

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-DEFINITIVE
INFORMATION STATEMENT _14 JULY 2026**

**SECURITIES & EXCHANGE COMMISSION
SEC FORM 20-IS**

**Proxy Statement according to Section 20
of the Securities Regulation Code (SRC)**

1 Check the appropriate box:

☐ Preliminary Information Statement

☒ Definitive Information Statement

2. Name of registrant as specified in the charter **KALAHI REALTY, INC.**

3. Jurisdiction of Incorporation **SAN JUAN CITY**

4. SEC I.D. No. **0000161872**

5. BIR TIN **000-645-746**

6. Address & Zip Code **214 State Condominium IV, Ortigas Ave., Greenhills,
San Juan City 1502**

7. Telephone No. **(02) 8570-3639**

8. Date, time, and place of the meeting of security holders:

Date of Meeting: **August 26, 2026**

Time of Meeting **2:00 p.m.**

Place of Meeting: **214 State Condominium IV, Ortigas Ave., Greenhills,
San Juan City 1502**

9. Approximate date on which the information Statement is first to be sent or given to the security holders: August 04, 2026.

10. In Case of Proxy Solicitation: Not Applicable

11. Outstanding Shares :

Title of each Class	Number of Shares Outstanding and Amount of Debt Outstanding
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COMMON SHARES	78,006,687
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12. All Shares are listed on the Philippine Stock Exchange?

Yes _____ No **x**

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

- a. Date of Meeting : August 26, 2026
Time of Meeting : 2:00 p.m.
Place of Meeting & : Suite 214 State Condominium IV
Principal Office : Ortigas Ave., Greenhills, San Juan City 1502:

b. The approximate date on which Information Statement is first to be given to security holders on August 04, 2026.

***WE ARE NOT ASKING YOU FOR A PROXY AND YOU
ARE REQUESTED NOT TO SEND US A PROXY***

ITEM 2. Dissenter's Right of Appraisal

There are no corporate matters or actions that will entitle a stockholder to exercise a Right of Appraisal as provided in the Title X of the Revised Corporation Code. Nevertheless, any stockholder of the Company shall have a right to dissent and demand payment of the fair value of their shares in the following instances, as provided in the Corporation Code:

- 1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class or extending/shortening the term of corporate existence.
- 2) In case of a sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all the corporate property and assets as provided in the Code; and
- 3) In case of merger or consolidation.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares: Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action to avail himself of the appraisal right. If the proposed corporate action is

implemented or effected, the corporation shall pay to such stockholder upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day before the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

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

ITEM 3. The interest of Certain Persons in or Opposition to Matters to be Acted Upon

a. No current director or officer, or nominee for the election as a director or any of his associates, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than the election to office.

b. No Director has informed the Company in writing of any intention of opposing any action intended to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. Voting Securities and principal holders thereof

a) Class of Voting Shares as of June 30, 2026:

<u>Class Voting Shares</u>	<u>No. of shares Entitled to Vote</u>
Common Shares	78,006,687

Every stockholder shall be entitled to one vote for each share of stock as of the record date.

b) Only holders of the company's stock on record at the close of business on July 08, 2026, are entitled to notice of and vote at the Annual Stockholders' Meeting to be held on August 26, 2026.

c) Election of Directors and cumulative Voting Rights

The holders of common stock are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to vote as many votes as shall equal the number of shares held by such person at the close of business on the record date, multiplied by the number of directors to be elected. A stockholder may cast all such votes for a single nominee or may apportion such votes among any two or more nominees. For example, when seven (7) directors are to be elected, the holder of 100 shares may cast 700 votes for a single nominee, apportion 350 votes each to two nominees, or apportion 700 votes to all nominees.

d) No Proxy Solicitation is being made.

We are not asking for a proxy so please do not send us any

A. Securities Ownership of Certain Record and Beneficial Owners of more than five (5) percent of the company's stock as of June 30, 2026.

Title of Class	Name, Address of Record Owners and Relationship with the issuer	Name of Beneficial Owners and Relationship w/ Record Owner	Citizenship	No. of Shares held Nature of Ownership (Record or Beneficial)	Percent
Common	Lordiz and Co., Inc. 14 Missouri St., Greenhills, San Juan City No relationship with the issuer	Frederick Matsuda President	Filipino	10,360,350 (record)	14.77%
Common	Diz Marc Fortunes. Inc. 214 State Cond. IV, Ortigas Ave., San Juan City No relationship with the issuer	Teresita Dizon President	Filipino	10,156,459 (record)	14.47%
Common	Little Flower Corporation 14 Missouri St., Greenhills, San Juan City No relationship with the issuer	Ramona Odilia Feliciano Treasurer	Filipino	6,615,632 (record)	9.43%
Common	Markeisha Developers, Inc. #52 Libertad Street, Martino I Bldg., Mandaluyong City No relationship with the issuer	Franklin Matsuda President	Filipino	5,607,343 (record)	7.99%
Common	Fordjem Enterprises, Inc. 214 State Cond. IV, Ortigas Ave. San Juan City No relationship with the issuer	Frederick Matsuda President	Filipino	4,707,504 (record)	6.71%
Common	Marcel Holdings Corporation 386P.Guevarra, San Juan City No relationship with the issuer	Teresita Dizon President	Filipino	4,481,304 (record)	6.39%
Common	Lutgarda D. Lacson 14 Missouri St., Greenhills, San Juan City	Lutgarda Lacson	Filipino	3,945,833 (record)	5.62%

	No relationship with the issuer				
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LORDIZ and Co., Inc. has no business relationship with Kalahi Realty Inc. and authorized Mr. Frederick D. Matsuda to represent or issue a proxy on behalf of Lordiz and Co.

DizMarc Fortunes Inc. has no business relationship with Kalahi Realty Inc., and authorized Ms. Teresita D. Dizon to represent or issue a proxy.

Little Flower Corporation has no business relationship with Kalahi Realty Inc. and authorized the Treasurer Ms. Ramona Odilia D. Feliciano to represent or issue a proxy.

Markeisha Developers Inc. has no business relationship with Kalahi Realty Inc. and authorized the Treasurer Mrs. Jessica M. Polintan to issue or assign a proxy.

Fordjem Enterprises Inc. has no business relationship with Kalahi Realty Inc. and authorized President Frederick D. Matsuda to issue or assign a proxy.

Marcel D. Holdings Corp. has no business relationship with Kalahi Realty Inc. and authorized the President Ms. Teresita D. Dizon to represent or issue a proxy.

Change In Control

There are no arrangements that may result in a change in control of the registrant and no change in control has occurred since the beginning of the last financial year.

B. Beneficial ownership of directors/officers as of June 30, 2026.

Title of Class	Name of Beneficial Owner	Amount and Nature of Ownership (Record or Beneficial)	Citizenship	Percent
Common	Franklin D Matsuda Chairman/ President / Director	32,072 "r"	Filipino	0.0457%
Common	Frederick D. Matsuda Vice President/ Treasurer	32,072 "r"	Filipino	0.0457%
Common	Francis V. Gustilo Director/ Corporate Secretary	27,695 "r"	Filipino	0.0395%
Common	Lawrence D. Feliciano Director	89,000 "r"	Filipino	0.1268%
Common	Ramona Odilia D. Feliciano Director	61,000 "r"	Filipino	0.0781%
Common	Rommel Ner C. Mariano Independent Director	1 "r"	Filipino	0.0000%
Common	Maria Belinda B. Franco Independent Director	1 "r"	Filipino	0.0000%
Common	Valentino M. Trobada Chief Accountant	597 "r"	Filipino	0.0009%

Total ownership of directors/ officers is 242,438 shares.

From August 27, 2025 to June 10, 2026, the Board of Directors had four (4) regular and special meetings including the organization meeting. Please *see ANNEX “C”*

Common Stockholders: There are approximately 2,624 holders of common shares of the Company as of June 30, 2026. Here are the top 20 stockholders of the company:

	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 Developers, Inc.	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 & Fortunata D. Matsuo A/C	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 Corp.	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	Joel D. Masuda.	FILIPINO	356,180	0.51%
19	Dizon-Jose Realty & Development Corp.	FILIPINO	351,301	0.46%

20	Juvenio D. Dizon &/or Veronica C. Dizon	FILIPINO	234,235	0.33%
	Sub – Total		57,982,139	82.64%
	Other Stockholders		20,056,680	17.36%
			78,006,687	
	Less :Treasury Shares		(7,840,280)	
	TOTAL SHARES		70,166,407	100.00%

C. Voting Trust

No one among the stockholders has submitted a voting trust agreement in favor of any person to entitle that person to exercise all rights of every nature on his behalf, including the right to vote that will require the issuance of Voting Trust Certificates in favor of that party.

D. Changes in Control

There are changes in control in the Company that has occurred since the beginning. A Director has resigned since the date of the last annual meeting due to family commitments and other personal circumstances that make it difficult for them to fulfill their duties effectively.

