

*Kalahi Realty, Inc.*

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

**KALAH REALTY INC\_SEC 17-A\_04 MAY 2026**

## SEC Registration Number

|   |   |   |   |   |   |   |   |   |   |  |
|---|---|---|---|---|---|---|---|---|---|--|
| 0 | 0 | 0 | 0 | 1 | 6 | 1 | 8 | 7 | 2 |  |
|---|---|---|---|---|---|---|---|---|---|--|

**COMPANY NAME**

[illegible]**PRINCIPAL OFFICE** ( No. / Street / Barangay / City / Town / Province )[illegible]

## Form Type

|   |   |   |   |
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| 1 | 7 | - | A |
|---|---|---|---|

Department requiring the report

|   |   |   |  |
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| S | E | C |  |
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Secondary License Type, If Applicable

|   |   |   |  |
|---|---|---|--|
| N | / | A |  |
|---|---|---|--|

## COMPANY INFORMATION

### Company's Email Address

[kalahirealty@yahoo.com](mailto:kalahirealty@yahoo.com)

Company's Telephone Number

8570-3639

Mobile Number

**09167039624**

No. of Stockholders

|       |
|-------|
| 2,624 |
|-------|

Annual Meeting (Month / Day)

**Last Wednesday of May**

Fiscal Year (Month / Day)

12/31

## CONTACT PERSON INFORMATION

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

Name of Contact Person

**Francis V. Gustilo**

Email Address

[fvgustilo@yahoo.com](mailto:fvgustilo@yahoo.com)

Telephone Number/s

8570-3639

Mobile Number

**09189053316**

### CONTACT PERSON'S ADDRESS

|  |
|--|
|  |
|--|

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

# *Kalahi Realty, Inc.*

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Ortigas Avenue, Greenhills,  
San Juan City, Philippines  
Telephone Nos. 8570-3639

April 13, 2026

## **STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The management of **Kalahi Realty, Inc.** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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.

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

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the period December 31, 2025 and 2024, respectively, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



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**FRANKLIN D. MATSUDA**  
Chairman of the Board / Chief Executive Officer



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**VALENTINO M. TROBADA**  
Chief Financial Officer

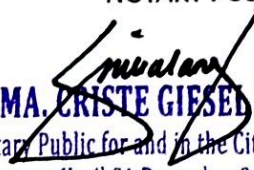
Signed this \_\_ day of April 2026

22 APR 2026

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_ 2026.  
Affiants exhibiting me their government issued identifications as follows:

| NAMES                |                 | DATE OF ISSUE |
|----------------------|-----------------|---------------|
| FRANKLIN D. MATSUDA  | DL#N0984027759  | 11/05/2026    |
| VALENTINO M. TROBADA | DL#NC0181014274 | 09/09/2034    |

NOTARY PUBLIC

  
**ATTY. MA. CRISTE GIESEL H. MISALANG**

Notary Public for and in the City of San Juan  
Until 31 December 2026

Appointment No. 03 (2025-2026)/ 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

DOC NO. 468  
PAGE NO. 93  
BOOK NO. 17  
SERIES OF 2026

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2025**
2. SEC Identification Number **161872** 3. BIR Tax Identification No. **000-645-746-000**
4. Exact name of issuer as specified in its charter:

**KALAHY REALTY INC.**

5. **Republic of the Philippines**  
SAN JUAN, METRO MANILA
6. (SEC Use Only)  
Industry Classification Code:

7. **SUITE 214 STATE, COND. IV, ORTIGAS AVENUE**  
**GREENHILLS, SAN JUAN, M.M.**  
Address of principal office
- 1502**  
Postal Code

8. **(02)85703639**  
Issuer's telephone number, including area code

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

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

Title of Each Class

Number of Shares of Common  
Stock Outstanding

**Class B Common**

**70,166,407**

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

Yes [ ] No [x]

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

\_\_\_\_\_

12. Check whether the issuer:

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

Yes ☒ has submitted on line SEC Form 17-C (CGFD) , SEC Form 23-A on September 2,2025 , SEC Form 20-IS Definitive Information Statement on July 3,2025 , Letter on the certification of attendance of the Board on Dec.16,2025 and General Information Sheet (GIS) on Sept. 18,2025.

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

Yes ☒ No ☐

13. The aggregate market value of the voting stock held by non-affiliates of the registrant computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing at a book value per share of P2.16915. The non-affiliates represent 19.34% of total voting shares.

# **1. PART I**

## **BUSINESS AND GENERAL INFORMATION**

### **ITEM 1. BUSINESS**

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

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

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

In its initial operation KRI acquired ownership and administration of the Dizon Townhouses on P. Guevarra St., San Juan, comprising 17 townhouse units that were all sold and five (5) condominium units in the State Condominium IV Building in Ortigas Avenue, Greenhills. Subsequently KRI acquired by purchase additional two (2) in the same building.

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

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

KRI shares of stock are not registered for public sale with the Securities and Exchange Commission and the company is not listed in the Philippine Stock Exchange, KRI made it a point to assist stockholders by offering to buy shares of any stockholders who may decide to convert their shares of stock into cash. On Dec. 31, 2011 the company was able to reacquire an accumulated 7,840,280 shares at a total purchase price of P11,146,534, now classified as treasury shares.

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

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

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

The registrant is in the realty business and its areas of concentration at the moment are Bacolor Pampanga and City of San Fernando where it is developing a residential subdivision. As a result of the development activity there was the Phase I which is 100% complete comprising of ten (10) has. that yielded developed lots divided into abovementioned distribution ratio which KRI (La Primavera project) shared ninety five (95) lots or approximately twenty seven thousand three hundred eighty five (27,385) square meters or 2.7 has. As of December 31,2024 a total of 86 lots were already sold.

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

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

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

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

The principal products or services and markets have indicated a very significant contribution in the revenues. Of the total revenues for the year fifty eight percent (58%) represent rental income and bank interest while forty two percent (42%) goes to a single sale of lot.

The registrant is very dependent on the approach of the JVA partner in the project by selling acceptable medium-priced lots where other competitors have significant share of the market. The participation of KRI is purely as a land-owner. As stated in the joint venture contract the JVA partner was the one in charge of marketing and selling. ***The registrant is negative in identifying the area of competition as it merely awaits JVA partner strategy in operations.***

As of December 31, 2018, Phase I was fully developed and with regular maintenance. This Phase I produced sales that most of the revenues of the Company are emanating whereas Phase II is still under development. The company merely oversees and observe its JVA partner in competing with the market. ***Being dependent from JVA partner it is not necessary to describe and itemize major existing contracts, approval of principal products and steps taken in complying with governmental regulations.***

As of December 31, 2025 KRI employs a total number of five (5) permanent and regular employees composed of a. President; b. Vice President/Treasurer, Chief Accountant Corporate Secretary/Legal Officer and Utility Staff .. Employees are not subject to Collective Bargaining Agreement (CBA) and for more than thirty one years and never a strike or dispute occurred. So much so that once the Government issued memo requiring adjustments on wages and benefits of employees and staffs as such are strictly adhered and effected.

