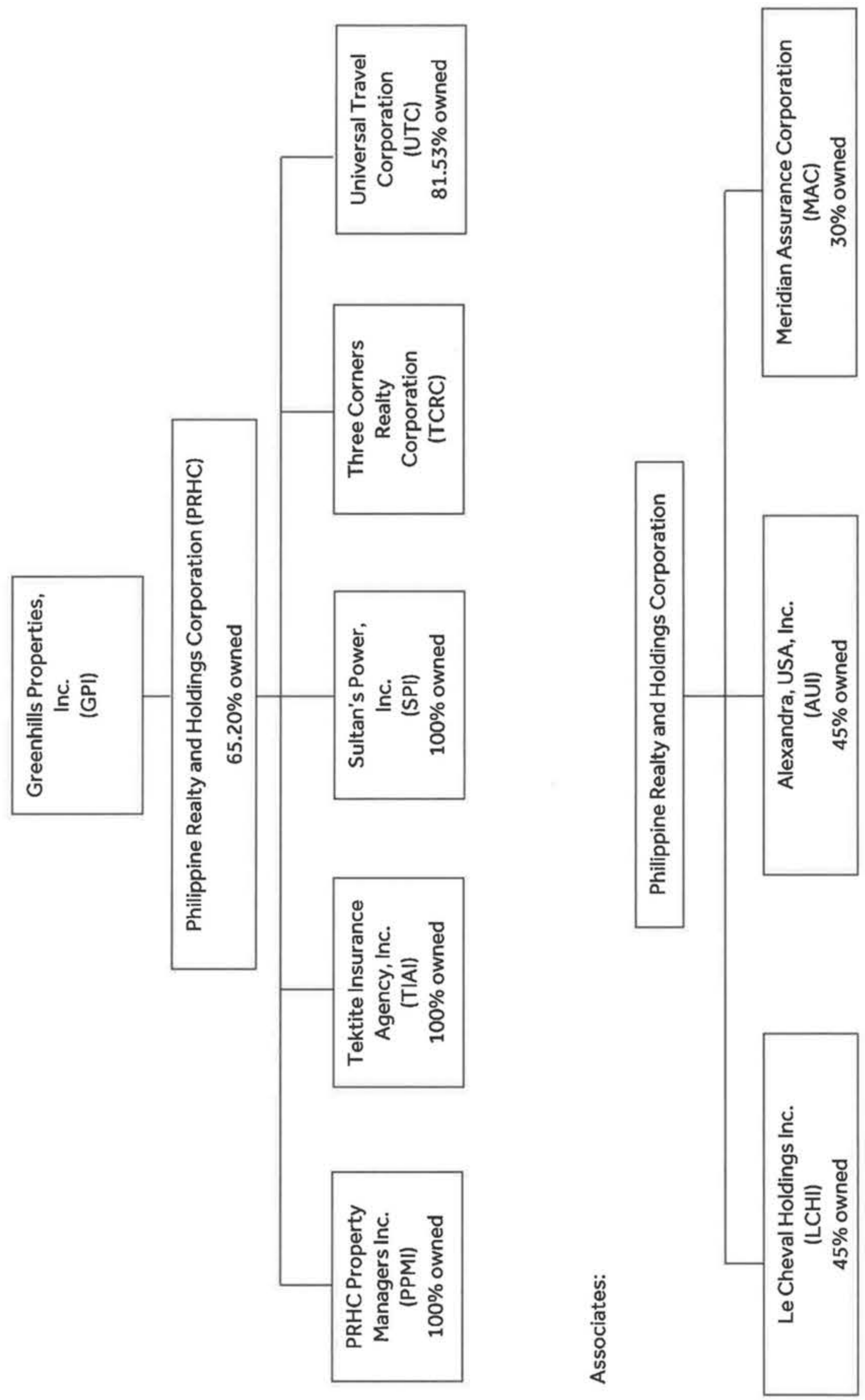
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
As of December 31, 2025