ITEM 5. Directors and Executive Officer

Article VI & Article III, Section 9 of the Company's Amended By-laws provides:

“The Board of Directors shall have seven (7) Directors who shall be elected by the Corporation's stockholders entitled to vote at the annual meeting and shall hold office for one year until their successors are elected and qualified following these By-laws.”

The attendance of the directors at the meetings of the Board of Directors (the “Board”) in 2025 was reported to SEC. All Directors were present during the Annual Stockholders' meeting held on August 27, 2025.

A) Information Required of Directors and Executive Officers

Listed are the incumbent directors, officers, and nominees of the company with their qualifications which include their ages, citizenship, and current and past positions held for the past five years.

- FRANKLIN D. MATSUDA**, 58 years old, Filipino. *He has been elected a member of the Board since 2003 up to the present.* He was elected President in Aug. 2017. And in Aug. 2021, he was again elected as President and concurrent Chairman. He is the Marketing Manager of Lordiz & Co., Inc., and Diz-Marc Fortune, Inc. since 2001 up to the present. He was elected member of the Board of Directors of CMD Foundation and Fordjem Enterprises, Inc. from 1995 up to the present. He is also the President of Makeisha Developers, Inc. from 2005 up to the present and the

Treasurer of Blocks & Bricks Realty, Inc. from 2005 up to the present. He is also a Director of State Cond IV Corp. from 2006 up to the present.

2. **FREDERICK D. MATSUDA**, 62 years old, Filipino. *He has been elected a member of the Board since 1996. He had been a President since 2003 up to August 2017.* Last Aug. 2017 he was elected as *Vice President/Treasurer up to present.* He also served as Corporate Treasurer and member of the Board of Directors of Dizon Copper Silver Mines, Inc. from 1997 up to the present. Currently, he holds various positions in several other corporations, namely: Vice-President of Fordjem Enterprises, Inc., and Financial Management Consultant of Lordiz and Company, Inc., and Diz-Marc Fortunes, Inc.
3. **FRANCIS V. GUSTILO**, 76 years old, Filipino. *He has been appointed as Corporate Secretary of the Company in 2003 and elected as a member of the board from 2003 to 2005 and from 2011 to the present.* A practicing lawyer and a Chemical Engineer, he is also an Executive Director of Tindig Porac Development Foundation, Inc.; Past President of Rotary Club of Paranaque East President for RY2001-2002, District 3830, Chairman Mary Help of Christians Pabahay Foundation, Inc., Corporate Secretary, Celestino-Maria Dizon Foundation Inc., Director, Waste to Energy (Phils.) Holdings Inc. Independent Director of Rural Electrification Financing Corp (2012-2021). Current Director of ECCOBANK Inc (A Rural Bank). Formerly New Covenant Bank Inc.
4. **LAWRENCE D. FELICIANO**, 61 years old, Filipino. He has been elected member of the Board for the first time in 2017 to replace his aunt who passed away in July 2017. He has been a Director of Carllo Inc., a property management and realty company for the past 28 years, and a Director for Nisus Properties Inc. for 22 years.
5. **RAMONA ODILIA D. FELICIANO**, 54 years old, Filipino. She was elected member of the Board for the first time in 2022 to replace Mr. Raymund Alexander C. Dizon. She has been a Director of Carllo Inc., a property management and realty company for the past 20 years.
6. **ROMMEL NER C. MARIANO**, 57 years old, Filipino. He was elected independent director last November 2023 up to present. He has held various positions in different companies such as Jners Corporation, Fins Trading, and One Mary Land Bldg. He has been in the Leasing Department of One Mary Land since 2016 up to present.
7. **MARIA BELINDA B. FRANCO**, 66 years old, Filipino. She was elected as an independent director in December 2024. She has worked in the banking industry as an accountant for nearly 14 years and has been in leasing department of Maria Belinda Franco Bldg since 2016, where she continues to serve to the present day.

The following will be nominated as directors during the meeting:

FREDERICK D. MATSUDA
FRANKLIN D. MATSUDA
LAWRENCE D. FELICIANO
RAMONA ODILLA D. FELICIANO
FRANCIS V. GUSTILO

The nominees for Independent directors are:

MARIA BELINDA FRANCO
ROMMEL NER C. MARIANO

The Nomination Committee created by the Board under the Corporate Governance Manual endorsed the above nominees for election at the forthcoming Annual Stockholders' Meeting. The Chairman of the Committee is Frederick D. Matsuda and the members are Lawrence Feliciano and Maria Belinda Franco.

The Nomination Committee also endorsed to the Board the final list of Candidates for Independent Directors, i.e. Mr. Rommel Ner C. Mariano and Ms. Maria Belinda B. Franco. Ms. Jessica Polintan a stockholder nominated Ms. Maria Belinda Franco. She is not related to Ms. Franco. On the other hand, Mr. Jun Viray nominated Mr. Mariano. He is not related to Mr. Mariano.

The Nomination Committee receives a nomination for Independent Directors from the stockholders within a given period ending on June 16, 2026. After the deadline for submission, the Nomination Committee convenes to consider the qualification and disqualification of the nominees based on the criteria contained in the company Corporate Governance Manual and SRC Rule 38. After consideration of all the nominees, the Committee endorses to the Board only those nominees who passed the qualification.

In compliance with the recent SEC Memorandum circular no. 5 series of 2017, The Company attached the Certificate of Qualification of the Independent Directors. *ANNEX "A1" and "A2"--*

Directors elected as such will serve for a term of one (1) year, subject further to the provision of the company's By-Laws.

B) Executive Officers

Franklin D. Matsuda	:	Chairman/President
Frederick D. Matsuda	:	Vice President/ Treasurer
Francis V. Gustilo	:	Corporate Secretary
Valentino M. Trobada	:	Chief Accountant

VALENTINO M. TROBADA, 74 years old, Filipino. *He was appointed as Chief Financial Officer / Chief Accountant of the Company in April 2001.* Before his appointment, he was an Audit

Supervisor of Dizon Copper Silver Mines Inc., for the past 14 years and also became the mine site Accountant for 4 years. He held accounting positions in various companies.

Significant Employees

No employee who is not an executive officer of the company is expected to make a significant contribution to the business. The business is not highly dependent on the services of any key personnel.

Family Relationships

Frederick D. Matsuda and Franklin D. Matsuda are brothers, while Ramona Odilla D. Feliciano and Lawrence D. Feliciano are siblings. Frederick and Franklin are first cousins to Ramona and Lawrence. All four belong to the third generation of the Celestino and Maria Dizon family."

Involvement in Certain Legal Proceedings

The Company is not aware that any one of the incumbent directors and executive officers and persons nominated to become a director and executive officer has been the subject of a bankruptcy petition or a conviction by final judgment in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses, or has been by judgment or decree found to have violated securities or commodities law and enjoined from engaging in any business, securities, commodities or banking activities for the past five (5) years until the date of this Information Statement.

Certain Relationships and Related Transactions

There are no transactions or proposed transactions during the last three years to which the registrant was or is to be a party involving a director, executive officer, or stockholder owning ten percent (10%) or more of the total outstanding shares.

There are no substantial interests, direct or indirect, by security holdings or otherwise, of the directors, executive officers, or major shareholders in any matter to be acted upon, other than an election to office.

ITEM 6. EXECUTIVE COMPENSATION

Name and Position	2025	2024	2023
Franklin D. Matsuda	453,000	441,000	430,800
<i>President/Chairman 2019 to present</i>			
Frederick D. Matsuda			
<i>Vice President/Treasurer</i>	476,280	464,280	454,280
TOTAL FOR THE GROUP	₱ 929,280	₱ 905,280	₱ 885,080
ALL OFFICERS & DIRECTORS AS A GROUP UNNAMED	631,080	607,080	583,080
TOTAL DIRECTORS PER DIEM	₱ 70,000	₱ 65,000	₱ 67,500

SUMMARY COMPENSATION TABLE
ANNUAL COMPENSATION

Name and Position	Year	Salary	Bonus	Other annual compensation
Frederick D. Matsuda	2023	₱454,280	75,380	—
<i>Vice President/Treasurer</i>	2024	464,280	77,380	—
	2025	476,280	79,380	—
Franklin D. Matsuda	2023	430,800	71,800	—
<i>President/Chairman</i>	2024	441,000	73,500	—
	2025	453,000	75,500	—
All other officers and directors				
Francis Gustilo	2023	258,000	43,000	—
<i>Corporate Secretary</i>	2024	270,000	45,000	—
	2025	282,000	47,000	—
Valentino Trobada	2023	325,080	54,180	—
<i>CFO/Chief Accountant</i>	2024	337,080	56,180	—
	2025	349,080	58,180	—

**Compensation of
Executives for 2026**

Actual **Jan. 1 to June 30, 2026**

Frederick D. Matsuda	244,140
Franklin D. Matsuda	232,500

Estimated **July 1 to Dec. 31, 2026**

Frederick D. Matsuda	244,140
Franklin D. Matsuda	232,500

Compensation of other officers for 2026

Actual **Jan. 1 to June 30, 2026**

Francis V Gustilo	147,000
Valentino M. Trobada	180,540

Estimated July 1 to Dec. 31, 2026

Francis V Gustilo	147,000
Valentino M. Trobada	180,540

Directors Per Diem

Actual Jan 1 to June 30, 2026	35,000
Estimated June 1 to Dec. 31, 2026	35,000

Except for the above-mentioned directors, all other directors have no standard arrangements, nor any other arrangements pertaining to compensation, either directly or indirectly. Furthermore, company has no existing Employment Contracts nor Termination of Employment and Change-in-Control Arrangements with its directors except as mentioned the President/Director, Vice-President/Director & Corporate Secretary/Director.

