

Kalahi Realty, Inc.

Suites 214-215, State Condominium IV
Ortigas Avenue, Greenhill's
San Juan City, Philippines
Telephone Nos. 8570-3639

KALAH REALTY INC_SEC 17-Q_20 OCTOBER 2025

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the fiscal year ended **September 30, 2025**

2. SEC Identification Number **161872**

3. BIR Tax Identification No. **000-645-746-000**

4. Exact name of issuer as specified in its charter:

KALAHY REALTY INC.

5. **Republic of the Philippines**
SAN JUAN, METRO MANILA

6. (SEC Use Only)
Industry Classification Code:

7. **SUITE 214 STATE, COND. IV, ORTIGAS AVENUE**
GREENHILLS, SAN JUAN, M.M.
Address of principal office

1502
Postal Code

8. **(02)8 5703639**
Issuer's telephone number, including area code

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

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

Title of Each Class

Number of Shares of Common
Stock Outstanding

Class B Common

70,166,407

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

Yes ☐ No ☒

If yes, state the name of such stock exchange and the classes of securities listed therein:

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes ☒ has submitted on line SEC Form 17-C (CGFD) , SEC Form 23-A on Dec. 9,2024 , SEC Form 20-IS Definitive Information Statement on July 10,2025 , Letter on the certification of attendance of the Board on Dec.10,2024 and General Information Sheet (GIS) on Sept. 19,2025 and on Sept. 2,2025 SEC 17-C was also submitted.

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

Yes ☒ No ☐

13. The aggregate market value of the voting stock held by non-affiliates of the registrant computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing at a book value per share of P2.175. The non-affiliates represent 19.34% of total voting shares.

PART I

BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

Kalahi Realty Inc. (KRI), is a stock corporation and was incorporated under the laws of the Republic of the Philippines on April 3, 1989 with registered office address at Suite 214, State Condominium IV, Ortigas Avenue, Greenhills, San Juan, Metro Manila

The company had not been encountering problems that may lead to bankruptcy, receivership or similar proceedings. Neither is there any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

Kalahi Realty Inc. is primarily engaged in the acquisition by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind together with their appurtenances.

In its initial operation KRI acquired ownership and administration of the Dizon Townhouses on P. Guevarra St., San Juan, comprising 17 townhouse units and six (6) condominium units in the State Condominium IV Building in Ortigas Avenue, Greenhills. Subsequently KRI acquired by purchase additional two (2) in the same building.

Initiating its operation in the subdivision business KRI entered into a Joint Venture Agreement for the development and subdivision of a 74-hectare land located approximately five (5) kilometers away north of the City of San Fernando, Pampanga. Since this land was several hundred meters away from the main highway, i.e. Mac Arthur highway, KRI bought some pieces of land between the property and the highway to provide a direct and more convenient access road to and from the prospective subdivision. The piece of land acquired and located closest to the highway, with an area of two (2) hectares, was developed, the concrete roadway constructed and the areas on both sides of the road were converted into commercial lots. To date a total of 3 lots remained unsold while a total of 20 lots were already disposed.

While the 74 hectares was privately owned it was formerly a private agricultural land, it was tenanted and subjected to land reform by the Agrarian Reform Commission who awarded some areas for distribution to the farmer tenants. In order to prevent the division of the property into small and separate parcels of land, KRI bought all the rights of the duly recognized tenants. Hence, the areas pertaining to the tenants together with some areas owned by the original owner also sold to KRI resulted in the ownership by KRI of 455,099 square meters out of the total 740,879 square meters, the balance of 285,780 square meters being retained by the original owner, subject to the Joint Venture Agreement.

KRI shares of stock are not registered for public sale with the Securities and Exchange Commission and the company is not listed in the Philippine Stock Exchange, KRI made it a point to assist stockholders by offering to buy shares of any stockholders who may decide to convert their shares of stock into cash. On Dec. 31,2011 the company was able to reacquire an accumulated 7,840,280 shares at a total purchase price of P11,146,534.00 now classified as treasury shares.

On October 10, 2005 KRI entered into a Joint Venture Agreements with NATIVIDAD ALIMURUNG AND DIZON LANDS REALTY AND DEVELOPMENT CORP. (DLRDC) under two Joint Venture Agreements (JVA's). These are for the development of the 771,296 square meters of land for subdivision into a residential community for sale to the public. The resulting net saleable area of the 30,417 square meters of land, covered by the first JVA, will be divided between the Company and DLRDC on a 50:50 basis. Under the second JVA, the net saleable area of the 740,879 square meters shall be divided among joint ventures under the agreed rates as follows:

Kalahi Realty Inc.	35.50 %
Natividad N. Alimurung	13.50%
DLRDC	50.00%

Under the JVAs, all costs and expenses in the development from land preparation to full completion of all requirements to convert the land of the Company and Natividad Alimurung to commercially attractive lots for sale to the public, shall be totally for the account of DLRDC, the developer.

The registrant is in the realty business and its areas of concentration at the moment are Bacolor Pampanga and City of San Fernando where it is developing a residential subdivision. As a result of the development activity there was the Phase I which is 100% complete comprising of ten (10) has. that yielded developed lots divided into abovementioned distribution ratio which KRI (La Primavera project) shared ninety-five (95) lots or approximately twenty-seven thousand three hundred eighty-five (27,385) square meters or 2.7 has. As of Sept. 30, 2025 a total of eighty-six (86) lots were already sold.

As to the products or goods are or will be produced or services that are or will be rendered the registrant purely does and proposes up to the extent of leasing condo units and selling of Joint Venture lots.

Registrant sales contribution and net income mainly of local market only without any participation or any percentage of sales or revenues resulted from foreign sales . In which case it does not entail distribution methods of the products and services.

As a result of Joint Venture Agreement which was previously mentioned the company is dependent on sales force and strategy of JVA partner. It was also our experience that never from a single or few customers that the registrant business is solely dependent on generating revenues. Presently there were no major existing sales contracts so far entered. So much so that for the last sixteen (16) years the company merely relied on JVA partner for the development activities, cost and effects of compliance with environmental laws. Nevertheless, for the past eighteen (18) years no occurrence of problem with environmental regulations.