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

## **ITEM 2. PROPERTIES**

Kalahi Realty Inc. (KRI) owns for development a total of 50.5 hectares of land between **San Isidro, Bacolor and Del Rosario, San Fernando in Pampanga**. Of the total the two (2) has. were located on the front and along the McArthur Highway in San Fernando, Pampanga developed and made available for sale and only three (3) lots remained unsold and reserved. The company also owns eight (8) office units at the **State Condominium IV, Ortigas, San Juan, Metro Manila**. Two (2) units are currently being used as offices by CMD & KRI. The remaining six (6) units are all occupied and being rented as of Dec. 31, 2025.

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

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

### **ITEM 3. LEGAL PROCEEDINGS**

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

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

*The annual meeting of the stockholders was held virtually on August 27, 2025. The details under this item are contained in the minutes of stockholders and directors' meetings filed with the commission.*

## **PART II OPERATIONAL AND FINANCIAL INFORMATION**

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

#### **(1) Market Information**

Not Applicable

#### **(2) Holders**

*KRI has a total of 70,166,407 outstanding Common Class A shares (net of 7,840,280 treasury shares). As of December 31, 2025, the company has 2,624 (inclusive of KRI own treasury shares) stockholders on*

The top twenty (20) stockholders of the registrant as of December 31, 2025 are as follows:

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

### **(3) Dividends**

*The retained earnings are restricted for distribution as dividends to the extent of P11,146,534 representing the cost of treasury shares while most of the remaining balance is reserved for future plan of acquiring properties for development. There were no cash nor stock dividends declared during the year 2025.*

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

*There are no recent sales of unregistered securities.*

## **Item 6 . MANAGEMENT’S DISCUSSION AND ANALYSIS OF PLAN OF OPERATION**

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

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

### **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 yar 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><b>₱ 3,392,489.00</b></u> |   |                     |
| TOTAL ASSETS      | <b>₱ 154,845,185.00</b>      | = | <b>0.021909 : 1</b> |

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

## **(5) Other Disclosures**

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

*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 financial statements as of and for the year ended December 31, 2025.*

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

*Except for income generated from leasing 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.*

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

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

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

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

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

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

## ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

- a. The new accountant and external auditor of the Company is Reyes Tacandong & Co. (RT & Co.). The same accounting firm that will be recommended for re-election at the meeting.
- b. Representatives of RT & Co. for the current year and for the most recently completed calendar 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.

### Financial Statements

Expiry date of each deferred income taxes recognized (PAS 12.81 e)

*PAS 12 paragraph 81 states that the entity shall disclose in the notes to the financial statements the amount (and expiry date ,if any) of deductible temporary differences, unused tax losses, and unused tax credits for which no deferred tax asset is recognized in the statement of financial position. The Company has recognized deferred income tax assets.*

## ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

KRI 's By-Laws provides ,among others ,that the External Auditor shall be appointed by its Board of Directors and shall receive such compensation or fee as may be determined by the Chairman or such other officer(s) as the Board of Directors may authorize.

Reyes Tacandong & Co. (RT&co.) was first appointed as KRI 's external auditor in 2024 and remains such to date .Mr. Karl Joseph Malvas was the Certifying Partner.

KRI has not had any disagreements with its external auditors.

### Fees and Other Arrangements

The external auditor 's fees are based on the estimated time that would be spent on an engagement and KRI is charged on the experience level of professional staff members who will be assigned .In addition the estimated pricing and schedule of performance are based upon, among other things, our preliminary review of the Company's records and the representations the Company's personnel have made to Reyes Tacandong & Co. . and are dependent upon the Company's personnel providing a reasonable level of assistance. Should RT & Co.'s assumptions with respect to these matters be incorrect or should the condition of records, degree of cooperation, results of our audit procedures, or other matters beyond our reasonable control require additional commitments by the Audit company beyond those upon which our estimates are based .They may adjust their fees and plan the completion dates. Fees for any special audit-related projects, such as proposed business combinations or research and or/ consultation on special business or financial issues, will be billed separately from the fees referred to above and will be the subject of written agreements.

The external auditor's fees insofar as KRI is concerned are as follows:

| YEAR | Auditing Firms | Certifying Partner      | Fees        |
|------|----------------|-------------------------|-------------|
| 2020 | SGV & Co.      | Mr. Bienvinido Rebulido | P160,000.00 |
| 2021 | SGV & Co.      | Mr. Bienvinido Rebulido | P165,000.00 |
| 2022 | SGV & Co.      | Mr. Bienvinido Rebulido | P165,000.00 |
| 2023 | SGV & Co.      | Mr. Bienvinido Rebulido | P250,000.00 |
| 2024 | RT & Co.       | Mr. Karl Joseph Malvas  | P225,000.00 |
| 2025 | RT & Co.       | Mr. Karl Joseph Malvas  | P225,000.00 |

*The above Audit fees for professional services rendered by our external auditors are exclusive of VAT and out of pocket expenses (estimated to be 10% of the gross). .*

### PART III CONTROL AND COMPENSATION INFORMATION

#### ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

##### (1) Directors and Executive Officers

1. **FRANKLIN D. MATSUDA**, 58 years old, Filipino. *He has been elected member of the Board since 2003 up to present.* He was elected President in Aug. 2017. And in Aug. 2018 he was again re- elected as President and concurrent Chairman. He is also the Marketing Manager of Lordiz & Co., Inc. and Diz-Marc Fortune, Inc. since 2001 up to present. He was elected member of the Board of Directors of CMD foundation and Fordjem Enterprises, Inc. in 1995 up to present. He is also the President of Makeisha Developers, Inc. from 2005 up to present and the Treasurer of Blocks & Bricks Realty, Inc. from 2005 up to present. He is also a Director of State Cond IV Corp. since 2006 up to the present.
2. **FREDERICK D. MATSUDA**, 61 years old, Filipino. *He has been elected 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.in 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. **RAMONA ODILLA D. FELICIANO**, 54 years old, Filipino. She is the current President of Carllo Inc.,Nisus Properties Inc. and FelDiz Properties Inc

.She holds also the position of a Treasurer/Director of San Bartolome Rural Bank from 2008 to present of which she served also as President from 1998 up to 2007.She is also a Trustee of CMD Foundation