*The above-named executive officers, and all other officers and directors as a group have never been holding and granted **outstanding warrants and options**.*

ITEM 7. Independent Public Accountant

- a. The principal independent Public Accountant of the Company is Reyes Tacandong & Co the same accounting firm is being recommended for re-election in the coming annual stockholders meeting.
- b. Representatives of Reyes Tacandong & Co. for the current year are expected to be present at the meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

According to the General Requirements of SRC Rule 68, Par.3 (Qualifications and Reports of Independent Auditors), the Company has engaged Reyes Tacandong & Co. as external auditor, and Mr. Carl Malvas has been the Partner –in-Charge effective second semester of 2024 up to present as a signing partner.

- c. The Company has engaged the services of Reyes Tacandopng & Co. since 2024 and there was no event the company had any disagreements with regards to any matter relating to accounting principles or practices, financial statements disclosures or auditing scope of work.

d. External Audit Fees

For 2025 the audit fees for professional services rendered by our external auditor (Reyes Tacandong & Co.) remained at P225,000.00 (Exclusive of VAT and out of pocket expenses (estimated at 10% of fee) and for the last two calendar years in 2024 was P225,000 and in 2023 which SGV & Co. was the external auditor it was pegged to P250,000.00 both amounts were exclusive of VAT and out of pocket expenses (estimated to be 10% of fee). However the actual fees may exceed these estimates based on changes to the business or scope of work.

The Audit Committee has an existing policy to review and to pre-approve the audit and non-audit services rendered by the Company's independent auditors. They recommended Reyes Tacandong & Co. (RT & Co.), as the Independent public accountant of the company concerning its operations for the coming year. The Chairman of the Committee is Mr. Rommel Mariano (Independent Director) and the members are Atty. Francis V. Gustilo and Mr. Franklin D. Matsuda.

ITEM 8. Compensation Plan

There are no matters or actions to be taken up in the meeting concerning any compensation plan according to which cash or non-cash compensation may be paid or distributed.

ITEM 9. Financial and Other Information

The Management's Discussion and Analysis, Plan of Operation are attached as *Annex "D "*.

Shareholders Proposal

It is expected that the 2026 Annual Meeting of Stockholders will be held on 26 August. Any stockholder who desires to have a proposal presented to that meeting should submit his proposal to the company as early as the last day of July 2026 to have the proposal included in the company's agenda and program.

D. OTHER MATTERS

ITEM 10. Action concerning Reports

The minutes of the previous Annual Stockholders' Meeting held last August 27, 2025, shall be submitted to the stockholders for approval. Also, to be submitted for approval and ratification is the Annual Report, the Audited Financial Statement for the year ended December 2025 as well as all the Acts, Resolutions, and Proceedings of the Board of Directors, Corporate officers, and Management up to August 25, 2026.

The organizational meeting of August 27, 2025, created the Audit, Compensation, Remuneration, Nomination, and Executive Committee. The meeting of April 06, 2026 was held for the approval of the 2025 Audited Financial Statements prepared by Reyes Tacandong & Co., including the Annual Report SEC 17-A. A resolution was also passed for the postponement of the annual stockholders meeting from May 27, 2026, to August 26, 2026. Finally, the board meeting on June 10, 2026 approving the recommendation of the Nomination Committee for the Independent Director.

Other Proposal Action

There is no act of management and the Board of Directors in the preceding year that needed the approval of the stockholders.

The summary of the minutes of August 27, 2025, Annual Stockholders Meeting is attached herewith as **ANNEX “B”**

VOTING PROCEDURES

- A. The matter in the agenda requires the affirmative vote of the stockholders representing most of the Company’s common stock present and/or represented and entitled to vote. Each common stockholder shall be entitled to one vote for each share multiplied by the number of directors.
- B. The vote of at least two-thirds (2/3) of the outstanding common stock will be necessary to ratify any amendment to the Articles and By-Laws presented for approval by the Board of Directors.
- C. In the election of directors, each stockholder entitled to vote may cumulate and distribute his votes following the rules under the Corporation Code of the Philippines.
- D. Voting and counting of votes shall be by balloting. Auditors from the SGV and inspectors appointed by the Corporate Secretary will be present to canvas and inspect ballots.

SEC FORM 17-A

A COPY OF THE COMPANY’S ANNUAL REPORT ON SEC FORM 17-A WILL BE PROVIDED WITHOUT CHARGE TO EACH PERSON UPON WRITTEN REQUEST OF ANY SUCH PERSON ADDRESSED TO:

**OFFICE OF THE CORPORATE SECRETARY
KALAHY REALTY INC.
Suite 214 State Condominium IV
Ortigas Ave., Greenhills, San Juan City 1502**

At the discretion of management, a charge may be made for exhibits, provided such charge is limited to reasonable expenses incurred by the company in furnishing such exhibits.

SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information outlined in this report is true, complete, and correct. This report is signed in San Juan City on

KALAHI REALTY INC.

By:



FRANKLIN D. MATSUDA

President



ATTY. FRANCIS V. GUSTILO

Corporate Secretary

ANNEX “A1”

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **ROMMEL C. MARIANO** Filipino, of legal age and resident of #13 Dasdasan St., Midtown Subdivision, Marikina City, after having been duly sworn to in accordance with the law do hereby declare that:

1. I am a nominee for independent director of Kalahi Realty, Inc.,
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Jners Corporation	Marketing Manager	1995 - Present
Fins Trading	President	2013 - Present
Maics Gym	Vice - President	2015-Present
One Maryland Bldg	Leasing Manager	2016-Present

- 3 I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Kalahi Realty Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
- 4 To the best of my knowledge, I am not related to any director, officer, or substantial shareholder of Kalahi Realty Inc.
- 5 To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
- 6 To the best of my knowledge, I am neither an officer nor an employee of any government agency or government-owned and controlled corporation.
- 7 I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.
- 8 I shall inform the corporate secretary of Kalahi Realty, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Done, 29 JUN 2026 at SAN JUAN CITY


Rommel Ner C. Mariano

SUBSCRIBED AND SWORN to before me this 29 JUN 2026 of _____ at
SAN JUAN CITY, affiant personally appeared before me and exhibited to me his
Driver's License No. NO 1-88-079421 expiring on 2033/01/17.

Doc. No. 35 :
Page No. 08 :
Book No. 20 :
Serial of 2026


ATTY. MA. CRISTE GIESEL W. MISALANG
Notary Public for and in the City of San Juan
Until 31 December 2026
Appointment No. 03 (2025-2026)/ Roll No. 80600
IBP No. 587271/ 01-05-2026
PTR No. 1892392/ 01-05-2026/ San Juan City
MCLE Compliance No. VIII-0003245 valid until April 14, 2028
Room 110 Limketkai Building, Ortigas Avenue
Greenhills, San Juan City Metro Manila 1503

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **MARIA BELINDA FRANCO**, Filipino, of legal age and resident of 528 F. Policarpio st., Brgy New Zaniga, Mandaluyong City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Kalahi Realty, Inc.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Vetronix	Secretary	1990 to 1995
Prudential Bank	Accountant	1995 to 2005
Maria Belinda Franco Bldg	Owner/Administrator	1995 to Present
French Kiss Corp	Owner	1996 to Present

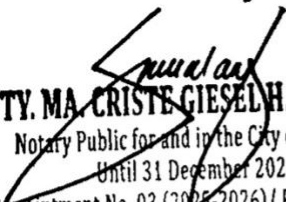
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Kalahi Realty, Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not related to any director, officer, or a substantial shareholder of Kalahi Realty Inc.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government-owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code. and its Implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.
8. I shall inform the corporate secretary of Kalahi Realty, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this 29 JUN 2026 at SAN JUAN CITY


MARIA BELINDA FRANCO
Affiant

SUBSCRIBED AND SWORN to before me this 29 JUN 2026 of _____ at
SAN JUAN CITY, affiant personally appeared before me and exhibited to me her
Driver's License No. NO 1-86-045245 expiring on 2033/12/17.