There was no publicly-announced new product or service so much so that no further engineering and product designing are necessary. In the same manner there were no principal terms and expiration dates of all patents, trademarks, copyrights, licenses, franchises, concessions and royalty agreements held.

The principal products or services and markets have indicated a very significant contribution to total sales or revenues. Of the total revenues for the second quarter one hundred (100%) percent derived from rental income and bank interest respectively. The registrant is dependent on the approach of the JVA partner in the project by selling acceptable medium-priced lots where other competitors have significant share of the market.

The participation of KRI is purely as a land owner. As stated in the joint venture contract the JVA partner was the in charge of marketing and selling. ***The registrant is negative in identifying the area of competition as it merely awaits JVA partner strategy on operations.***

As of September 30, 2025 Phase I was fully developed despite there is a full blast maintenance that geared toward several sales where most of the revenues of the Company are emanating whereas Phase II is still under development. The company merely oversees how its JVA partner compete in the market. ***Being dependent from JVA partner it is not necessary to describe and itemize major existing contracts, approval of principal products and steps taken in complying with governmental regulations.***

As of September 30, 2022 KRI employs a total number of five (5) permanent and regular employees composed of a. President/Chairman; b. Vice President/Treasurer; and c. Utility Staff d. Chief Accountant, e. Corporate Secretary /Legal Officer. Employees. Said officers and employees are not subject to Collective Bargaining Agreement (CBA) and for the past thirty (30) years never a strike or dispute occurred. Moreover, once the Government issued memo requiring adjustments for employee's compensation and benefits the same is strictly adhered and effected.

There are main risk/s involved from the Company's financial instruments among others, credit risk and liquidity risk. The BOD reviews and approves the policies for managing these risks.

ITEM 2. PROPERTIES

Kalahi Realty Inc. (KRI) owns for development a total of 50.5 hectares of land between **San Isidro, Bacolor and Del Rosario, San Fernando in Pampanga**. Of the total the two (2) has. were located on the front and along the McArthur Highway in San Fernando, Pampanga developed and made available for sale and only three (3) lots remained unsold and reserved. The company also owns eight (8) office units at the **State Condominium IV, Ortigas, San Juan, Metro Manila**. Two (2) units are currently being used as offices by CMD & KRI while the remaining six (6) units are occupied or being rented as of September 30, 2025.

On April 1, 2012 the registrant bought one (1) unit Condominium located at **PSE Exchange Centre Cond. Corp. Building, Ortigas Center, Pasig City** as part of expansion plan and that the property is currently under rental.

The registrant has complete ownership of the above-mentioned properties and not one of these properties is mortgaged. *Also, in the past and ensuing board meetings there are no resolutions wherein the company intends to acquire properties in the next 12 months.*

ITEM 3. LEGAL PROCEEDINGS

KRI has no pending legal proceedings of which any of its property.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The annual meeting of the stockholders was held virtually on July. 25, 2025. The details under this item are contained in the minutes of stockholders and directors meetings filed with the Security and Exchange Commission.

PART II OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(1) Market Information

Not Applicable

(2) Holders

KRI has a total of 70,166,407 outstanding Common Class A shares (net of 7,840,280 treasury shares). As of September 30, 2025, the company has 2,624 (inclusive of KRI own treasury shares) stockholders on

The top twenty (20) stockholders of the registrant as of September 30, 2025 are as follows:

	STOCKHOLDERS		SHARES	%
1	Lordiz and Co., Inc.	FILIPINO	10,360,350	14.77%
2	Diz-Marc Fortunes, Inc.	FILIPINO	10,156,459	14.47%
3	Little Flower Corporation	FILIPINO	6,615,632	9.43%
4	Markeisha Development Corporation	FILIPINO	5,607,343	7.99%
5	Fordjem Enterprises Inc.	FILIPINO	4,707,504	6.71%
6	Marcel Holdings Corporation	FILIPINO	4,481,304	6.39%
7	Lutgarda D. Lacson	FILIPINO	3,945,833	5.62%
8	Lourdes D. Dizon &/Or Fortunata D. Matsuda Account	FILIPINO	2,011,492	2.87%
9	Teresita D. Dizon	FILIPINO	1,865,374	2.66%
10	Carllo, Inc.	FILIPINO	1,828,268	2.61%
11	Juver Enterprises Inc.	FILIPINO	1,231,345	1.75%
12	Gibraltar Mining Enterprises, Inc.	FILIPINO	1,161,950	1.66%
13	Acrodiz Estate Realty & Development Corporation	FILIPINO	960,177	1.37%
14	Lourdes D. Dizon	FILIPINO	747,973	1.07%
15	Michael O. Uy	FILIPINO	480,500	0.68%
16	Abacus Securities Corporation	FILIPINO	466,419	0.66%
17	Elma Laguinia	FILIPINO	412,500	0.59%
18	Dizon-Jose Realty & Dev't. Corp.	FILIPINO	351,301	0.50%
19	Joel D. Matsuda.	FILIPINO	356,180	0.51%
20	Juvenicio D. Dizon &/or Veronica C. Dizon	FILIPINO	234,235	0.33%
	Subtotal		57,982,139	82.64%
	OTHER STOCKHOLDERS		20,024,548	17.36%
	Subtotal		78,006,687	
	LESS : TREASURY SHARES		(7,840,280)	
	TOTAL SHARES		70,166,407	100.00%

(3) Dividends

The retained earnings are restricted for distribution as dividends to the extent of P11,146,534 representing the cost of treasury shares while most of the remaining balance is reserved for future plan of acquiring properties for development. There were no cash nor

stock dividends declared during the year 2024 and for the nine (9) months ended September 30,2025.

(4) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

There are no recent sales of unregistered securities.

ITEM 6. MANAGEMENT’S DISCUSSION AND ANALYSIS OF PLAN OF OPERATION

Comparative amounts of revenues, expenses, assets, liabilities and stockholders’ equity are as follows (million):

	9/30/2025	12/31/2024	9/30/2024
Revenues	P 1.904	P 4.690	P 1.865
Other Income	2.219	3.257	2.130
Cost of Sales & rental Income	(.000)	(.289)	(.068)
Operating Expenses	(2.892)	(4.325)	(2.605)
Provision for Income Tax		(.0316)	
Asset	154.287	154.695	149.705
Liabilities	1.672	3,242	2.390
Equity	152.615	151.453	147.315

Results of operations for the nine- month ended September 30,2025 compared to the same period ended September 30,2024.