4. **ROMMEL NER C. MARIANO**, 56 years old, Filipino. *He was elected independent director in November 23, 2023.* He has held various roles in different companies, including Marketing Manager, President, and VP at Jners Corporation, Fins Trading and Maics Gym respectively and he has been in the leasing department of One Mary Land Bldg since 2016 up to present.
5. **MARIA BELINDA B. FRANCO**, 66 years old, Filipino. She was elected as an independent director in November 2024. She has worked in the banking industry as an accountant for nearly 14 years and has been in the leasing department of Maria Belinda Franco Bldg since 2016, where she continues to serve to the present day. She replaced Mr. Roberto S. Guevara
6. **LAWRENCE D. FELICIANO**, 60 years old, Filipino. *He has been elected member of the Board and for the first time in 2017 to replace his aunt who passed away in July 2017.He has been a Director of Carillo ,Inc. a property management and realty company for the past 7 years and also a Director of Nisus Properties Inc. for 21 years.*
7. **FRANCIS V. GUSTILO**, 76 years old, Filipino. *He has been appointed as Corporate Secretary of the Company since 2003 and elected as member of the board in 2003 to 2005 and 2011 to present.* A practicing lawyer and a registered 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.and Independent director Rural Electrification Financing Corp.
8. **VALENTINO M TROBADA**, 74 years old, Filipino. *He was appointed as Chief Financial Officer / Chief Accountant of the Company since April 2001.* Prior to his appointment he was an Audit Supervisor of DCSMI for the past 14 years and became also minesite Accountant for 4 years. He held also accounting positions in various companies such as Daikin Service Center Inc., ,Electronic Power Corp. and First Peso Savings.

**Note: Board of Directors are elected every Annual Stockholder's Meeting.**

## **(2) 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.*

**(3) Family Relationships**

*Frederick D. Matsuda, and Franklin D. Matsuda are brothers, while Ramona Odilla D. Feliciano and Lawrence Feliciano are cousins of brothers Frederick and Franklin Matsudas both the brothers and cousins belong to the third generation of Dizon clan.*

**(4) Involvement in Certain Legal Proceedings**

*No one among the company's directors nor officers had been involved in any legal proceedings for the past 36 years up to the date of preparation of this report.*

**ITEM 10. EXECUTIVE COMPENSATION**

| <b>Name and Position</b>                                         | <b>2025</b>     | <b>2024</b>     | <b>2023</b>     |
|------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Franklin D. Matsuda<br><i>President/Chairman 2017 to present</i> |                 |                 |                 |
| Frederick D. Matsuda<br><i>Vice President/Treasurer</i>          |                 |                 |                 |
| <b>TOTAL FOR THE GROUP</b>                                       | <b>₱905,880</b> | <b>₱905,880</b> | <b>₱885,880</b> |
| <b>ALL OFFICERS &amp; DIRECTORS<br/>AS A GROUP UNNAMED</b>       | <b>607,080</b>  | <b>607,080</b>  | <b>583,080</b>  |
| <b>TOTAL DIRECTORS PER DIEM</b>                                  | <b>₱60,000</b>  | <b>₱60,000</b>  | <b>₱60,000</b>  |

**SUMMARY COMPENSATION TABLE**  
**ANNUAL COMPENSATION**

| <b>Name and Position</b> | <b>Year</b> | <b>Salary</b> | <b>Bonus</b> | <b>Other annual compensation</b> |
|--------------------------|-------------|---------------|--------------|----------------------------------|
|--------------------------|-------------|---------------|--------------|----------------------------------|

|                                  |      |          |   |
|----------------------------------|------|----------|---|
| Frederick D. Matsuda             | 2023 | ₱454,080 | — |
| <i>Vice President/Treasurer</i>  | 2024 | 464,280  | — |
|                                  | 2025 | 476,280  | — |
| Franklin D. Matsuda              | 2023 | 430,800  | — |
| <i>President/Chairman</i>        | 2024 | 441,000  | — |
|                                  | 2025 | 453,000  | — |
| All other officers and directors |      |          |   |
| Francis Gustilo                  | 2023 | 258,000  | — |
| <i>Corporate Secretary</i>       | 2024 | 270,000  | — |
|                                  | 2025 | 282,000  | — |
| Valentino Trobada                | 2023 | 325,080  | — |
| <i>CFO/Chief Accountant</i>      | 2024 | 337,080  | — |
|                                  | 2025 | 349,080  | — |

---

*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 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

### **(1) Security Ownership of Certain Record and Beneficial Owners**

**List of owners of more than 5% of the Company's stock**

| <b>Title of Class</b> | <b>Name, Address of Record Owner &amp; Relationship w/ issuer</b>                                                           | <b>Name of Beneficial owner &amp; Relationship w/ record owner</b> | <b>Citizenship</b> | <b>Number of Shares held</b> | <b>Percent</b> |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------|------------------------------|----------------|
| Common Class B        | Lordiz and Co., Inc.<br>14 Missouri St., San Juan, M.M.<br>(No relationship with issuer)                                    | Lourdes D. Dizon<br>President                                      | Filipino           | 10,360,350                   | 14.77%         |
| Common Class B        | Diz-Marc Fortunes, Inc.<br>214 State Condo. IV Ortigas Ave.,<br>Greenhills, San Juan, M.M.<br>(No relationship with issuer) | Teresita D. Dizon<br>0 President                                   | Filipino           | 10,156,459                   | 14.47%         |
| Common Class B        | Little Flower Corp.<br>14 Missouri St., San Juan, M.M.<br>(No relationship with issuer)                                     | Lourdes D. Dizon<br>President                                      | Filipino           | 6,615,632                    | 9.43%          |
| Common Class B        | Markeisha Developers, Inc.<br>40 Dragonfly St., Valle Verde 6,<br>Pasig City 1604<br>(No relationship with issuer)          | Jessica M. Polintan<br>President                                   | Filipino           | 5,607,343                    | 7.99%          |
| Common Class B        | Fordjem Enterprises, Inc.<br>40 Dragonfly St., Valle Verde 6,<br>Pasig City 1604<br>(No relationship with issuer)           | Fortunata D. Matsuda<br>President                                  | Filipino           | 4,707,504                    | 6.71%          |
| Common Class B        | Marcel D. Holdings Corp.<br>Unit J 386 P. Guevarra St., San Juan, M.M.<br>(No relationship with issuer)                     | Teresita D. Dizon<br>President                                     | Filipino           | 4,481,304                    | 6.39%          |
| Common Class B        | Lutgarda D. Lacson<br>14 Missouri St., San Juan, M.M.<br>(No relationship with issuer)                                      | Lutgarda D. Lacson                                                 | Filipino           | 3,945,833                    | 5.62%          |