Doc. No. 36 :
Page No. 09 :
Book No. 20 :
Serial of 2026


ATTY. MA. CRISTE GIESEL H. MISALANG
Notary Public for and in the City of San Juan
Until 31 December 2026
Appointment No. 03 (2023-2026)/ Roll No. 80600
IBP No. 587271/ 01-05-2026
PTR No. 1892392/ 01-05-2026/ San Juan City
MCLE Compliance No. VIII-0003245 valid until April 14, 2028
Room 110 Limketkai Building, Ortigas Avenue
Greenhills, San Juan City Metro Manila 1503

ANNEX “B”

SUMMARY OF THE 2025 ANNUAL STOCKHOLDERS’ MEETING

The Annual Stockholders’ Meeting commenced at exactly 2:00 p.m. on August 27, 2025, with the Chairman presiding over the meeting.

The Corporate Secretary certified that the required notices of the meeting were duly published in the *Philippine Daily Star*, a newspaper of general circulation, on July 21 and 22, 2025. The Corporate Secretary likewise certified that a quorum was present, representing 53,487,919 shares by proxy and 125,823 shares in attendance, or a total of 53,613,742 shares out of 70,166,407 outstanding shares, equivalent to 76.4% of the Corporation’s issued and outstanding capital stock.

Upon motion duly made and seconded, the reading of the minutes of the previous Stockholders’ Meeting was dispensed with, and the minutes were subsequently approved.

The stockholders approved the following resolutions:

1. Ratification of the acts, resolutions, and proceedings of the Board of Directors, Corporate Officers, and Management for the period August 27, 2025 to August 26, 2026.
2. Approval of the Audited Financial Statements as of December 31, 2025.
3. Election of the following Directors:
 - Frederick D. Matsuda
 - Lawrence D. Feliciano
 - Ramona Odilla D. Feliciano
 - Francis V. Gustilo
 - Franklin D. Matsuda
 - Independent Directors: Rommel Ner C. Mariano and Maria Belinda B. Franco
4. Appointment of Reyes Tacandong & Co. as the Corporation’s external auditor for the year 2026.

After the short discussion, the meeting was adjourned at 2:30 pm.

ANNEX “C”

**SUMMARY OF BOARD RESOLUTIONS APPROVED
FROM AUGUST 27, 2025 TO JUNE 10, 2026**

Type and Date of Board Meeting Description of the Board Resolution

Stockholder’s Meeting Organizational Meeting AUGUST 27, 2025	Election of the Board of Directors Organization of the different Committees: Audit, Compensation, Remuneration, Nomination and Executive Committees.
April 06, 2026	Approval of the Audited Financial Statements and Annual Report
May 07, 2026	Postponement of the Annual Stockholders Meeting set for May 28, 2025 to August 27, 2025 at 2:00 PM.
June 10, 2026	No resolution was passed. The Nomination Committee presented its report to the Board for management updates only



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Kalahi Realty, Inc.
Suite 214 State Condominium IV
Ortigas Avenue, Greenhills
San Juan City

Opinion

We have audited the financial statements of Kalahi Realty, Inc. (the Company), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policy information.

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

Basis for Opinion

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

Other Matter

The financial statements of the Company as at and for the year ended December 31, 2023 were audited by another auditor whose report dated April 15, 2024, expressed an unmodified opinion on those statements.

Other Information

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



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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



REYES TACANDONG & Co.
FIRM PRINCIPLES. WISE SOLUTIONS.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

REYES TACANDONG & Co.


KARL JOSEPH N. MALVAS

Partner

CPA Certificate No. 110926

Tax Identification No. 940-545-217-000

BOA Accreditation No. 4782/P-020; Valid until June 6, 2026

SEC Accreditation No. 110926-SEC Group A

Issued October 4, 2022

Valid for Financial Periods 2021 to 2025

BIR Accreditation No. 08-005144-017-2025

Valid until January 16, 2028

PTR No. 10764027

Issued January 2, 2026, Makati City

April 7, 2026

Makati City, Metro Manila

KALAHI REALTY, INC.
STATEMENTS OF FINANCIAL POSITION

A U D I T E D

	Dec. 31, 2025	Dec. 31, 2024
ASSETS		
Current Assets		
Cash and cash equivalents	₱14,523,848	₱15,043,943
Investments in debt instruments	75,413,931	56,916,645
Installment receivables	186,300	2,730,922
Other receivables	2,090,710	2,036,619
Real properties held for development and sale	61,216,990	61,216,990
Other current assets	812,021	1,274,756
Total Current Assets	154,243,800	139,219,875
Noncurrent Assets		
Net deferred tax assets	294,829	–
Property and equipment	46,102	13,543
Investment in debt instruments	–	15,611,767
Investment properties	–	–
Total Noncurrent Assets	340,931	15,625,310
	₱154,584,731	₱154,845,185
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables	₱295,317	₱713,743
Customers' deposit and contract liabilities	1,173,455	712,922
Total Current Liabilities	1,468,772	1,426,665
Noncurrent Liabilities		
Retirement benefit liability	973,060	1,816,018
Net deferred tax liability	–	149,806
Total Noncurrent Liabilities	973,060	1,965,824
Total Liabilities	2,441,832	3,392,489
Equity		
Capital stock	78,006,687	78,006,687
Treasury shares, at cost	(11,146,534)	(11,146,534)
Retained earnings	85,282,746	84,592,543
Total Equity	152,142,899	151,452,696
	₱154,584,731	₱154,845,185

KALAH REALTY, INC.

STATEMENTS OF COMPREHENSIVE INCOME
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(With Comparative Figures for 2023)

	A U D I T E D		
	12-31-2025	12-31-2024	12-31-2023
REVENUE			
Rentals	₱2,540,176	₱2,495,601	₱2,223,983
Real estate sales	—	2,661,429	2,466,103
	2,540,176	5,157,030	4,690,086
COST OF REAL ESTATE SALES AND RENTAL			
Cost of real estate sales	—	152,874	152,874
Depreciation	—	67,993	135,998
	—	220,867	288,872
GROSS INCOME	2,540,176	4,936,163	4,401,214
OPERATING EXPENSES	(5,749,253)	(4,479,917)	(4,456,971)
OTHER INCOME	4,406,517	6,153,223	3,388,329
INCOME BEFORE INCOME TAX	1,197,440	6,609,469	3,332,572
PROVISION FOR (BENEFIT FROM) INCOME TAX			
Current	98,139	242,424	58,627
Final	853,733	783,958	487,666
Deferred	(444,635)	123,128	366,871
	507,237	1,149,510	913,164
NET INCOME	690,203	5,459,959	2,419,408
OTHER COMPREHENSIVE INCOME	—	—	—
TOTAL COMPREHENSIVE INCOME	₱690,203	₱5,459,959	₱2,419,408

KALAHI REALTY, INC.**STATEMENTS OF CHANGES IN EQUITY
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(With Comparative Figures for 2023)**

	Years Ended December 31		
	2025	2024	2023
CAPITAL STOCK	₱78,006,687	₱78,006,687	₱78,006,687
TREASURY SHARES, AT COST	(11,146,534)	(11,146,534)	(11,146,534)
RETAINED EARNINGS			
Balance at beginning of year	84,592,543	79,132,584	76,713,176
Net income	690,203	5,459,959	2,419,408
Balance at end of year	85,282,746	84,592,543	79,132,584
	₱152,142,899	₱151,452,696	₱145,992,737

See accompanying Notes to Financial Statements.

KALAHI REALTY, INC.

STATEMENTS OF CASH FLOWS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(With Comparative Figures for 2023)

	Years Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱1,197,440	₱6,609,469	₱3,332,572
Adjustments for:			
Interest income	(4,305,057)	(4,231,313)	(2,938,785)
Retirement benefit expense	67,882	188,060	188,060
Depreciation	12,291	77,157	143,545
Write-off of creditable withholding taxes	1,105,290	77,221	95,661
Operating income (loss) before working capital changes	(1,922,154)	2,720,594	821,053
Decrease (increase) in:			
Installment receivables	2,544,622	184,900	(969,419)
Other current assets	(159,372)	(178,618)	28,900
Other receivables	(54,091)	(1,373,417)	(40,439)
Real properties held for development and sale	—	152,874	152,873
Increase (decrease) in:			
Customers' deposits and contract liabilities	460,533	—	140,949
Accounts payable and other liabilities	(418,426)	15,016	207,178
Net cash generated from operations	451,112	1,521,349	341,095
Interest received	4,305,057	4,231,313	1,048,073
Retirement benefit paid	(910,840)	—	—
Income taxes paid, including final taxes and creditable withholding taxes	(1,435,055)	(1,754,875)	(583,327)
Net cash provided by operating activities	2,410,274	3,997,787	805,841
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment in bonds	(53,648,590)	(33,371,614)	(20,144,536)
Investment in treasury bills	(25,842,352)	(16,957,662)	(43,964,730)
Proceeds from:			
Maturity of investment in treasury bills	40,446,542	551,005	44,224,975
Maturity of investment in bonds	36,158,881	44,144,536	20,213,393
Acquisition of property and equipment	(44,850)	(13,182)	—
Net cash provided by (used in) investing activities	(2,930,369)	(5,646,917)	329,102
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	(520,095)	(1,649,130)	1,134,943
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
	15,043,943	16,693,073	15,558,130
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	₱14,523,848	₱15,043,943	₱16,693,073

See accompanying Notes to Financial Statements.