For the nine months ended September 30, 2025, KRI’s net income from its business normal operations and registered a decrease of **12.106%** or **P.160** million from **P1.322** million net income in 2024 to **P1.162** million net income in the month ended Sept. 30,2025.

Revenues

The revenues went up by **2.047%** or an increase of P.0381 million from **P1.865** million for the third quarter of 2024 compared to **P1.904** million for the same quarter of 2025 . The increase was brought about by the escalation of rental rate in the current year.

Interest income & other income for nine-month ended September 30,2025 as compared to same period of last year showed significant variance of **P.0536** million or **2.474%**. The interest revenues derived mostly from of bank placements (treasury bonds), treasury bills, time deposits and current accounts .

Costs

Cost of real estate sales and rental services accounts for nine-month in this period compared to last year’s same period showed slight change which was brought about by last depreciation of investment asset.

Gross Profit

Gross profit margin for real estate sales and services increased by **P.106** million or **5.907%** .

Expenses

Operating expenses increased by **P.287** million or **11.012%** for the month ended Sept. 30,2025 as compared to same period in 2024. The bulk of increase was mainly due to increase in taxes & licenses , repairs and maintenance ,dues and fees and personnel expenses.

Financial Condition as of September 30,2024 compared to December 31,2023.

As of September 30,2025 KRI total assets stood at **P154.287** million decreased by **.33%** or by **P.154** million as compared to **P154.795** million total assets as of December 31,2024. The following are the material changes in account balance:

1.01% Decrease in Cash and Cash Equivalents

The insignificant variance attributes to collection compensated by expenditures.

3.45% Increase in bonds placements and short-term time deposits

The variances are attributed to interest earnings.

93.20% Net decrease in Contract Receivables

The decrease was due to substantial collection during the period.

53.79% Decrease in Other Receivables

The decrease was due to reversal of accrued interest receivable account.

.00% Variance in Real Estate Inventories

There are no changes since no lots have been sold as of the corresponding period.

00% Variance in Investment Properties

This explains that investment property are already fully depreciated.

251.67% Increase in net book value of Property and Equipment

The increase was mainly due to new acquisition of office equipment minus depreciation costs.

92.39% Decrease in Accounts Payable, Accrued Expenses and Other liabilities

The decreases mainly due to settlement of output VAT payable and accrued audit fees.

.00% Variance in Contract Liabilities

The variance was due to nil deposit/down payment incurred from new perspective buyer or tenants.

.77% Increase in Stockholders Equity

The increase mainly due to net income incurred for nine-month operations.

The Company's balance sheet remains attractive & strong with sufficient capacity to carry out its aggressive growth plans in the following years

KEY PERFORMANCE INDICATORS:

1.1. CURRENT RATIO - Measures ability to meet currently maturing obligations from existing current assets.

September 30,2025

CURRENT ASSETS: ₱ 154,239,857.00
CURRENT LIAB. - ₱ 767,242.00 = 201.031561 : 1

December 31,2024

CURRENT ASSETS - ₱ 154,681,836.00
CURRENT LIAB. - ₱ 1,426,665.00 = 108.24421974 : 1

Current assets are sufficient to cover ,if any, current obligations.

2.1. DEBT TO EQUITY RATIO – Measures the relative number of resources provided by shareholders and creditors. Indicates extent of leverage used and creditor protection in case of insolvency.1

September 30,2025

TOTAL LIABILITIES : ₱ 1,672,420.00
STOCKHOLDERS EQUITY ₱ 152,615,064.00 = .01095842: 1

December 31,2024

TOTAL LIABILITIES : ₱ 3,242,683.00
STOCKHOLDERS EQUITY ₱ 151,452,696.00 = .02141053: 1

The creditors are very much protected in case of insolvency meaning the company has good indication to meet its long term obligations, (if any).

3.1 RETURN ON STOCKHOLDERS' EQUITY RATIO – Measures rate of earnings on resources provided by shareholders.

September 30,2025

NET INCOME (LOSS) ₱ 1,162,369.00
STOCKHOLDERS EQUITY ₱ 152,615,064.00 = .7616345%

September 30,2024

NET INCOME(LOSS) ₱ 1,322,463.00
STOCKHOLDERS EQUITY ₱ 147,315,202.00 = .897710%

The ratio indicates favourable result in yielding revenue to recover investment .

4.1 EARNINGS PER SHARE (EPS) – Measures the amount of earnings attributable to each share of common stock.

$$\frac{\text{NET INCOME(Loss)}}{\text{NO. OF SHARES OUTSTANDING}} = \frac{\text{₱ 1,162,369.00}}{\text{₱ 70,166,407.00}} = .016566$$

For the nine- month operations the company showed a profitability of operation and an indication that the company could gradually recover its investment.

5.1 EQUITY RATIO - Measures total investment provided by stockholders.

September 30,2025

$$\frac{\text{STOCKHOLDERS EQUITY}}{\text{TOTAL ASSETS}} = \frac{\text{₱ 152,615,064.00}}{\text{₱ 154,287,484.00}} = .989160: 1$$

December 31,2024

$$\frac{\text{STOCKHOLDERS EQUITY}}{\text{TOTAL ASSETS}} = \frac{\text{₱ 151,452,696.00}}{\text{₱ 154,695,379.00}} = .979038 : 1$$

The total investments provided by the stockholders indicate a very favourable venture.

5.2 CREDITORS' EQUITY TO TOTAL ASSETS – Measures the amount resources provided by creditors.

September 30,2025

$$\frac{\text{TOTAL LIABILITIES}}{\text{TOTAL ASSETS}} = \frac{\text{₱ 1,672,420.00}}{\text{₱ 154,287,484.00}} = .0108396: 1$$

December 31,2024

$$\frac{\text{TOTAL LIABILITIES}}{\text{TOTAL ASSETS}} = \frac{\text{₱ 3,242,683.00}}{\text{₱ 154,695,379.00}} = .0209617: 1$$

The company's indication of being solvent is realistic and the same would be in relatively good long term financial standing.