## **(2) Security Ownership of Management**

| <b>Title of Class</b> | <b>Name of Beneficial Owner</b> | <b>Amount &amp; Nature of Beneficial Ownership</b> | <b>Citizenship</b> | <b>Percent of Class</b> |
|-----------------------|---------------------------------|----------------------------------------------------|--------------------|-------------------------|
| Common                | R. Alexander C. Dizon           | 3,593 "r"                                          | Filipino           | 0.51%                   |

|        |                                                                   |         |     |          |         |
|--------|-------------------------------------------------------------------|---------|-----|----------|---------|
|        | Chairman                                                          |         |     |          |         |
| Common | Frederick D. Matsuda<br>President/Chairman                        | 32,072  | "r" | Filipino | 0.0454% |
| Common | Franklin D. Matsuda<br>Vice President                             | 32,072  | "r" | Filipino | 0.0454% |
| Common | Lawrence D. Feliciano<br>Director                                 | 747,973 | "r" | Filipino | 1.0591% |
| Common | Odilla D. Feliciano<br>Director                                   | 747,973 | "r" | Filipino | 1.0591% |
| Common | Francis V. Gustilo<br>Director/Corp. Secretary                    | 27,695  | "r" | Filipino | 0.0539% |
| Common | Hermogenes T. Tabbada<br>Independent Director                     | 1       | "r" | Filipino | 0.0%    |
| Common | Roberto S. Guevara<br>Independent Director                        | 1       | "r" | Filipino | 0.0038% |
| Common | Valentino M. Trobada<br>Chief Finance Officer/Chief<br>Accountant | 597     | "r" | Filipino | 0.0003% |

#### AGGREGATE SHAREHOLDINGS OF DIRECTORS

AND OFFICERS AS A GROUP

844,004 "r" shares

### **(3) Voting Trust Holders of 5% or More**

*There are no persons or entities who hold 5% or more of any class of registrant's voting securities.*

### **(4) Changes in Control**

*There are no arrangements which 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.*

## **ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

*None of the Directors, Officers or any individual member of their immediate families own 10% or more of the outstanding shares of the company. As mentioned above the company entered into Joint Venture Agreement with Dizon Lands Realty and Natividad Alimurung for the property located in Pampanga. Dizon Lands Realty has a bigger share in the agreement which is 50%.*

## **PART IV EXHIBITS AND SCHEDULES**

### **ITEM 13. CORPORATE GOVERNANCE**

I. The evaluation system which established to measure or determine the level of compliance of the Board and top level management with its Revised Manual of Corporate Governance consists of Customer Satisfaction Survey which is filled up by the various functional groups indicating the compliance rating of certain institutional units and their activities. The evaluation process also includes a Board Performance Assessment which is accomplished by the Board indicating the compliance ratings. The above are submitted to the Compliance Officer who issues the required certificate of compliance with the Company's Manual of Corporate Governance to the Security and Exchange Commission.

II. To ensure good governance, the Board establishes the vision, strategic objectives, key policies, and procedures for the management of the company, as well as the mechanism for monitoring and evaluating Management's performance. The Board also ensures the presence and adequacy of internal control mechanisms for good governance.

III. There were no deviations from the Company's Revised Manual of Corporate Governance. The Company has adopted the Manual of Corporate Governance the leading practices and principles of good governance, and full compliance therewith has been made since the adoption of the Revised Manual.

IV. The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

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

**KALAHI REALTY, INC.**

  
**FRANKLIN D. MATSUDA**  
President/Chairman of the Board

  
**FREDERICK D. MATSUDA**  
Vice President/Treasurer

  
**VALENTINO M. TROBADA**  
Chief Accountant

  
**FRANCIS V. GUSTILO**  
Corporate Secretary

**21 APR 2026**  
SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_ 2026. Affiants exhibiting to me their government issued identifications, as follows:

| NAMES                | CTC NO.                    | DATE OF<br>ISSUE | PLACE OF<br>ISSUE |
|----------------------|----------------------------|------------------|-------------------|
| FRANKLIN D MATSUDA   | Driver's Lic.#NO984027759  |                  | Expiry 11/05/2026 |
| FREDERICK D. MATSUDA | Driver's Lic.#NO980027761  |                  | Expiry 01/08/2033 |
| VALENTINO M TROBADA  | Driver's Lic.#CO181014274  |                  | Expiry 09/09/2034 |
| FRANCIS V. GUSTILO   | Driver's Lic.#N1470033305. |                  | Expiry 11/24/2033 |

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BOOK NO. 17  
SERIES OF 2016

**NOTARY PUBLIC**

  
**ATTY. MA. CRISTE GIESEL H. WISALANG**  
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

# *Kalahi Realty, Inc.*

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

## **CERTIFICATION**

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

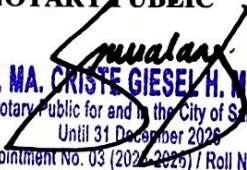
- 1) That on behalf of Kalahi Realty, Inc. I have caused this SEC 17-A to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company Kalahi Realty, Inc., will comply with the requirements set forth 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 21 APR 2026 day of April 2026.

  
**Frederick D. Matsuda**  
Affiant

SUBSCRIBED AND SWORN to before me this 21 APR 2026 day of April 2026, affiant exhibiting his Passport no. P4703704B which will expire on February 05, 2030.

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Series of 2026

**NOTARY PUBLIC**  
  
**ATTY. MA. CRISTE GIESEL H. NISALANG**  
Notary Public for and in the City of San Juan  
Until 31 December 2026  
Appointment No. 03 (2021-2026) / Roll No. 80800  
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



----- Forwarded Message -----

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**To:** "kalahirealty@yahoo.com" <kalahirealty@yahoo.com>  
**Cc:** "kalahirealty@yahoo.com" <kalahirealty@yahoo.com>  
**Sent:** Monday, May 4, 2026 at 11:05:05 AM GMT+8  
**Subject:** Your BIR AFS eSubmission uploads were received

Hi KALAHIREALTY INC.,

**Valid files**

- EAFS000645746ITRTY122025.pdf
- EAFS000645746AFSTY122025.pdf

**Invalid file**

- <None>

Transaction Code: **AFS-0-33PS32TX0C8GA9G5HMYSSTTWZ09DA98575**

Submission Date/Time: **May 04, 2026 11:05 AM**

Company TIN: **000-645-746**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.