KALAHI REALTY, INC.

**NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(With Comparative Information for 2023)**

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.

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.

Approval of Financial Statements

The financial statements of the Company as at and for the years ended December 31, 2025 and 2024 including the comparatives as at and for the year ended December 31, 2023 were authorized for issue by the Company's Board of Directors (BOD) on April 7, 2026.

2. Summary of Material Accounting Policy Information

The material accounting policies used in the preparation of the financial statements are consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This framework includes PFRS Accounting Standards, 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 rounded to nearest Peso except otherwise indicated.

The financial statements have been prepared on a historical cost basis of accounting, except for retirement benefits liability which are carried at present value of defined benefit obligation.

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 statements.

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, 2025 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 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendment provides to clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled through cash using an electronic payment system. The amendments also clarify the requirements of assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, and the characteristics of non-recourse loans and contractually linked instruments. The amendments also introduce additional disclosure requirements for equity instruments classified as financial asset measured at fair value through other comprehensive income (FVOCI) with contingent features. 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.
 - Amendments to PFRS 9, *Financial Instruments* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, *Financial Instruments*, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments apply to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.
 - Amendments to PFRS 10, *Consolidated Financial Statements* – The amendments clarify that when the investor considers its de facto agent's decision-making rights and its indirect exposure, or rights, to variable returns is only an example in which judgement is required to determine whether a party is acting as a de facto agent.
 - Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

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

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statements of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.

Deferred effectivity –

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investment in Associates - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still 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, 2025 and 2024.

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.

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.

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.

Employee Benefits

Under PAS 19, *Employee Benefits*, the cost of defined retirement benefits is generally determined using the projected unit credit method. However, given the minimal number of regular employees, management assessed that the recognized retirement liability—calculated based on the statutory provisions of R.A. No. 7641—represents a reasonable approximation of the present value of the defined benefit obligation. Consequently, the effect of not using an independent actuarial valuation is considered immaterial to the financial statements as a whole.

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.

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 Stock

Treasury stock represent owner's equity instruments which are reacquired and deducted from equity. Treasury stock 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. The Company recognizes revenue from the sale of vacant residential lots at a point in time when control is transferred to the buyer. This typically occurs upon execution of the Deed of Absolute Sale or when the buyer takes possession of the property, provided that the contract meets the criteria for existence under PFRS 15.

A contract is deemed to exist only when it is probable that the Company will collect the consideration to which it is entitled. For real estate sales under installment basis, the Company uses a specific collection threshold as a demonstration of the buyer's commitment to pay.

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 comprehensive income as part of other income.

Interest Income. Interest income is recognized in profit or loss as it accrues, gross of final tax.

Other Income. Income from other sources is recognized when earned during the period.

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 contract 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.

Rentals. Rental income from investment properties is recognized in profit or loss on a straight-line basis over the lease term.

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 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 and interest expense 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. Interest expense is determined by applying the discount rate to the retirement benefit liability at the beginning of the annual period.

Under PAS 19, *Employee Benefits*, the cost of defined retirement benefits is generally determined using the projected unit credit method. However, given the minimal number of regular employees, management assessed that the recognized retirement liability—calculated based on the statutory provisions of R.A. No. 7641—represents a reasonable approximation of the present value of the defined benefit obligation. Consequently, the effect of not using an independent actuarial valuation is considered immaterial to the financial statements as a whole.

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, carry forward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carry-over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward benefits of unused tax credits and unused tax losses 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 statements 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 statements 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 recognizes revenue from the sale of vacant real estate lots at a point in time. Revenue is recognized when control of the property is transferred to the buyer, which generally occurs upon execution of the contract and transfer of possession and legal title, or the right to obtain legal title. At this point, the Company has satisfied its performance obligation.

Significant Judgment in Evaluating Customer Commitment and Collectability. The Company assesses the

collectability of the contract price as a condition for revenue recognition. Management has determined, based on historical trend and industry practice, that collection of at least 25% of the total contract price provides a reasonable basis to conclude that it is probable that the Group will collect the consideration to which it is entitled. This threshold is used as a key judgment in determining whether a contract with a customer exists under PFRS 15.

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 .

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 in 2025, 2024 (and 2023).

Recognizing the Deferred Tax Assets. The carrying amount of deferred tax assets at each reporting date is reviewed and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable

income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenue and expenses.

4. 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 payables and VAT payable), 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 does not 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.

The Company limits its exposure to credit risk by investing its cash only with banks that have good credit standing and reputation in the local and international banking industry. 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 ₱1,000,000 for every deposit account per banking institution.

The Company has not recognized any expected credit losses on cash and cash equivalents and investment in debt instruments in 2025, 2024 (and 2023).

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.

5. 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.

Revenue, net income, total assets and total liabilities as at and for the years ended December 31, 2025, 2024 (and 2023) are the same as reported elsewhere in the financial statements.

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.

6. Fair Value Measurement

Fair Value of Financial Instruments

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

The carrying values of these financial assets and liabilities approximate fair values due to the short-term nature of the balances.

As at December 31, 2025 and 2024, the Company has no financial instruments measured at fair value.

Assets for which fair value disclosure is required

Investment Properties

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.

KALAHI REALTY, INC.

**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2025 and 2024**

Ratio	Formula	2025	2024
Current Ratio	Total Current Assets divided by Total Current Liabilities		
	Total Current Assets	₱154,243,800	₱139,219,875
	Divide by: Total Current Liabilities	1,468,772	1,426,665
	Current Ratio	105.02	97.58
Acid Test Ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities		
	Total Current Assets	₱154,243,800	₱139,219,875
	Less Other Current Assets	62,029,011	62,491,746
	Quick Assets	92,214,789	76,728,129
	Divide by: Total Current Liabilities	1,468,772	1,426,665
	Acid Test Ratio	62.78	53.78
Asset-to-Equity Ratio	Total Assets divided by Total Equity		
	Total Assets	₱154,584,731	₱154,845,185
	Total Equity	152,142,899	151,452,696
	Asset to Equity Ratio	1.02	1.02
Return on Equity	Net Income divided by Average Total Equity		
	Net Income	₱690,203	₱5,459,959
	Average Total Equity	151,797,798	148,722,717
	Return on Equity	0.45%	3.67%
Return on Assets	Net Income divided by Average Total Assets		
	Net Income	₱690,203	₱5,459,959
	Average Total Assets	154,714,958	151,952,104
	Return on Assets	0.45%	3.59%

Ratio	Formula	2025	2024
Solvency Ratio	Net Income Before Non-Cash Expenses divided by Total Liabilities		
	Net Income	₱690,203	₱5,459,959
	Add: Non-Cash Expenses	1,126,836	342,438
	Net Income Before Non-Cash Expenses	1,817,039	5,802,397
	Total Liabilities	2,441,832	3,392,489
	Solvency Ratio	0.74	1.71
Net Profit Margin	Net Income divided by Total Revenue		
	Net Income	₱690,203	₱5,459,959
	Total Revenue	2,540,176	5,157,030
	Net Profit Margin	27.17%	105.87%

ANNEX “D”

MANAGEMENT’S DISCUSSION AND ANALYSIS OF PLAN OF OPERATION

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

	2025	2024	2023
Revenue	₱2.540	₱5.157	₱4.690
Other Income	4.407	6.153	3.257
Cost of real estate sales and rental	(0.000)	(0.221)	(0.289)
Operating expenses	(5.749)	(4.4480)	(4.325)
Provision for income tax	(0.507)	(1.150)	(0.913)
Assets	154.585	154.845	149.059
Liabilities	2.442	3.392	3.066
Equity	152.142	151.453	145.993

Results of Operations for 2025

Year ended December 31, 2025 compared to year ended December 31, 2024

For the year ended December 31, 2025, KRI's net income from its business segments decreased by 86.363%, or P4.770 million, from P5.460 million in 2024 to P.690 million in 2025.

Revenues

The total revenues was decreased by 50.743% or P2.617 million from P5.157 million for the 2024 to P2.540 million in 2025.

Real estate sales decreased by P2.661 million, or 100.00%, from P2.661 million in 2024 to no sale for this year 2025.

Rental income increased by P.045 million or 2.00% from P2.496 million in 2024 to P2.540 million in 2025. This increase was due to adjustment rental rate of two (2) units.

Interest income increased by 1.74% or P.074 million from P4.231 million in 2024 to P4.305 million in 2025. The increase was due to a slight increase of principal as a basis of interest rates of deposits on placements or cash and cash equivalents.

Other income decreased by P1.820 million or 94.72% from P1.922 million in 2024 to P.102 million in 2025. The decrease was due to various penalty expenses charged to delinquent installment customers and restructuring of other installment accounts in 2024 versus nil in 2025.

Costs and Expenses

Cost of real estate sales and rentals decreased by 100.00% or P.221 million (from P.221 million in 2024 to P.000 million in 2025). The decrease can be attributed to no more depreciation value of assets and cost of lot sold.