As earlier mentioned, since the company operates at a profit for the nine months ended **September 30, 2025** indicating a sound financial condition of the company such that the company is fully solvent to pay its operating expenses and other obligations even in the coming years without having to resort to borrowing funds from outside creditors. This is evidenced by the company's over-all liquidity ratio of **92.254029:1**. This was derived by getting the quotient of Total assets **₱154,287** million over Total liabilities **₱1.672** million. Because of this, the company believes that it will not have any cash flow nor liquidity problems within the next 12 months. It has no outstanding loan nor any indebtedness that have not been paid within the stated trade terms.

(5) Other Disclosures

Except as indicated in the Notes to financial statements and management's Discussion and Analysis of Financial Conditions and Results of Operations, there are no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.

The accounting policies and methods of computation adopted in the preparation of the unaudited interim financial statements are consistent with those followed in the preparation of the Company's financial statements as of and for the quarter ended September 30, 2025.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from the continuing operations.

Except for income generated from leasing, there are no seasonal aspects that have a material effect on the Company's financial conditions or results of operations. There are no unusual operating cycles or seasons that will differentiate the operations for the period January to September 2025 from the operations of the rest of the year.

There are no changes in estimates of amounts reported in prior year (2024) that have material effects in the current interim period.

Except as discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, and Financial Risk Exposures, there are no material events subsequent to September 30, 2025 up to the date of this report that have not been reflected in the financial statements for the interim period.

There are no material contingencies and any other events or transactions affecting the current interim period.

There are no known events that will trigger the settlement of a direct or contingent financial obligation that is material to the company.

Except for those discussed above, there are no material changes in the financial statements of the Company from December 31, 2024 to September 30, 2025.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with entities or other persons created during the reporting period other than those that were previously reported.

The Company has no material commitments for capital expenditures and any significant elements of income or loss that did not arise from operations and seasonal aspects that had a material effect on the financial condition or results of operations.

There is no other information required to be reported that have not been previously reported in SEC Form 17-C.

Pursuant to the requirement of the Securities Regulation Code, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KALAHY REALTY, INC.

A handwritten signature in black ink, appearing to read 'Franklin D. Matsuda', with a stylized, cursive script.

FRANKLIN D. MATSUDA
President/Chairman of the Board

A handwritten signature in black ink, appearing to read 'Valentino M. Trobada', with a stylized, cursive script.

VALENTINO M. TROBADA
Chief Accountant

KALAHI REALTY INC.
COMPARATIVE BALANCE SHEET
AS OF SEPTEMBER 30, 2025 & DECEMBER 31, 2024

		(UNAUDITED) September 30, 2025	(AUDITED) December 31, 2024
A S S E T S			
CURRENT ASSETS			
Cash & cash equivalents	P	3,487,042	P 3,522,623
Receivables and advances		941,105	2,036,619
Short Term Investments-Time Deposits		11,538,805	11,521,320
Short Term Investments in Bonds		75,413,881	72,528,412
Installment Receivables - Current		185,796	2,730,922
Real Properties for sale & dev't.		61,216,990	61,216,990
Prepayments & other current assets		<u>1,456,238</u>	<u>1,224,950</u>
Total Current Assets		<u>154,239,857</u>	<u>154,781,836</u>
NON-CURRENT ASSETS			
Investment Properties		0	
Property & Equipment-Net		47,627	13,543
Installment Receivables - Non-Current			
Deferred Tax Assets			
Total Non-current Assets		<u>47,627</u>	<u>13,543</u>
TOTAL ASSETS	P	<u><u>154,287,484</u></u>	<u><u>P 154,795,379</u></u>
LIABILITIES & STOCKHOLDERS EQUITY			
CURRENT LIABILITIES			
Accounts Payable and accrued expenses	P	54,320	P 713,743
Customers Deposit		712,922	712,922
Income Tax Payable		<u>0</u>	<u>0</u>
Total Current Liabilities		<u>767,242</u>	<u>1,426,665</u>
NON- CURRENT LIABILITY			
Accrued Retirement Liability		905,178	1,816,018
Deferred Income Tax Liability			
Total Non Current Liability		<u>905,178</u>	<u>1,816,018</u>
TOTAL LIABILITIES	P	<u>1,672,420</u>	<u>P 3,242,683</u>
STOCKHOLDERS' EQUITY			
Capital Stock Issued		78,006,687	78,006,687
Retained Earnings		85,754,911	84,592,543
Treasury Stock		<u>(11,146,534)</u>	<u>(11,146,534)</u>
		<u>152,615,064</u>	<u>151,452,696</u>

TOTAL LIABILITIES and STOCKHOLDERS EQUITY	P	<u>154,287,484</u>	P	<u>154,695,379</u>
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KALAHİ REALTY INC
COMPARATIVE BALANCE SHEET
AS OF SEPTEMBER 30, 2025 & SEPTEMBER 30, 2024

		September 30, 2025	September 30, 2024
A S S E T S			
CURRENT ASSETS			
Cash & cash equivalents	P	3,487,042	P 6,811,251
Receivables and advances		941,105	72,870
Short Term Investments-Time Deposits		11,538,805	11,510,413
Short Term Investments in Bonds		75,413,881	69,351,241
Installment Receivables - Current		185,796	45,409
Real Properties for sale & dev't.		61,216,990	61,369,864
Prepayments & other current assets		<u>1,456,238</u>	<u>553,940</u>
Total Current Assets		<u>154,239,857</u>	<u>149,714,988</u>
NON-CURRENT ASSETS			
Investment Properties		0	0
Property & Equipment-Net		47,627	16,864
Deferred Tax Assets		<u>0</u>	<u>(26,678)</u>
Total Non-current Assets		<u>47,627</u>	<u>(9,814)</u>
TOTAL ASSETS	P	<u>154,287,484</u>	P <u>149,705,174</u>
LIABILITIES & STOCKHOLDERS EQUITY			
CURRENT LIABILITIES			
Accounts Payable and accrued expenses	P	54,320	P 29,092
Customers Deposit		712,922	732,922
Income Tax Payable		0	0
Deferred Gross Profit		<u>0</u>	<u>0</u>
Total Current Liabilities		<u>767,242</u>	<u>762,014</u>
NON- CURRENT LIABILITY			
Accrued Retirement Liability		905,178	1,627,957
Deferred Income Tax Liability		<u>0</u>	<u>0</u>
Total Non Current Liability		<u>905,178</u>	<u>1,627,957</u>