## 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.



- 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**

|                                               |      | December 31  |              |
|-----------------------------------------------|------|--------------|--------------|
|                                               | Note | 2025         | 2024         |
| <b>ASSETS</b>                                 |      |              |              |
| <b>Current Assets</b>                         |      |              |              |
| Cash and cash equivalents                     | 4    | ₱14,523,848  | ₱15,043,943  |
| Investments in debt instruments               | 9    | 75,413,931   | 56,916,645   |
| Installment receivables                       | 5    | 186,300      | 2,730,922    |
| Other receivables                             | 6    | 2,090,710    | 2,036,619    |
| Real properties held for development and sale | 7    | 61,216,990   | 61,216,990   |
| Other current assets                          | 8    | 812,021      | 1,274,756    |
| Total Current Assets                          |      | 154,243,800  | 139,219,875  |
| <b>Noncurrent Assets</b>                      |      |              |              |
| Net deferred tax assets                       | 20   | 294,829      | —            |
| Property and equipment                        | 10   | 46,102       | 13,543       |
| Investment in debt instruments                | 9    | —            | 15,611,767   |
| Investment properties                         | 11   | —            | —            |
| Total Noncurrent Assets                       |      | 340,931      | 15,625,310   |
|                                               |      | ₱154,584,731 | ₱154,845,185 |
| <b>LIABILITIES AND EQUITY</b>                 |      |              |              |
| <b>Current Liabilities</b>                    |      |              |              |
| Accounts and other payables                   | 12   | ₱295,317     | ₱713,743     |
| Customers' deposit and contract liabilities   | 13   | 1,173,455    | 712,922      |
| Total Current Liabilities                     |      | 1,468,772    | 1,426,665    |
| <b>Noncurrent Liabilities</b>                 |      |              |              |
| Retirement benefit liability                  | 14   | 973,060      | 1,816,018    |
| Net deferred tax liability                    | 20   | —            | 149,806      |
| Total Noncurrent Liabilities                  |      | 973,060      | 1,965,824    |
| Total Liabilities                             |      | 2,441,832    | 3,392,489    |
| <b>Equity</b>                                 |      |              |              |
| Capital stock                                 | 15   | 78,006,687   | 78,006,687   |
| Treasury shares, at cost                      | 15   | (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 |

See accompanying Notes to Financial Statements.

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

| Years Ended December 31                        |      |                    |                   |                   |
|------------------------------------------------|------|--------------------|-------------------|-------------------|
|                                                | Note | 2025               | 2024              | 2023              |
| <b>REVENUE</b>                                 |      |                    |                   |                   |
| Rentals                                        | 11   | <b>₱2,540,176</b>  | ₱2,495,601        | ₱2,223,983        |
| Real estate sales                              | 7    | –                  | 2,661,429         | 2,466,103         |
|                                                |      | <b>2,540,176</b>   | 5,157,030         | 4,690,086         |
| <b>COST OF REAL ESTATE SALES AND RENTAL</b>    |      |                    |                   |                   |
| Cost of real estate sales                      | 7    | –                  | 152,874           | 152,874           |
| Depreciation                                   | 11   | –                  | 67,993            | 135,998           |
|                                                |      | –                  | 220,867           | 288,872           |
| <b>GROSS INCOME</b>                            |      | <b>2,540,176</b>   | 4,936,163         | 4,401,214         |
| <b>OPERATING EXPENSES</b>                      | 16   | <b>(5,749,253)</b> | (4,479,917)       | (4,456,971)       |
| <b>OTHER INCOME</b>                            | 17   | <b>4,406,517</b>   | 6,153,223         | 3,388,329         |
| <b>INCOME BEFORE INCOME TAX</b>                |      | <b>1,197,440</b>   | 6,609,469         | 3,332,572         |
| <b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> | 20   |                    |                   |                   |
| Current                                        |      | <b>98,139</b>      | 242,424           | 58,627            |
| Final                                          |      | <b>853,733</b>     | 783,958           | 487,666           |
| Deferred                                       |      | <b>(444,635)</b>   | 123,128           | 366,871           |
|                                                |      | <b>507,237</b>     | 1,149,510         | 913,164           |
| <b>NET INCOME</b>                              |      | <b>690,203</b>     | 5,459,959         | 2,419,408         |
| <b>OTHER COMPREHENSIVE INCOME</b>              |      | –                  | –                 | –                 |
| <b>TOTAL COMPREHENSIVE INCOME</b>              |      | <b>₱690,203</b>    | <b>₱5,459,959</b> | <b>₱2,419,408</b> |

*See accompanying Notes to Financial Statements.*

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

|                                 | Note | Years Ended December 31 |              |              |
|---------------------------------|------|-------------------------|--------------|--------------|
|                                 |      | 2025                    | 2024         | 2023         |
| <b>CAPITAL STOCK</b>            | 15   | <b>₱78,006,687</b>      | ₱78,006,687  | ₱78,006,687  |
| <b>TREASURY SHARES, AT COST</b> | 15   | <b>(11,146,534)</b>     | (11,146,534) | (11,146,534) |
| <b>RETAINED EARNINGS</b>        |      |                         |              |              |
| Balance at beginning of year    |      | <b>84,592,543</b>       | 79,132,584   | 76,713,176   |
| Net income                      |      | <b>690,203</b>          | 5,459,959    | 2,419,408    |
| Balance at end of year          |      | <b>85,282,746</b>       | 84,592,543   | 79,132,584   |
|                                 |      | <b>₱152,142,899</b>     | ₱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)**