Gross Profit

Gross profit margin for real estate sales was 100.% in 2025 and 95.572% in 2024. The insignificant variance was a due to a final depreciation of asset in 2024 as compared to zero in 2025.

Total operating expenses

There was a substantial increase of 28.33.00% or P1.269 as a result of disallowance of Creditable Withholding Tax inputed by BIR.

Financial Condition as of December 31, 2025 compared to December 31, 2024

As of December 31,2025, total assets decreased by P.260 million or .1682% from the P154.845 million balance as of December 31,2024 compared to P154.244 million balance as of Dec. 31,2025.

The following are the material changes in account balances:

3.457% Net Decrease in Cash and Cash Equivalents

The net decrease is mainly due to funding of investments.

32.4989% Increase in Investment in Debt Instruments

The increase mainly due to additional investments acquired and the interests earned for the year.

93.178% Net Decrease in Installment Receivables

The decrease mainly due to huge collection of old accounts.

2.656% Net Increase in Other Receivables

The increase mainly due to accrued interest from various placements or bond investments.

0.00% No variance in Real Estate Inventories Account

There was no sale of lot made.

0.00% Variance in Investment Properties Account

There was no more cost of depreciation to be recorded.

240.41% Increase in Property and Equipment

The increase was primarily due to the corresponding additions to equipment made during the year.

54.162% Net Decrease in Accounts and Other Payables

The decrease in these accounts mainly due to decrease in VAT output .

8.222% Increase in Customers Deposit

The increase mainly due to down payment made by prospective lot buyer .

46.418% Decrease in Retirement Benefit Liability

The decrease was due to reduction of accrual made in 2025 because of reclassification of employees status.

.4557% Increase in Stockholders Equity

The increase is due to the slight profit made by the Company as part of its retained earnings.

Results of Operations for 2024

Year ended December 31, 2024 compared to year ended December 31, 2023

For the year ended December 31, 2024, KRI's net income from its business segments increased by 105.87%, or P3.041 million, from P2.419 million in 2023 to P5.460 million in 2024.

Revenues

The total revenues were increased by 10% or P.467 million from P4.690 million for the 2023 to P5.157 million in 2024.

Real estate sales increased by P.195 million, or 7.92%, from P2.466 million in 2023 to P2.661 million in 2024, due to an increase in the sales value of lots.

Rental income increased by P.272 million or 12.21% from P2.224 million in 2023 to P2.496 million in 2024. This increase was due to the rental of 7 units in 2024 compared to 6 units in 2023.

Interest income increased by 43.98% or P1.293 million from P2.939 million in 2023 to P4.231 million in 2024. The increase was due higher interest rates of deposits on placements or cash and cash equivalents.

Other income increased by P1.526 million or 479.98% from P.318 million in 2023 to P1.844 million in 2024. The increase was due to various penalty expenses charged to delinquent installment customers and restructuring of other installment accounts.

Costs and Expenses

Cost of real estate sales and rentals decreased by 23.54% or P.068 million (from P.289 million in 2023 to P.221 million in 2024). The decrease was primarily due to the diminishing depreciation value of assets.

Gross Profit

Gross profit margin for real estate sales was 95.717% in 2024 and 93.841% in 2023. There was an insignificant variance in the amount, as the cost of lots sold in 2024 was nearly equal to that in 2023. The slight increase in the gross profit margin is related to the decrease in the amount of depreciation.

Total operating expenses

There was no significant variance in 2024 compared to 2023, as evidenced by the figures of P4.325 million in 2023 and P4.402 million in 2024.

Financial Condition as of December 31, 2024 compared to December 31, 2023

As of December 31, 2024, total assets increased by P5.786 million or 3.88% from the P149.059 million balance as of December 31, 2023 compared to P154.845 million balance as of Dec. 31, 2024.

The following are the material changes in account balances:

9.88% Net Decrease in Cash and Cash Equivalents

The net decrease is mainly due to funding of investments.

8.42% Increase in Investment in Debt Instruments

The increase mainly due to additional investments acquired and the interests earned for the year.

6.34% Net Decrease in Installment Receivables

The decrease mainly due to collection of old accounts.

207.09% Net Increase in Other Receivables

The increase mainly due to recording of accrued interest from various placements or bond investments.

0.25% Decrease in Real Estate Inventories Account

Decrease mainly due to cost of sale of lot.

100% Decrease in Investment Properties

The decrease was mainly due to cost of depreciation.

42.18% Increase in Property and Equipment

The increase was primarily due to the corresponding additions to equipment made during the year.

2.15% Net Decrease in Accounts and Other Payables

The decrease in these accounts is attributable, among other things, to the VAT associated with Installment Sales recognition and the decrease in accrued professional fees.

11.55% Net Increase in Retirement Benefit Liability

The increase is due to the accrual made in 2024.

3.74% Increase in Stockholders Equity

The increase is due to the profit made by the Company as part of its retained earnings.

KEY PERFORMANCE INDICATORS:

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

December 31,2025

CURRENT ASSETS	<u>₱ 154,243,800.00</u>	
CURRENT LIAB.	₱ 1,468,772.00	= 105.01548 : 1

December 31,2024

CURRENT ASSETS	<u>₱ 139,219,875.00</u>	
CURRENT LIAB.	₱ 1,426,665.00	= 97.58414 : 1

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

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

December 31,2025

TOTAL LIABILITIES	<u>₱ 2,441,832.00</u>	
STOCKHOLDERS EQUITY	₱ 152,142,899.00	= .0160496 : 1

December 31,2024

TOTAL LIABILITIES	<u>₱ 3,392,489.00</u>	
STOCKHOLDERS EQUITY	₱ 151,452,696.00	= .0223997 : 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.

December 31,2025

NET INCOME (LOSS)	<u>₱ 690,203.00</u>	
STOCKHOLDERS EQUITY	₱ 152,201,526.00	= .453480%

December 31,2024

NET INCOME (LOSS)	<u>₱ 5,459,959.00</u>	
STOCKHOLDERS EQUITY	₱ 151,452,696.00	= 3.60506%

The ratio in the current year 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.

NET INCOME(Loss)	<u>₱ 690,203.00</u>	
NO. OF SHARES OUTSTANDING	70,166,407.00	= .0098367

For the year ended the company's profitability in relation to each of its shares is improving as the ratio shows.

5.1 EQUITY RATIO - Measures total investment provided by stockholders.

December 31,2025

STOCKHOLDERS EQUITY	<u>₱ 152,142,899.00</u>		
TOTAL ASSETS	₱ 154,584,731.00	=	.9842039:1

December 31,2024

STOCKHOLDERS EQUITY	<u>₱ 151,452,696.00</u>		
TOTAL ASSETS	₱ 154,845,185.00	=	.9780911:1

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.

December 31,2025

TOTAL LIABILITIES	<u>₱ 2,441,832.00</u>		
TOTAL ASSETS	₱ 154,584,731.00	=	0.015796 : 1

December 31,2024

TOTAL LIABILITIES	<u>₱ 3,392,489.00</u>		
TOTAL ASSETS	₱ 154,845,185.00	=	0.021909 : 1

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

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

KALAH! REALTY INC.			
COMPARATIVE BALANCE SHEET			
AS OF MARCH 31, 2026 & DECEMBER 31, 2025			
		March 31, 2026	(AUDITED) Dec. 31, 2025
ASSETS			
CURRENT ASSETS			
Cash & cash equivalents	P	13,895,026	P 14,523,848
Receivables and advances		964,872	2,090,710
Short Term Investments in Treasury Bonds		76,129,274	75,413,931
Installment Receivables - Current		186,300	186,300
Real Properties for sale & dev't.		61,216,990	61,216,990
Prepayments & other current assets		846,708	812,021
Total Current Assets		153,239,169	154,243,800
NON-CURRENT ASSETS			
Investment Properties -Net			0
Property & Equipment-Net		41,281	46,102
Installment Receivables - Non-Current			(0)
Deferred Tax Assets		294,829	294,829
Long Term Investment in Bonds			
Total Non-current Assets		336,110	340,931
TOTAL ASSETS	P	153,575,279	P 154,584,731
LIABILITIES & STOCKHOLDERS EQUITY			
CURRENT LIABILITIES			
Accounts Payable and accrued expenses	P	247,915	P 295,317
Customers Deposit		1,613,988	1,173,455
Income Tax Payable		0	0
Total Current Liabilities		1,861,904	1,468,772
NON- CURRENT LIABILITY			
Accrued Retirement Liability		973,060	973,060
Deferred Income Tax Liability		(0)	(0)
Total Non Current Liability		973,060	973,060
TOTAL LIABILITIES	P	2,834,964	P 2,441,832
STOCKHOLDERS' EQUITY			
Capital Stock Issued		78,006,687	78,006,687
Retained Earnings		83,880,162	85,282,746
Treasury Stock		(11,146,534)	(11,146,534)
		150,740,315	152,142,899
TOTAL LIABILITIES and STOCKHOLDERS EQUITY	P	153,575,279	P 154,584,731
		0	