Philippine Realty And Holdings Corporation
One Balete, 1 Balete Drive Corner N. Domingo St.
Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines

	2025	2024
Current Ratio[1]	**3.84**	3.28
Acid Test Ratio[2]	**1.16**	1.28
Debt to Equity Ratio[3]	**0.53**	0.49
Asset to Equity Ratio[4]	**1.53**	1.49
Interest Coverage Ratio[5]	**(1.62)**	0.09
Net Profit Margin Ratio[6]	**(0.23)**	(0.29)
Return on Assets[7]	**(0.01)**	(0.01)
Return on Equity[8]	**(0.01)**	(0.02)
Solvency Ratio[9]	**(0.01)**	(0.03)

(1) *Current ratio is measured as current assets divided by current liabilities.*
(2) *Acid test ratio is measured as current assets less inventory divided by current liabilities.*
(3) *Debt to equity ratio is measured as total liabilities divided by total equity.*
(4) *Asset to equity ratio is measured as total assets divided by total equity.*
(5) *Interest coverage ratio is measured by EBIT, or earnings before interest and taxes, divided by total financing costs.*
(6) *Net profit margin ratio is derived by dividing net profit with total revenue.*
(7) *Return on assets is measured by dividing net income after tax with total assets.*
(8) *Return on equity is measured by dividing net income after tax with total capital accounts.*
(9) *Solvency ratio is measured by dividing net income after tax plus depreciation with total liabilities.*

PHILIPPINE REALTY AND HOLDINGS CORPORATION
SUBSIDIARIES, AFFILIATES GROUP STRUCTURE
As of December 31, 2025



Philippine Realty & Holdings Corporation
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ANNEX 68-I

Schedule for Listed Companies with a Recent Offering of Securities to the Public
As of December 31, 2025

Philippine Realty And Holdings Corporation
One Balete, 1 Balete Drive Corner N. Domingo St.
Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines

1. Gross and net proceeds as disclosed in the final prospectus
   Not applicable

2. Actual gross and net proceeds
   Not applicable

3. Each expenditure item where the proceeds were used
   Not applicable

4. Balance of the proceeds as of end reporting period
   Not applicable

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule A – Financial Assets
December 31, 2025

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown in the Statement of Financial Position	Valued based on market quotation at end of reporting period	Income received and accrued
Financial assets at fair value through profit or loss				
Tagaytay Properties	6,750,000 shares	P6,750,000	P6,750,000	P -
Financial Assets at Fair Value through OCI				
Equity securities				
A. Brown Company, Inc.	36,840,000 shares	P34,261,200	P34,261,200	P -
Philippine Racing Club (PRC)	944 shares	6,234	6,234	-
Orchard Golf & Country Club CLASS "C" Shares	1 share	3,100,000	3,100,000	-
Valley Golf Country Club	1 share	4,500,000	4,500,000	-
	36,840,946 shares	P41,867,434	P41,867,434	P -
Trade and other receivables - net		P256,687,154	P256,687,154	P74,334
		P305,304,588	P305,304,588	P74,334

Philippine Realty & Holdings Corporation
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PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule C – Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statement
December 31, 2025

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected (i)	Amounts written-off (ii)	Current	Non-current	Balance at the end of period
Universal Travel Corporation, Subsidiary	P30,191,024	P132,437	(P1,231,632)	P -	P -	P29,091,829	P29,091,829
PRHC Property Managers, Inc., Subsidiary	14,849,051	100,906	(2,807,926)	-	-	12,142,031	12,142,031
Sultan's Power, Inc., Subsidiary	76,668,235	141,470	-	-	-	76,809,705	76,809,705
Three Corners Realty Corporation	-	28,577,888	-	-	28,577,888	-	28,577,888
	P121,708,310	P28,879,3088	(P4,039,558)	P -	P28,577,888	P118,043,565	P146,621,453

i. If collected was other than in cash, explain.
ii. Give reasons to write-off.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule D – Long Term Debt
December 31, 2025