|                                                                           |             | <b>Years Ended December 31</b> |              |              |
|---------------------------------------------------------------------------|-------------|--------------------------------|--------------|--------------|
|                                                                           | <b>Note</b> | <b>2025</b>                    | <b>2024</b>  | <b>2023</b>  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                               |             |                                |              |              |
| Income before income tax                                                  |             | <b>₱1,197,440</b>              | ₱6,609,469   | ₱3,332,572   |
| Adjustments for:                                                          |             |                                |              |              |
| Interest income                                                           | 17          | <b>(4,305,057)</b>             | (4,231,313)  | (2,938,785)  |
| Retirement benefit expense                                                | 14          | <b>67,882</b>                  | 188,060      | 188,060      |
| Depreciation                                                              | 10          | <b>12,291</b>                  | 77,157       | 143,545      |
| Write-off of creditable withholding taxes                                 | 16          | <b>1,105,290</b>               | 77,221       | 95,661       |
| Operating income (loss) before working capital changes                    |             | <b>(1,922,154)</b>             | 2,720,594    | 821,053      |
| Decrease (increase) in:                                                   |             |                                |              |              |
| Installment receivables                                                   |             | <b>2,544,622</b>               | 184,900      | (969,419)    |
| Other current assets                                                      |             | <b>(159,372)</b>               | (178,618)    | 28,900       |
| Other receivables                                                         |             | <b>(54,091)</b>                | (1,373,417)  | (40,439)     |
| Real properties held for development and sale                             |             | —                              | 152,874      | 152,873      |
| Increase (decrease) in:                                                   |             |                                |              |              |
| Customers' deposits and contract liabilities                              |             | <b>460,533</b>                 | —            | 140,949      |
| Accounts payable and other liabilities                                    |             | <b>(418,426)</b>               | 15,016       | 207,178      |
| Net cash generated from operations                                        |             | <b>451,112</b>                 | 1,521,349    | 341,095      |
| Interest received                                                         |             | <b>4,305,057</b>               | 4,231,313    | 1,048,073    |
| Retirement benefit paid                                                   | 14          | <b>(910,840)</b>               | —            | —            |
| Income taxes paid, including final taxes and creditable withholding taxes |             | <b>(1,435,055)</b>             | (1,754,875)  | (583,327)    |
| Net cash provided by operating activities                                 |             | <b>2,410,274</b>               | 3,997,787    | 805,841      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                               |             |                                |              |              |
| Additions to:                                                             | 9           |                                |              |              |
| Investment in bonds                                                       |             | <b>(53,648,590)</b>            | (33,371,614) | (20,144,536) |
| Investment in treasury bills                                              |             | <b>(25,842,352)</b>            | (16,957,662) | (43,964,730) |
| Proceeds from:                                                            | 9           |                                |              |              |
| Maturity of investment in treasury bills                                  |             | <b>40,446,542</b>              | 551,005      | 44,224,975   |
| Maturity of investment in bonds                                           |             | <b>36,158,881</b>              | 44,144,536   | 20,213,393   |
| Acquisition of property and equipment                                     | 10          | <b>(44,850)</b>                | (13,182)     | —            |
| Net cash provided by (used in) investing activities                       |             | <b>(2,930,369)</b>             | (5,646,917)  | 329,102      |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>               |             | <b>(520,095)</b>               | (1,649,130)  | 1,134,943    |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                     | 4           | <b>15,043,943</b>              | 16,693,073   | 15,558,130   |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                           | 4           | <b>₱14,523,848</b>             | ₱15,043,943  | ₱16,693,073  |

*See accompanying Notes to Financial Statements.*

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**KALAHI REALTY, INC.**

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**NOTES TO FINANCIAL STATEMENTS**

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

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**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.

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**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.

As at December 31, 2025 and 2024, the Company's cash and cash equivalents, installment receivables, other receivables, and investments in debt instruments are classified under this category (see Notes 4, 5, 6 and 9).

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

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

As at December 31, 2025 and 2024, the Company's accrued expenses is classified under this category (see Note 12).

#### **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.

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## **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 (see Note 7).

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

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

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

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

No impairment loss on nonfinancial assets was recognized 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.

The information on deferred tax assets is disclosed in Note 20 to the financial statements.

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#### 4. Cash and Cash Equivalents

|                     | 2025               | 2024        |
|---------------------|--------------------|-------------|
| Cash on hand        | <b>₱50,000</b>     | ₱50,000     |
| Cash in banks       | <b>2,929,144</b>   | 3,472,623   |
| Short-term deposits | <b>11,544,704</b>  | 11,521,320  |
|                     | <b>₱14,523,848</b> | ₱15,043,943 |

Cash in banks earn interest at the respective bank deposit rates. Short-term deposits consist of time deposits made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the respective time deposit rates.

Total interest earned from cash and cash equivalents amounted to ₱576,189 in 2025, ₱1,591,559 in 2024 (and ₱1,160,080 in 2023) (see Note 17).

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#### 5. Installment Receivables

Installment receivables amounted to ₱186,300 and ₱2,730,922 as at December 31, 2025 and 2024, respectively.

Installment receivables are interest-bearing at interest rates which range from 12% to 18% in 2025 and 2024 and are generally on three to five years term. Interest earned from installment receivables amounted to ₱36,392 in 2025 and ₱311,522 in 2024 (₱121,436 in 2023) (see Note 17).

There is no provision for impairment losses recognized in 2025, 2024 (and 2023).

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#### 6. Other Receivables

|                             | Note | 2025              | 2024       |
|-----------------------------|------|-------------------|------------|
| Accrued interest receivable |      | <b>₱1,987,920</b> | ₱1,862,586 |
| Rental receivable           | 21   | —                 | 65,433     |
| Others                      |      | <b>102,790</b>    | 108,600    |
|                             |      | <b>₱2,090,710</b> | ₱2,036,619 |

Others pertain to advances to officers and employees which are noninterest-bearing and are expected to be settled within the next financial year.

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## 7. Real Properties Held for Development and Sale

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

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

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

|             |       |
|-------------|-------|
| The Company | 36.5% |
| NNA         | 13.5% |
| DLRDC       | 50.0% |

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

Revenue from real estate sales amounted to ₱2,661,429 in 2024 (and ₱2,466,103 in 2023).

Cost of real estate sales amounted to ₱152,874 in 2024 (and ₱152,874 in 2023).

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## 8. Other Current Assets

|             | 2025            | 2024              |
|-------------|-----------------|-------------------|
| CWT         | ₱483,183        | ₱998,801          |
| Prepayments | 328,838         | 275,955           |
|             | <b>₱812,021</b> | <b>₱1,274,756</b> |

## 9. Investments in Debt Instruments

The balances and movements in this account are presented below.

|                                        | 2025               | 2024               |
|----------------------------------------|--------------------|--------------------|
| <b>Treasury Bills</b>                  |                    |                    |
| Balance at beginning of year           | ₱39,156,798        | ₱22,750,141        |
| Additional investment during the year  | 25,842,352         | 16,957,662         |
| Redemptions during the year            | (40,446,542)       | (551,005)          |
| Balance at end of year                 | 24,552,608         | 39,156,798         |
| <b>Bonds</b>                           |                    |                    |
| Balance at beginning of year           | 33,371,614         | 44,144,536         |
| Additional investments during the year | 53,648,590         | 33,371,614         |
| Redemptions during the year            | (36,158,881)       | (44,144,536)       |
| Balance at end of year                 | 50,861,323         | 33,371,614         |
|                                        | <b>₱75,413,931</b> | <b>₱72,528,412</b> |

The investments in debt instruments are classified as follows:

|            | 2025               | 2024               |
|------------|--------------------|--------------------|
| Current    | ₱75,413,931        | ₱56,916,645        |
| Noncurrent | —                  | 15,611,767         |
|            | <b>₱75,413,931</b> | <b>₱72,528,412</b> |

As at December 31, 2025, these investments will mature in less than one year from the reporting date with interest rates ranging from 5.4% to 5.6%.