KALAHİ REALTY INC							
COMPARATIVE BALANCE SHEET							
AS OF MARCH 31, 2026 & MARCH 31, 2025							
						March 31, 2026	March 31, 2025
ASSETS							
CURRENT ASSETS							
	Cash & cash equivalents			P	13,895,026	P	15,558,886
	Receivables and advances				964,872		895,465
	Short Term Investments in Treasury Bonds				76,129,274		73,437,727
	Installment Receivables - Current				186,300		1,775,688
	Real Properties for sale & dev't.				61,216,990		61,216,990
	Prepayments & other current assets				846,708		1,162,188
	Total Current Assets				153,239,169		154,046,944
NON-CURRENT ASSETS							
	Investment Properties						
	Property & Equipment-Net				41,281		11,205
	Installment Receivables - Non-Current						
	Deferred Tax Assets				294,829		
	Long Term Investment in Bonds						
	Total Non-current Assets				336,110		11,205
TOTAL ASSETS				P	153,575,279	P	154,058,149
LIABILITIES & STOCKHOLDERS EQUITY							
CURRENT LIABILITIES							
	Accounts Payable and accrued expenses			P	247,915	P	246,833
	Customers Deposit				1,613,988		712,922
	Income Tax Payable				0		0
	Total Current Liabilities				1,861,904		959,755
NON-CURRENT LIABILITY							
	Accrued Retirement Liability				973,060		1,816,018
	Deferred Income Tax Liability				(0)		(0)
	Total Deferred Tax Liability				973,060		1,816,018
TOTAL LIABILITIES				P	2,834,964	P	2,775,773
STOCKHOLDERS' EQUITY							
	Capital Stock Issued				78,006,687		78,006,687
	Retained Earnings				83,880,162		84,422,223
	Treasury Stock				(11,146,534)		(11,146,534)
					150,740,315		151,282,376
TOTAL LIABILITIES and STOCKHOLDERS EQUITY				P	153,575,279	P	154,058,149

KALAH! REALTY INC									
STATEMENTS OF COMPREHENSIVE INCOME									
January to March 2025 & 2024									

KALAHI REALTY INC.				COMPARATIVE CASH FLOW			
January to March 2026 & 2025							
				2026		2025	
CASH FLOWS FROM OPERATING ACTIVITIES							
Net Income / (Loss)				P	(1,402,584)	P	(170,320)
Adjustment to reconcile Net Income / (Loss)							
Depreciation & Other adjusment				4,821		2,338	
Operating (Loss) Income before working capital changes				(1,397,763)		(167,982)	
Decrease (Increase) in:							
Installment receivables				0		955,234	
Other receivables				1,125,838		1,141,154	
Prepayment and other current assets				(34,687)		(37,239)	
Real properties held for dev't. & sale				0		0	
Increase (Decrease) in :							
Accts. Payable/accrued exp. & other current liab.				(47,402)		(466,910)	
Customers Deposit				440,533		0	
Net Cash Provided/(Used) by Operating Activities				86,520		1,424,258	
CASH FLOWS FROM INVESTING ACTIVITIES							
(Increase)Decrease in Property & Equipment				0		0	
(Increase) Decrease in short term investments in Bonds				(715,343)		(909,315)	
(Increase) Decrease in Long term investments in Bonds							
(Increase) Decrease in Acquisition of Property				0		0	
Net Cash Used in Investing Activities				(715,343)		(909,315)	
CASH FLOWS FROM FINANCING ACTIVITIES							
Purchase of treasury shares				0		0	
NET (DEC) INC. IN CASH & CASH EQUIVALENT				(628,823)		514,943	
CASH & CASH EQUIVALENTS							
January 1, 2026 & 2025				14,523,848		15,043,943	
ENDING BALANCE - 1st Qtr. (March 31)				P	13,895,025	P	15,558,886

ANNEX “E”

MANAGEMENT’S DISCUSSION AND ANALYSIS OF PLAN OF OPERATION

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

	3/31/2026	12/31/2025	3/31/2025
Revenues	P .636	P 2.540	P .622
Other Income	.122	4.407	.492
Cost of Sales & rental Income	(.000)	(.000)	(.034)
Operating Expenses	(2.161)	(5.749)	(.946)
Provision for Income Tax		(.0507)	
Asset	153.575	154.585	154.058
Liabilities	2.835	2.442	2.776
Equity	150.740	152.143	151.282

Results of operations for the three months ended March 31,2026 compared to three months ended March 31,2025.

For the three months ended March 31,2026, KRI’s net loss from its business normal operations registered an increase of 723.50% or P1.232 million from P.170 million net income in 2025 to P1.402 million net loss in this quarter.

Revenues

The revenues went up by 1.02% or an increase of P.006 million from P.630 million for the first quarter of 2025 compared to P.636 million for this quarter . The increase was due to increase in monthly rental of a certain lessee. Interest income for the three months ended March 31,2026 as compared to first quarter of last year same quarter showed a decrease of P.081 million or 35.62%.The decrease mainly due to lower interest rates of bank placement . The interest revenues derived from bank placements ,current accounts and instalment receivables.

Costs

Cost of real estate sales and rental services accounts this quarter compared to last year same quarter showed no changes since both quarters registered zero amount ..

Gross Profit

Gross profit margin for real estate sales and services increased by P.006 million or 1.02% .

Expenses

Operating expenses increased by P1.159 million or 115.597% during this quarter as compared to same quarter in 2025. The increases were brought about by increase in taxes and licenses, personnel compensation and security services accounts..

Financial Condition as of March 31,2026 compared to December 31,2025.

As of March 31,2026 KRI total assets stood at P153.575 million decreased by .65% or by P1.009 million as compared to P154.584 million total assets as of December 31,2025. The following are the material changes in account balance:

4.33% decrease in Cash and Cash Equivalents

The variance represents significant amount paid to BIR in deficiency taxes..

.00% Variance in Contract Receivables

There was no change as no transaction made as far as installment sale. .

53.85% 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 evident by no transaction incurred as far as sale of lots.

.00% Variance in Investment Properties

There are no variances appeared as the properties were fully depreciated already.

10.46% Decrease in Property and Equipment

The decrease was mainly due to depreciation..

16.05% Decrease in Accounts Payable, Accrued Expenses and Other liabilities

The decrease mainly due to payment of output VAT payable .

37.54% Increase in Contract Liabilities

The increase was due to a down payment made by installment buyer .

.92% Decrease in Stockholders Equity

The decrease mainly due to net loss from the operations this quarter .

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.

March 31,2026

CURRENT ASSETS :	<u>₱ 153,239,169.00</u>		
CURRENT LIAB. -	₱ 1,861,904.00	=	82.302401 : 1

December 31,2025

CURRENT ASSETS -	<u>₱ 154,243,800.00</u>		
CURRENT LIAB. -	₱ 1,468,772.00	=	105.015482 : 1

Current assets are sufficient to cover current obligations.

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

March 31,2026

TOTAL LIABILITIES :	<u>₱ 2,834,964.00</u>		
STOCKHOLDERS EQUITY	₱ 150,740,315.00	=	.0188069: 1

December 31,2025

TOTAL LIABILITIES :	<u>₱ 2,441,832.00</u>		
STOCKHOLDERS EQUITY	₱ 152,142,899.00	=	.0160496: 1

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

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

March 31,2026

NET INCOME (LOSS) ₹ (1, 402,584.00)
 STOCKHOLDERS EQUITY ₹150,740,315.00 = (.930464%)

March 31,2025

NET INCOME(LOSS) - ₹ (170,320.00)
 STOCKHOLDERS EQUITY ₹ 151,282,376.00 = (.112584%)

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

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

NET INCOME(Loss) ₹ (1,492,584.00)
 NO. OF SHARES OUTSTANDING ₹ 70,166,407.00 = .02127206

For the three months operations the company resulted a loss operation one indication the company could hardly recover its investment.

5.1 EQUITY RATIO - Measures total investment provided by stockholders.

March 31,2026

STOCKHOLDERS EQUITY ₹ 150,740,315.00
 TOTAL ASSETS ₹ 153,575,279.00 = .981540: 1

December 31,2025

STOCKHOLDERS EQUITY ₹ 152,142,899.00
 TOTAL ASSETS ₹ 154,584,731.00 = .984204 : 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.

March 31,2026

TOTAL LIABILITIES ₹ 2,834,964.00
 TOTAL ASSETS ₹ 153,575,279.00 = .0184598: 1

December 31,2025

TOTAL LIABILITIES ₹ 3,441,832.00
 TOTAL ASSETS ₹ 154,284,731.00 = .0223083: 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 three months ended March 31,2026 indicating a sound financial condition of the company such 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 **54.17108:1**. This was derived by getting the quotient of Total assets **₱153.575** million over Total liabilities **₱2.835** 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

Kalahi Realty Inc. is not a publicly listed company. Accordingly, its shares are not listed or traded on any stock exchange, and there is no principal market for the Company's common shares. To the best of the Company's knowledge, there has been no trading activity involving its shares. Accordingly, there is no available range of high and low bid information for the Company's common stock. In addition, Kalahi Realty Inc. has not declared or paid any cash dividends to holders of its common shares during the past two (2) years. Our retained earnings are restricted for distribution, if any, as dividends to the extent of the cost of treasury shares as at December 31,2025 and March 31,2026.