TOTAL LIABILITIES	P	<u>1,672,420</u>	P	<u>2,389,971</u>
STOCKHOLDERS' EQUITY				
Capital Stock Issued		78,006,687		78,006,687
Retained Earnings		85,754,911		80,455,049
Treasury Stock		<u>(11,146,534)</u>		<u>(11,146,534)</u>
		<u>152,615,064</u>		<u>147,315,202</u>
TOTAL LIABILTIES and STOCKHOLDERS EQUITY	P	<u>154,287,484</u>	P	<u>149,705,173</u>

STATEMENTS OF COMPREHENSIVE INCOME
January to September 2025 & 2024

	Jan.-Sept. 2025	Jan.-Sept. 2024
REVENUES		
Real Estate Sales	P 0	P 0
Rental Income	<u>1,903,532</u>	<u>1,865,356</u>
	1,903,532	1,865,356
COST OF R.E. SALES & RENTAL SERVICES	<u>0</u>	<u>(67,993)</u>
GROSS PROFIT	1,903,532	1,797,363
OPERATING EXPENSES	(2,892,194)	(2,605,302)
OTHER INCOME (CHARGES)		
Interest Income	2,218,741	2,165,167
INCOME/(LOSS) BEFORE INCOME TAX	1,230,080	1,357,229
PROVISION FOR INCOME TAX	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	P 1,230,080	P 1,357,229
OTHER COMPREHENSIVE INCOME (Expenses)	<u>(67,711)</u>	<u>(34,765)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>1,162,369</u>	<u>1,322,463</u>
BASIC/DILLUTEDEARNINGS/(LOSS) PER SHARE	<u>0.0175</u> P	<u>0.0193</u>

Computed using the weighted average number of shares of **70,166,407

KALAHI REALTY INC
STATEMENTS OF COMPREHENSIVE INCOME
July to September 2025 & 2024

	2025	2024
REVENUES		
Real Estate Sales	P 0	P 0
Rental Income	636,644	621,785
	<u>636,644</u>	<u>621,785</u>
COST OF R.E. SALES & RENTAL INCOME	<u>0</u>	<u>0</u>
GROSS PROFIT	636,644	621,785
OPERATING EXPENSES	(847,302)	(729,341)
OTHER INCOME (CHARGES)		
Interest Income	1,014,217	302,144
INCOME/(LOSS) BEFORE INCOME TAX	803,559	194,588
PROVISION FOR INCOME TAX	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	P 803,559	P 194,588
OTHER COMPREHENSIVE INCOME (EXPENSES)	<u>(23,251)</u>	<u>(13,188)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u><u>780,308</u></u>	<u><u>181,400</u></u>
BASIC/DILLUTEDEARNINGS/(LOSS) PER SHA P	<u><u>0.0115</u></u> P	<u><u>0.0028</u></u>

Computed using the weighted average number of shares of **70,166,407

KALAHI REALTY, INC.

STATEMENTS OF CHANGES IN EQUITY

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2025

	CAPITAL STOCK	RETAINED EARNINGS	TREASURY SHARES AT COST	TOTAL
BALANCES AT DECEMBER 31, 2024	78,006,687	84,592,543	(11,146,534)	151,452,696
NET INCOME FOR THE QUARTER ENDED		(170,320)		(170,320)
March 31, 2025				
BALANCES AT MARCH 31, 2025	78,006,687	84,422,223	(11,146,534)	151,282,376
NET INCOME FOR THE QUARTER ENDED		552,381		552,381
June 30, 2025				
BALANCES AT JUNE 30, 2025	78,006,687	84,974,604	(11,146,534)	151,834,757
NET INCOME FOR THE QUARTER ENDED		780,308		780,308
30 September, 2025				
BALANCES AT SEPTEMBER 30, 2025	78,006,687	85,754,912	(11,146,534)	152,615,065

LAPSING SCHEDULE OF FIXED ASSETS

PROPERTY AND EQUIPMENT

	Construction Equipment	Office Equipment	Total
Cost			
Balance December 31,2024	349,488	310,710	660,198
Addition Sept. 2,2025		40,045	40,045
BALANCE SEPT. 30,2025	349,488	350,755	700,243
Accumulated Depreciation			
Balance December 31,2024	349,488	297,167	646,655
Depreciation	-	2,338	2,338
Balance March 31,2025	349,488	299,505	648,993
Depreciation	-	2,175	2,175
Balance June 30,2025	349,488	301,680	651,168
Depreciation	-	1,447	1,447
Balance September 30,2025	349,488	303,127	652,615
Net Book Values	-	47,628	47,628

INVESTMENT PROPERTY

	Condominiums For Lease		Total
Cost			
Balance December 31,2024	26,057,507		26,057,507
Accumulated Depreciation			
Balance December 31,2024	26,057,507		26,057,507
Depreciation			-
Balance March 31,2025	26,057,507	-	26,057,507
Depreciation	-		-
Balance June 30,2025	26,057,507	-	26,057,507
Depreciation	-		-
Balance September 30,2025	26,057,507	-	26,057,507
Depreciation	-		-
Net Book Values	-		-

KALAHI REALTY, INC.
NOTES TO FINANCIAL STATEMENT
FOR THE MONTH ENDED SEPTEMBER 30,2025

1. Corporate Information

General Information

Kalahi Realty, Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on April 4, 1989. The principal activities of the Company are to acquire, purchase, lease, donate or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether to improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind together with their appurtenances.

As of December 31, 2024 and September 30, 2025 the Company has more than 200 stockholders, each owning at least 100 shares, and its total assets exceed PHP 50,000,000.

In accordance with Revised SRC Rule 68, as issued by the SEC, the Company is required to present three-year comparative financial statements, including the statements of comprehensive income, changes in equity, and cash flows for the years for the third quarters ended September 30, 2024 and September 30, 2025.

The Company's registered office, which is also its principal place of business, is located at Suite 214 State Condominium IV, Ortigas Avenue, Greenhills, San Juan City.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

Measurement Bases

The financial statements are presented in Philippine Peso, which is the Company's functional currency. All values represent absolute amounts, unless otherwise indicated.

The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring a liability.

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

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

The principal on the most advantageous market must be accessible to the Company.