Total interest income earned from the investments above amounted to ₱3,692,476 in 2025 and ₱2,328,232 in 2024 (₱1,657,269 in 2023) (see Note 17).

## 10. Property and Equipment

The balances and movements of this account consist of:

|                                 | 2025                   |                  |                |
|---------------------------------|------------------------|------------------|----------------|
|                                 | Construction Equipment | Office Equipment | Total          |
| <b>Cost</b>                     |                        |                  |                |
| Balance at beginning of year    | ₱349,488               | ₱310,892         | ₱660,380       |
| Additions                       | —                      | 44,850           | 44,850         |
| Balance at end of year          | 349,488                | 355,742          | 705,230        |
| <b>Accumulated Depreciation</b> |                        |                  |                |
| Balance at beginning of year    | 349,488                | 297,349          | 646,837        |
| Depreciation                    | —                      | 12,291           | 12,291         |
| Balance at end of year          | 349,488                | 309,640          | 659,128        |
| <b>Carrying Amount</b>          | <b>₱—</b>              | <b>₱46,102</b>   | <b>₱46,102</b> |

|                                 | 2024                      |                     |                |
|---------------------------------|---------------------------|---------------------|----------------|
|                                 | Construction<br>Equipment | Office<br>Equipment | Total          |
| <b>Cost</b>                     |                           |                     |                |
| Balance at beginning of year    | ₱349,488                  | ₱297,710            | ₱647,198       |
| Additions                       | —                         | 13,182              | 13,182         |
| Balance at end of year          | 349,488                   | 310,892             | 660,380        |
| <b>Accumulated Depreciation</b> |                           |                     |                |
| Balance at beginning of year    | 349,488                   | 288,185             | 637,673        |
| Depreciation                    | —                         | 9,164               | 9,164          |
| Balance at end of year          | 349,488                   | 297,349             | 646,837        |
| <b>Carrying Amount</b>          | <b>₱—</b>                 | <b>₱13,543</b>      | <b>₱13,543</b> |

The cost of fully depreciated property and equipment still being used in operations amounted to ₱349,488 as at December 31, 2025 and 2024.

Depreciation recognized in profit or loss consist of:

|                        | Note | 2025           | 2024           | 2023            |
|------------------------|------|----------------|----------------|-----------------|
| Investment properties  | 11   | ₱—             | ₱67,993        | ₱135,998        |
| Property and equipment |      | 12,291         | 9,164          | 7,547           |
|                        |      | <b>₱12,291</b> | <b>₱77,157</b> | <b>₱143,545</b> |

Depreciation charged to operations are as follows:

|                                      | Note | 2025           | 2024           | 2023            |
|--------------------------------------|------|----------------|----------------|-----------------|
| Cost of real estate sales and rental |      | ₱—             | ₱67,993        | ₱135,998        |
| Operating expenses                   | 16   | 12,291         | 9,164          | 7,547           |
|                                      |      | <b>₱12,291</b> | <b>₱77,157</b> | <b>₱143,545</b> |

## 11. Investment Properties

This account consists of condominium units held for rental. The movements are as follows:

|                                  | 2025               | 2024               |
|----------------------------------|--------------------|--------------------|
| <b>Cost</b>                      | <b>₱26,057,507</b> | <b>₱26,057,507</b> |
| <b>Accumulated Depreciation:</b> |                    |                    |
| Balance at beginning of year     | 26,057,507         | 25,989,514         |
| Depreciation                     | —                  | 67,993             |
| Balance at end of year           | 26,057,507         | 26,057,507         |
| <b>Carrying Amount</b>           | <b>₱—</b>          | <b>₱—</b>          |

The fair value of investment properties amounted to ₱91,329,691 and ₱85,711,000 as at December 31, 2025 and 2024, respectively. The fair values were determined using the Market Data Approach, wherein the value is based on sales, listings and other market data of comparable properties registered within the vicinity of the subject property. The fair values are based on average sales price per square meter, the significant unobservable input used in the valuation. The 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.

Rental income generated from investment properties amounted to ₱2,540,176 in 2025 and ₱2,495,601 in 2024 (₱2,223,983 in 2023). Direct cost pertains to depreciation amounting to nil in 2025, ₱67,993 in 2024 (and ₱135,998 in 2023).

Real property tax incurred amounted to ₱554,189 in 2025, ₱475,282 in 2024, (and ₱356,933 in 2023) and included as part of "Taxes and licenses" under "Operating expenses" (see Note 16).

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## 12. Accounts and Other Payables

|                    | 2025            | 2024            |
|--------------------|-----------------|-----------------|
| Accrued expenses   | ₱225,000        | ₱225,000        |
| VAT payable        | 66,807          | 415,691         |
| Statutory payables | 3,510           | 3,570           |
| Unearned income    | —               | 69,482          |
|                    | <b>₱295,317</b> | <b>₱713,743</b> |

Accrued expenses consisting of professional fees are expected to be settled within the next financial year.

Unearned income pertains to advance rent payments made by lessees before service is rendered.

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## 13. Customers' Deposits and Contract Liabilities

|                      | Note | 2025              | 2024            |
|----------------------|------|-------------------|-----------------|
| Rental deposits      | 21   | ₱692,922          | ₱692,922        |
| Contract liabilities |      | 480,533           | 20,000          |
|                      |      | <b>₱1,173,455</b> | <b>₱712,922</b> |

Contract liabilities pertain to collections from buyers of real estate properties which will be recognized as revenue upon reaching the 25% threshold. The Company recognized contract liabilities amounting to ₱460,533 arising from advance payments received as down payment for a contract to sell. In 2024, revenue from the sale of real estate recognized from contract liabilities amounted to ₱2,661,429 (and ₱2,466,103 in 2023). There were no forfeitures of contract liabilities in 2025 and 2024.