The Company remains committed to strengthening its corporate governance practices. The Board of Directors intends to establish a formal self-assessment and evaluation system, with input from Management, to measure the level of compliance of the Board and senior management with the Company's Manual of Corporate Governance. To further promote good governance, the Board plans to encourage and require its members to attend accredited corporate governance training programs and seminars to enhance their knowledge of leading governance practices. Moreover, subject to budgetary considerations, the Company intends to provide Board members with opportunities to participate in periodic corporate governance training and seminars as part of its continuing efforts to improve compliance with recognized corporate governance standards.

We respectfully submit the foregoing responses for the Commission's consideration. As Kalahi Realty Inc. is not a publicly listed company and its shares are not traded in any securities market, certain disclosure requirements relating to market information are not applicable to the Company. We trust that the foregoing sufficiently addresses the Commission's comments and respectfully request the acceptance of the Company's Definitive Information Statement, thereby allowing the Company to distribute the same to its shareholders in time for the upcoming Annual Stockholders' Meeting.

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 year ended and interim period.

The accounting policies and methods of computation adopted in the preparation of the audited financial statements are consistent with those followed in the preparation of the Company's annual xs

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

There are no known events that will trigger the settlement of a direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

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.

Except for income generated from leasing and sale of lots, 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 ended December 31, 2025 from the operations of the rest of the year.

Except for those discussed above, there are no seasonal aspects that have material effect on KRI' financial conditions or results of operations.

There are no changes in estimates of amounts reported in prior year (2024) that have material effects in the current 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 December 31, 2025 up to the date of this report that have not been reflected in the financial statements for the interim period.

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

KALAHI REALTY, INC.
Suite 214 State Condominium IV
Ortigas Avenue, San Juan City, M.M.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of Kalahi Realty, Inc. will be held at Suite 214 State Condominium IV, Ortigas Avenue, Greenhills, San Juan City 1502 on August 26, 2026 at 2:00 p.m.

The agenda of the meeting is as follows:

1. Call to Order
2. Report on Attendance and Quorum
3. Review and Approval of the Minutes of the Previous Stockholders' Meeting of August 27, 2025.
4. Approval of 2025 Audited Financial Statement
5. Ratification of the Acts, Resolutions, and Proceeding of the Board of Directors, Corporate Officers, and Management up to 25 August 2026.
6. Election of the Board of Directors and Independent Directors
7. Appointment of Independent External Auditors
8. Other business as may properly be brought before the meeting.
9. Adjournment

The Directors of the Corporation had fixed the close of business hours on June 16, 2026 as the record date for the determination of the stockholders of the company entitled to vote at the said meeting.


ATTY. FRANCIS V. GUSTILO
Corporate Secretary

**RATIONALE AND BRIEF DISCUSSION OF THE AGENDA
OF THE 2025 ANNUAL STOCKHOLDERS' MEETING
(THE "ANNUAL STOCKHOLDERS' MEETING")**

1. Call to Order

The Chairman of the Board or the Chairman of the meeting, as the case may will call the meeting to order.

2. Report on Attendance and Quorum

Notice and Quorum

The Corporate Secretary, as the case may will certify the date when the written notice of the Annual Stockholders' Meeting was sent to the stockholders as of the record date of June 16, 2026, and the date of publication of the notice in newspapers of general circulation.

The Secretary will likewise certify the presence of a quorum. Under the by-laws of the Company (the "Company's By-laws"), the holders of a majority of the issued and outstanding capital stock of the Company entitled to vote shall, if present in person or by proxy, constitute a quorum for the transaction of business.

3. Review and Approval of the Minutes of the Previous Annual Stockholders' Meeting

Copies of the minutes of the annual stockholders' meeting held on August 27, 2025, will be made available to the stockholders at the registration area of the venue of the Annual Stockholders' Meeting.

The stockholders will be requested to approve the minutes of the 2025 annual stockholders' meeting.

4. Approval of the Audited Financial Statements for the Year 2025

The Management of the Company will deliver the report on the performance of the Company for 2025.

The stockholders will be allowed to ask questions or raise concerns.

The stockholders will then be requested to approve the report and the audited financial statements of the Company for 2025.

Duly authorized representatives of Reyes Tacandong & Co (RT & Co.), the external auditor for 2026, will be present at the Annual Stockholders' Meeting to respond to appropriate questions concerning the 2025 financial statements of the Company.

5. Ratification of All Acts of the Board of Directors and Management Since the Last Stockholders' Meeting in the Year 2025.

These are the acts and resolutions of the Board of Directors, including those of the Executive Committee, and other board committees, and all the acts of management of the company taken or adopted from the annual stockholders' meeting on August 27, 2025 until June 11, 2026. (*Annex C*)

The stockholders will be requested to ratify all acts of the Board of Directors and Management since the last stockholders' meeting on August 27, 2025.

6. Appointment of an Independent External Auditor

At its meeting held on 11 June, the Nomination Committee—constituted as a standing committee of the Board of Directors and mandated to review and assess the qualifications of individuals nominated for election to the Board, including those nominated as independent directors—conducted a thorough evaluation of the nominees in accordance with the provisions of the Company’s Corporate Governance Manual and the Charter of the Nomination Committee. Following its review, the Committee confirmed that all nominees possess the requisite qualifications and are free from any disqualifications for election to the Board of Directors.

The detailed profiles of the nominees are set forth in the Definitive Information Statement prepared for the Annual Stockholders’ Meeting. The election of the seven nominees to the Board of Directors shall be submitted to the stockholders during the said meeting. Directors shall be elected by a plurality of votes pursuant to the cumulative voting method.

According to the Corporate Governance Manual of the Company and the Audit Committee Charter, the Audit Committee will recommend to the Board of Directors the appointment of an external auditor who will examine the accounts of the Company for 2026.

The stockholders will be requested to approve the appointment of the external auditor of the Company.

7. Other Matters

The Chairman will inquire whether there are other relevant matters and concerns to be discussed.

8. Adjournment

Upon determination that there are no other relevant matters to be discussed, the meeting will be adjourned on a motion duly made and seconded.

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ONCOLL PAYMENT SLIP



Please check the appropriate mode of payment.		DATE
☒ CASH	☐ CHECK	☐ DEBIT FROM ACCOUNT
MERCHANT / AGENCY DEPOSIT ACCOUNT NUMBER 0552 2222 88		MERCHANT / AGENCY NAME SEC SRC
Reference Number 1 2026052815158368		Printed Name and Signature of Payor / Depositor / Representative MARILYN ALBINA
Reference Number 2 Kalani Realty inc.		Validation 02 JUN 2026 11:01:59 000079 2KST Reg Pymt Coll
Reference Number 3 (Numeric)		BRANCH NAME 0555
Amount 7,500.00		INSTITUTION NAME Securities and Exchange Commission Sec
		CLRNG ACCT NO 055222288
		PAYMENT ASSESSMENT FORM 2026052815158368
		NAME OF PAYOR KALANI REALT
		AMOUNT PHP 7,500.00
		40.00

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ONCOLL PAYMENT SLIP



Please check the appropriate mode of payment.		DATE
☒ CASH	☐ CHECK	☐ DEBIT FROM ACCOUNT
MERCHANT / AGENCY DEPOSIT ACCOUNT NUMBER 3402 2319 20		MERCHANT / AGENCY NAME SEC BTR
Reference Number 1 2026052815158368		Printed Name and Signature of Payor / Depositor / Representative MARILYN ALBINA
Reference Number 2 Kalani Realty inc		Validation 02 JUN 2026 11:01:44 000082 2KST Reg Pymt Coll
Reference Number 3 (Numeric)		BRANCH NAME 0555
Amount 75.00		INSTITUTION NAME Sec Head Office
		CLRNG ACCT NO 3402231920
		PAYMENT ASSESSMENT FORM 2026052815158368
		COMPANY NAME KALANI REALT
		AMOUNT PHP 75.00
		0.00

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 Definitive Information Statement 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 14 JUL 2026 day of July 2026.


Frederick D. Matsuda
Affiant

SUBSCRIBED AND SWORN to before me this 14 JUL 2026 day of July 2026, affiant exhibiting his Passport no. P4703704B which will expire on February 05, 2030.

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NOTARY PUBLIC
ATTY. MA. CRISTE GIESEL H. MISALANG
Notary Public for and in the City of San Juan
Until 31 December 2028
Appointment No. 03 (2025-2028) / Roll No. 80600
IBP No. 587271/01-05-2028
PTR No. 1892392 / 01-05-2026 / San Juan City
MCLE Compliance No. VIII-0003245 valid until April 14, 2028
Room 110 Limketkai Building, Ortigas Avenue
Greenhills, San Juan City Metro Manila 1503