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair value is included in Note 24 to the financial statement.

Adoption of Amendments to PFRS Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS Accounting Standards:

- Amendments to PAS 1, Presentation of Financial Statements - Noncurrent Liabilities with Covenants – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements.
- Amendments to PAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments.
- Amendments to PAS 7, Statement of Cash Flows and PFRS Accounting Standards 7, Financial Instrument: Disclosures - Supplier Finance Arrangements – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

The adoption of the amendments to PFRS Accounting Standards did not materially affect the separate financial statements of the Company. Additional disclosures were included in the separate financial statements, as applicable.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS Accounting Standards 9, *Financial Instruments*, and PFRS Accounting Standards 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.
- Annual Improvements to PFRS Accounting Standards Volume 11:
 - Amendments to PFRS Accounting Standards 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027-

- PFRS Accounting Standards 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under the prevailing circumstances, the adoption of the foregoing new and amendments to PFRS Accounting Standards is not expected to have any material effect on the financial statements. Additional disclosures will be included in the notes to the financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statement 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 and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company’s business model and its contractual cash flow characteristics.

The Company does not have financial assets and liabilities at FVPL and financial assets at FVOCI as at December 31, 2024 and March 31, 2025.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. 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 derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2024 and March 31, 2025, the Company’s cash and cash equivalents, installment receivables, other receivables, and investment in debt instruments are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at December 31, 2024 and June 30, 2025, the Company's accounts and other payables is classified under this category.

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets at Amortized Cost

The Company records an allowance for expected credit loss (ECL). ECL is 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

For cash in banks, short-term deposits and investments in debt instruments, the Company 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. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

For installment receivables and other receivables, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

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

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset 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.

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Classification of Assets and Liabilities between Current and Noncurrent

The Company presents assets and liabilities in the statements of financial position based on current/noncurrent classification.

Current Assets. The Company classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within 12 months after the reporting period; or
- The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Otherwise, the Company will classify all other assets as noncurrent.

Current Liabilities. The Company classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within 12 months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise, the Company will classify all other liabilities as noncurrent.

Contract Balances

Installment Receivables. Installment receivables represent the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities. A contract liability represents the Company's obligation to transfer goods to a customer for which the Company has received a consideration from the customer. If a customer pays a consideration before the Company transfers goods to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Company performs under the contract.

Real Properties Held for Development and Sale

Property acquired or being constructed 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 (NRV).

Costs include:

- Cost of the land;
- Amounts paid to contractors for construction and development; and
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated specifically identifiable costs to complete and the estimated costs to sell. NRV in respect of land under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

Other Current Assets

Other current assets include creditable withholding taxes (CWT) and prepayments.

CWT. CWT represents the amount withheld by the Company's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWT is stated at its net realizable amount.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment losses.

The initial cost of property and equipment consists of the purchase price, including import duties, borrowing costs (during the construction period) and other costs directly attributable to bring the asset to its working condition and location for its intended use. Cost also includes the cost of replacing parts of such property and equipment when the recognition criteria are met and the present value of the estimated cost of dismantling and removing the asset and restoring the site where the asset is located.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Construction equipment	5
Office equipment	2 to 5

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

Fully-depreciated assets are retained in the account until these are no longer in use and no further charge for depreciation is made in respect to those assets.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or for administrative purposes. Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of investment properties. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is computed using the straight-line method over the estimated useful life of 25 years. The residual amounts, useful life and depreciation method are reviewed periodically to ensure that the estimated residual values, and the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of investment property. Depreciation ceases when the property is sold or reclassified.

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

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

Impairment of Nonfinancial Assets

The carrying amounts of the Company's nonfinancial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's net recoverable amount is estimated.

Any impairment loss is recognized if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its net recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets of the Company. Impairment losses are recognized in profit or loss in the period incurred.

The net recoverable amount of an asset is the greater of its value in use or its fair value less costs to sell. Value in use is the present value of future cash flows expected to be derived from an asset while fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

Interest in Joint Operations

The Company recognizes in its financial statements in relation to its interests in joint operations: (a) assets, including its share of any assets held jointly; (b) liabilities, including its share of any liabilities incurred jointly; (c) revenue from the sale of its share of the output arising from the joint operation; (d) share of the revenue from the sale of the output by the joint operation; and (e) expenses, including its share of any expenses incurred jointly.

Customers' Deposits

This account comprised of rental deposits paid by the Company's lessees which will be refunded at the end of the lease term, reduced by unpaid rental fees, penalties and/or deductions from repairs of damaged lease properties, if any.

Capital Stock

Capital stock is recorded at par value for all shares issued.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss.

Treasury Shares

Treasury shares represent owner's equity instruments which are reacquired and deducted from equity. Treasury shares are accounted for at cost and shown as a deduction in the equity section of the statement of financial position. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's common stocks.

Revenue Recognition

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 Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as principal in majority of its revenue arrangements.

Sale of Real Estate. Revenue from sale of real estate properties, where a sufficient down payment has been received, the collectability of the sales price is reasonably assured, the receivables are not subordinated and the seller is not obligated to complete improvements, is accounted for using the full accrual method.

For sale of real estate under installment basis, full revenue recognition is applied when more than 25% of the contract price has been collected in the year of sale.

Information about Company's Performance Obligation. The Company entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

Income from the restructuring of installment receivables is recognized when the modified contract terms are agreed upon with the buyer, provided that collectability is reasonably assured in accordance with PFRS 9. Revenue is measured at the present value of the revised cash flows, discounted at the original effective interest rate, and is recognized over the remaining term of the restructured receivable. Any gain or loss arising from the restructuring is recorded in the statement of profit or loss as part of other income.

Cost and Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in asset or an increase in liability has arisen that can be measured reliably.

Cost of Real Estate Sales. Cost of subdivision land sold is determined with reference to the specific cost incurred on the acquisition cost of the land.

Operating Expenses. Operating expenses constitute cost of administering the business and cost of selling and marketing the properties for sale. These are recognized in profit or loss as incurred.

Leases

The Company assesses whether the contracts is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- i. the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- ii. the right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. The Company also assesses whether a contract contains a lease for each potential separate lease component.

Company as Lessor. Leases where the Company does not transfer substantially all the risk and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income.