Title of issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt in related Statement of Financial Position " (ii)	Amount shown under caption "Long-term debt in related Statement of Financial Position " (iii)	Interest Rate %	Maturity Date
Car loan	33,570,461	7,023,351	11,968,904	8.14% - 9.10%	May 2028 – April 2029
Car loan	2,358,310	335,546	601,561	8.31%	March 2028 – July 2028
Car loan	47,580,000	1,304,265	4,905,622	9.43% - 9.44%	March 2029 – March 2030
Real estate mortgage	1,813,000,000	399,988,304	1,431,494,508	7.75% - 9.00%	January 2026 – December 2028
Real estate mortgage	352,000,000	352,000,000	-	7.125% - 7.25%	January 2026 – March 2026

i. Include in this column each type of obligation authorized.
ii. This column is to be totalled to correspond to the related Statements of Financial Position caption.
iii. Include in this column details as to interest rates, amounts or numbers of periodic instalments, and maturity dates.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule E – Indebtedness to Related Parties
(Included in the Consolidated Financial Statement of Position)
December 31, 2025

Name of Related Parties (i)	Balance at the beginning of the period	Balance at the end of the period (ii)

None to report.

i. The related party shall be grouped as in Schedule C. The information called for shall be stated for any persons whose investments shown in separately in such related schedule.
ii. For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10% of the related balance at either the beginning or end of the period.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule F – Guarantees of Securities of Other Issuers
December 31, 2025

Name of the issuing entity of securities guaranteed by the company for which this statement is fled	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding (i)	Amount owned by person of which statement is filed	Nature of Guarantee (ii)

None to report.

i. Indicate in the note any significant changes since the date of the last balance sheet file. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.
ii. There must be a brief statement of the nature of the guarantee, such as "Guarantee of Principal and Interest"', "Guarantee of Interest" or "Guarantee of Dividend". If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

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PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule G – Capital Stock
December 31, 2025

Title of Issue (i)	Number of shares authorized	Number of shares issued and outstanding as shown under the related Statement of Financial Position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
Common	16,000,000,000	7,866,647,523	-	-	539,964,841	-

i. Include in this column each type of issue authorized
ii. Related parties referred to include persons for which separate financial statements are filed and those included in the consolidated financial statements, other than the issuer of the particular security.
iii. Indicate in a note any significant changes since the date of the last balance sheet filed.

PHILIPPINE REALTY AND HOLDINGS COSPORATION AND SUBSIDIARY
Schedule H – External Auditor Fee
For the years ended December 31, 2025 and 2024

	2025	2024
Total Audit Fees	**P1,705,000**	**P1,595,000**
Non-audit services fees	-	-
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Non-audit Fees	-	-
Total Audit and Non-audit Fees	**P1,705,000**	**P1,595,000**

Audit and Non-audit of other related entities

	2025	2024
Total Audit Fees (Section 2.1a)	P -	P -
Non-audit services fees	-	-
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Non-audit Fees	-	-
Total Audit and Non-audit Fees	P -	P -

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Picazo Buyco Tan Fider Santos & Dee Law Offices
Somera Javeloza & Associates
Yabes & Yabes-Alvarez & Associates

BANKS
BDO Unibank, Inc.
Bank of the Philippine Islands
China Bank Savings Inc.
City Savings Bank Inc.
Metropolitan Bank and Trust Co.
Philippine Bank of Communications
Philippine National Bank
Rizal Commercial Banking Corporation
Security Bank Corporation
Union Bank of the Philippines

TRANSFER AGENT

StockTransferService, Inc.

AUDITOR
MacedaValencia & Co.

LISTING
PhilippineStock Exchange

MEMBER
Chamberof Real Estate & Builders' Associations, Inc.
The American Chamber of Commerce of the Philippines, Inc.

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