Employee Benefits

Short-term Benefits. Short-term employee benefits are employee benefits which fall due within twelve months after the end of the period in which the employees render the related service. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period.

Retirement Benefits. The Company accrues minimum retirement benefit liability in accordance with Republic Act (R.A.) No. 7641, "Retirement Pay Law", which requires a company to pay minimum retirement benefits to employees who retire after reaching the mandatory retirement of age of 65 years or the optional retirement age of 60 years, with at least five (5) years of service to the Company.

The retirement benefit liability recognized by the Company is the present value of the defined benefit obligation. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free rates of government bonds that have terms to maturity approximating the terms of the related retirement benefit liability.

The Company recognized current service costs in profit or loss. Current service costs is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Under PAS 19, *Employee Benefits*, the cost of defined retirement benefits, including those mandated under R.A. No. 7641, should have been actuarially determined using projected unit credit method. The management assessed, however, that the effect on the financial statements of the difference between the current method used by the Company and the required valuation method is not significant.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same tax authority.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. Deferred output VAT is also recognized for the unpaid portion of receivable from the sales transactions. When input VAT exceeds output VAT, the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Provisions

Provisions, if any, are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the end of the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of financial statements in accordance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Existence of a Contract. The Company's primary document for a contract with a customer is the signed contract to sell. In cases wherein the contract to sell is not signed by both parties at report date, other signed documents including the reservation agreement, official receipts, quotation sheets and other documents are considered to contain the basic elements to qualify as a contract with the customer under PFRS Accounting Standards 15.

Part of the Company's assessment process for revenue recognition is to assess the probability that the 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. 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.

For contracts relating to the sale of properties under development, the Company is responsible for the overall management of the project and identifies various goods and services to be provided, including design work, procurement of materials, site preparation, framing and plastering, mechanical and electrical work, installation of fixtures (e.g., windows, doors, cabinetry, etc.) and finishing work. In such contracts, the Company has determined that the goods and services are not distinct and will generally account for them as a single performance obligation.

Revenue Recognition Method and Measure of Progress. The Company concluded that revenue for real estate sales is to be recognized over time because:

- (a) the Company's performance does not create an asset with an alternative use and;
- (b) the 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 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 significant 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.

Further, the 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 Company. In evaluating whether collectability of an amount of consideration is probable, the significance of the customer's initial payments in relation to the total contract price (TCP) is given consideration, that is at least 25% of the TCP.

Classification of Joint Arrangements. The Company determines the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. The Company assesses its rights and obligations by considering the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances.

The Company classified joint arrangements with Natividad N. Alimurung (NNA) and Dizon Land Realty and Development Corporation (DLRDC) as joint operations. As such, the Company recognizes and measures the assets and liabilities (and recognizes the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant PFRS Accounting Standards applicable to the particular assets, liabilities, revenues and expenses (see Note 7).

Distinction between Real Properties Held for Development and Sale, Investment Properties, and Property and Equipment. The Company determines whether a property qualifies as real properties held for development and sale, investment properties or property and equipment. In making this judgment, the Company considers whether the property will be sold in the ordinary course of business. For investment properties, the Company considers whether the property generates cash flows largely independent of the other assets and is held primarily to earn rentals or for capital appreciation. Property and equipment is held for use in the supply of goods or services or for administrative purposes. The Company considers each property separately in making its judgment.

Classifying Lease Commitments - Company as Lessor. The Company entered into a lease agreement for its condominium residential units. The Company determined that it retained all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimating Impairment of Receivables. The Company uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the customers' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. These reserves are re-evaluated and adjusted as additional information is received. The Company regularly performs a regular review of the age and status of these accounts, designed to identify accounts for impairment.

Assessing the Impairment of Nonfinancial Assets. The Company performs an impairment assessment when certain impairment indicators are present. Determining the value in use of nonfinancial assets requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. Future events could cause the Company to conclude that nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and financial performance. While the Company believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future impairment charges.

No impairment loss on nonfinancial assets was recognized on December 31,2024 and June 30,2025

Assessing the Realizability of Deferred Tax Assets. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the projected taxable income in the subsequent periods.

Real Properties Held for Development and Sale

Real properties held for development and sale pertain to land and land development carried at cost amounted to ₱61,216,990 as at December 31, 2024 and ₱61,216.990 as at June 30, 2025.

The Company has two Joint Venture Agreements (JVAs) entered into with NNA and DLRDC for the development of the 771,296 square meters of land for subdivision into a residential community for sale to the public. Under the first JVA, the Company and DLRDC will share on a 50:50 basis for the first 30,417 square meters net saleable area.

Under the second JVA, the remaining net saleable area of the 740,879 square meters shall be divided among the joint operators under the agreed rates as follows:

The Company	36.5%
NNA	13.5%
DLRDC	50.0%

Under the JVAs, all costs and expenses in the development, from land preparation to full completion of all requirements to convert the land of the Company and NNA to commercially attractive lots for sale to the public, shall be totally for the account of DLRDC, the developer. There are no commitments and contingent liabilities that should be disclosed related to the JVA.

Retirement Benefit Liability

The Company accrues estimated retirement benefits cost for its regular employees pursuant to Republic Act (RA) No. 7641. The RA provides that in the absence of a retirement plan or agreement providing retirement benefits of employees in the establishment, an employee upon reaching the age of sixty years or more, but not beyond sixty-five years which is hereby declared the compulsory retirement age, who has served at least five years in the said establishment, may retire and shall be entitled to retirement pay equivalent to at least one month salary for every year of service.

Under the existing regulatory framework, RA No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employees' retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

Earnings Per Share

Earnings per share is computed as follows:

	Dec. 31,2024	Sept. 30,2025
Net income for the year and 3-Month end	₱5,459,959	₱1,162,369
Weighted average number of common shares outstanding	70,166,407	70,166,407
Basic/ Diluted Earnings per share (a/b)	₱0.08	₱.0165

Lease Agreements

The Company, as a lessor, has various lease agreements with third parties which provide for lease rentals based on an agreed fixed monthly rate or as agreed upon by the parties. The lease term, as provided in the lease agreements, ranges from one to two years.

Customers' deposits recorded under "Customers' deposits and contract liabilities" account in the statements of financial position as at December 31, 2024 and Sept. 30 2025 both are of the same amount of ₱712,922

Financial Risk Management Objectives and Policies

The Company's financial assets and financial liabilities comprise cash and cash equivalents, investment in debt instruments, installment receivables, other receivables, customers' deposits and accounts and other payables (excluding statutory liabilities), which arise directly from its operations.

The main risks from the Company's financial instruments are credit risk and liquidity risk. The BOD reviews and approves the policies for managing these risks and are summarized as follows:

Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimized and monitored by limiting the Company's associations to business parties with high creditworthiness. Installment and other receivables are monitored on an ongoing basis through the Company's management reporting system.

In the Company's real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments/deposits made by the customer in favor of the Company and retain ownership of the property. The Company has the right to sell, assign or transfer to third party and any interest under sales contract, including its related receivables from the customers. These measures minimize the credit risk exposure or any margin loss from possible default in the payments of installments.

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments. The Company deals only with financial institutions duly evaluated and approved by the BOD.

The Company's exposure to credit risk arises from default of the counterparties, with a maximum exposure equal to the carrying values of these instruments.

Cash and Cash Equivalents and Investment in Debt Instruments

Cash and investments in debt instruments are considered negligible since the counterparties are reputable banking institutions with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term investments which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 for every deposit account per banking institution as of December 31, 2024. The coverage increased to ₱1.0 million effective March 15, 2025.

The Company has not recognized any expected credit losses on cash and cash equivalents and investment in debt instruments as at December 31, 2024 and September 30, 2025.

Receivables

The Company's financial assets are categorized based on the Company's collection experience with counterparties.

The Company's receivables are categorized into two types: installment sales receivables and other receivables. The Company is exposed to credit risk on these receivables, which represents the potential financial loss if a counterparty fails to meet its contractual obligations.

The Company manages credit risk on its receivables by implementing a credit assessment and monitoring process.

For installment sales receivables, the Company evaluates the creditworthiness of customers at the inception of the contract using factors such as the customer's payment history and financial position.

Customers' receivables are collateralized by land, as the transfer of title occurs upon completion of the amortization of installment receivables, to mitigate credit risk. For other receivables, the Company assesses the credit quality of counterparties based on their financial stability and past payment behavior.

The Company actively monitors the aging of its receivables to identify potential credit risk concentrations.

Liquidity Risk

Liquidity risk arises from the possibility that an entity will encounter difficulty in raising funds to meet associated commitments with financial instruments. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated funds from operations.

The Company's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

Financial Assets. The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected dates the assets will be realized.

Financial Liabilities. The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date.

Capital Management

The primary objective of the Company is to ensure that it maintains a strong financial position and its financial performance in order to support its operating activities, objectives and its capital expenditures.

The following table summarizes the total capital considered by the Company:

	Sept 30,2025	Dec. 31,2024
Capital stock	₱78,006,687	₱78,006,687
Retained earnings	85,754,911	84,592,543
	163,761,598	162,599,230
Less treasury shares at cost	11,146,534	11,146,534
	₱152,615,064	₱151,452,696

4. **Operating Segment**

The Company is primarily engaged in the acquisition by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether to improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind together with their appurtenances and considers such as its primary activity and only operating segment. Management monitors the operating results (net sales and net income) of the Company for the purpose of making decisions about resource allocation and performance assessment.

For purposes of segment reporting, the Company is organized based on its activities and has one operating segment which is real estate segment.

All of the assets relating to the Company's operating segment are located in the Philippines. Accordingly, reporting operating segment per geographical business operating is not required.

5. Fair Value Measurement

Fair Value of Financial Instruments

Cash and cash equivalents, Investment in debt instruments (current), Installment receivables, Other receivables, Accounts and other payables and Customers' deposits

Assets for which fair value disclosure is required

In estimating the fair value of the investment property, management takes into account the market participant's ability to generate economic benefits by using the investment property in its highest and best use. Based on management assessment, the best use of the Company's investment property is its current use.

The significant unobservable inputs to fair valuation are as follows:

Price per square meter: Estimated value prevailing in the real estate market depending on the location, area, shape and time element.

Value adjustments: Adjustments are made to bring the comparative values in approximation to the investment properties taking into account external factors (market conditions, competitiveness, economic condition/demand/growth, time element) and internal factors (location, size/shape/terrain and development).

In valuing the investment properties using the Market Data Approach, records of recent sales listings and comparable properties are analyzed and comparisons were made for such factors as size, characteristic of the lot, location, quality and prospective use.

Sensitivity Analysis. Generally, significant increases (decreases) in useful life of assets would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in factors that contributed in the physical deterioration and all relevant forms of obsolescence in isolation would result in a significantly lower (higher) fair value measurement.

Tax Assessments and Cases

The Company has pending tax assessments from the BIR and but has no yet pending tax cases in courts or other regulatory bodies outside of the BIR as at December 31, 2024 .

Kalahi Realty, Inc.

Suites 214-215, State Condominium IV
Ortigas Avenue, Greenhill's
San Juan City, Philippines
Telephone Nos. 8570-3639

CERTIFICATION

I, Frederick D. Matsuda, as the Vice President / Treasurer of Kalahi Realty, Inc., with SEC registration number 161872 with principal office at Suite 214 State Condominium IV, Ortigas Avenue, Greenhills, San Juan, Metro Manila, on oath state:

- 1) That on behalf of Kalahi Realty, Inc. I have caused this SEC 17-Q to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company Kalahi Realty, Inc., will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this 20 day OCT 2025


Frederick D. Matsuda
Affiant

20 OCT 2025
SUBSCRIBED AND SWORN to before me this ____ day of October 2025, affiant exhibiting his Passport no. P4703704B expire on February 05, 2030.

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Series of 2025

NOTARY PUBLIC

ATTY. MA. CRISTE GIESEL H. MISALANG
Notary Public for and in the City of San Juan
Until 31 December 2026
Appointment No. 03 (2025-2028) Roll No. 80800
IBP No. 461935/ 11-11-2024 (MD for 2025)
PTR No. 1819837/ 01-03-2025/ San Juan City
MCLE Compliance No. VIII-0003245 valid until April 14, 2028
Room 110 Limkokhai Building, Ortigas Avenue
Greenhills, San Juan City Metro Manila 1503