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#### 14. Retirement Benefit Liability

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

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

The following table present the amounts recognized in the statements of financial position and statements of comprehensive income:

|                              | Note | 2025              | 2024       |
|------------------------------|------|-------------------|------------|
| Balance at beginning of year |      | <b>₱1,816,018</b> | ₱1,627,958 |
| Retirement benefit paid      |      | <b>(910,840)</b>  | —          |
| Retirement benefit expense   | 16   | <b>67,882</b>     | 188,060    |
| Balance at end of year       |      | <b>₱973,060</b>   | ₱1,816,018 |

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#### 15. Equity

##### Capital Stock

The Company's authorized capital stock is 100,000,000 shares with par value of ₱1.00 per share. The following table summarizes the reconciliation of the issued and outstanding shares of capital stock as at December 31, 2025 and 2024:

|                      | Number of Shares | Amount      |
|----------------------|------------------|-------------|
| Issued shares        | 78,006,687       | ₱78,006,687 |
| Less treasury shares | 7,840,280        | 11,146,534  |
| Outstanding shares   | 70,166,407       | ₱66,860,153 |

##### Treasury Shares

As at December 31, 2025 and 2024, the Company holds 7,840,280 shares of its own shares with a total cost of ₱11,146,534. Accordingly, retained earnings are restricted for distribution as dividends to the extent of the cost of treasury shares as at December 31, 2025 and 2024.

## 16. Operating Expenses

This account is composed of the following:

|                                | Note | 2025              | 2024       | 2023       |
|--------------------------------|------|-------------------|------------|------------|
| Personnel                      |      | <b>₱1,388,730</b> | ₱1,277,452 | ₱1,722,828 |
| Write-off of CWT               |      | <b>1,105,290</b>  | 77,221     | 95,661     |
| Consultancy                    |      | <b>1,013,360</b>  | 1,071,760  | 638,080    |
| Taxes and licenses             |      | <b>679,240</b>    | 584,126    | 612,954    |
| Outside services               |      | <b>332,957</b>    | 325,857    | 305,697    |
| Repairs and maintenance        |      | <b>231,119</b>    | 75,915     | 30,951     |
| Dues and fees                  |      | <b>152,582</b>    | 122,611    | 88,589     |
| Directors' fees                |      | <b>88,781</b>     | 88,781     | 87,002     |
| Communication, light and water |      | <b>83,360</b>     | 88,386     | 114,039    |
| Retirement benefit expense     | 14   | <b>67,882</b>     | 188,060    | 188,060    |
| Insurance                      |      | <b>58,515</b>     | 67,951     | 51,753     |
| Representations                |      | <b>56,420</b>     | 44,585     | 41,404     |
| Donations                      |      | <b>45,000</b>     | 3,890      | 5,000      |
| Rental                         |      | <b>38,795</b>     | 39,445     | 39,103     |
| Transportation                 |      | <b>36,540</b>     | 101,954    | 67,550     |
| Office supplies                |      | <b>23,898</b>     | 8,114      | 8,441      |
| Depreciation                   | 10   | <b>12,291</b>     | 9,164      | 7,547      |
| Notarial fees                  |      | <b>5,850</b>      | 9,695      | 8,260      |
| Others                         |      | <b>328,643</b>    | 294,950    | 344,052    |
|                                |      | <b>₱5,749,253</b> | ₱4,479,917 | ₱4,456,971 |

## 17. Other Income

|                                 | Note | 2025              | 2024       | 2023       |
|---------------------------------|------|-------------------|------------|------------|
| Interest income from:           |      |                   |            |            |
| Investments in debt instruments | 9    | <b>₱3,692,476</b> | ₱2,328,232 | ₱1,657,269 |
| Cash equivalents                | 4    | <b>548,234</b>    | 1,555,074  | 1,125,958  |
| Cash in banks                   | 4    | <b>27,955</b>     | 36,485     | 34,122     |
| Installment receivables         | 5    | <b>36,392</b>     | 311,522    | 121,436    |
|                                 |      | <b>4,305,057</b>  | 4,231,313  | 2,938,785  |
| Others                          |      | <b>101,460</b>    | 1,921,910  | 449,544    |
|                                 |      | <b>₱4,406,517</b> | ₱6,153,223 | ₱3,388,329 |

Other income consists of the following:

|                                             | 2025            | 2024       | 2023     |
|---------------------------------------------|-----------------|------------|----------|
| Penalty on delinquent installment customers | <b>₱95,460</b>  | ₱—         | ₱196,437 |
| Restructuring of installment receivable     | <b>—</b>        | 1,461,572  | 227,107  |
| Others                                      | <b>6,000</b>    | 460,338    | 26,000   |
|                                             | <b>₱101,460</b> | ₱1,921,910 | ₱449,544 |

Other income from the restructuring of an installment receivable was recognized following a modification of terms with a buyer. This modification included an extension of the payment period, an increase in the interest rate, and the deferral of penalties, resulting in a new present value that exceeds the original carrying amount of the receivable.

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## 18. Related Party Transactions

### Key Management Personnel

Short-term benefits of key management personnel amounted to ₱1,466,360 in 2025 and ₱884,880 in 2024 (₱884,880 in 2023).

### Revenue Regulations (RR) No. 34-2020 of the Bureau of Internal Revenue

The Company is not covered by the requirements and procedures for related party transactions under RR No. 34-2020.

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## 19. Earnings Per Share

Earnings per share is computed as follows:

|                                                          | 2025              | 2024       | 2023       |
|----------------------------------------------------------|-------------------|------------|------------|
| Net income for the year (a)                              | <b>₱690,203</b>   | ₱5,459,959 | ₱2,419,408 |
| Weighted average number of common shares outstanding (b) | <b>70,166,407</b> | 70,166,407 | 70,166,407 |
| Basic/ Diluted Earnings per share (a/b)                  | <b>₱0.01</b>      | ₱0.08      | ₱0.03      |

The Company has no potential common shares from dilutive instruments in 2025, 2024 (and 2023).

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## 20. Income Taxes

The components of the Company's provision for (benefit from) income tax are as follows:

|          | 2025             | 2024       | 2023     |
|----------|------------------|------------|----------|
| Current  | <b>₱98,139</b>   | ₱242,424   | ₱58,627  |
| Final    | <b>853,733</b>   | 783,958    | 487,666  |
| Deferred | <b>(444,635)</b> | 123,128    | 366,871  |
|          | <b>₱507,237</b>  | ₱1,149,510 | ₱913,164 |

Provision for current income tax represents MCIT in 2025, RCIT in 2024 (and MCIT in 2023).

The Company's net deferred tax assets (liabilities) as at December 31 are as follows:

|                                                                         | 2025            | 2024       |
|-------------------------------------------------------------------------|-----------------|------------|
| Deferred tax assets on:                                                 |                 |            |
| Accrued retirement benefit                                              | <b>₱243,265</b> | ₱454,004   |
| MCIT                                                                    | <b>98,139</b>   | —          |
| Unearned income                                                         | —               | 17,371     |
|                                                                         | <b>341,404</b>  | 471,375    |
| Deferred tax liability on uncollected gross profit on real estate sales | <b>(46,575)</b> | (621,181)  |
| Deferred tax assets (liability) - net                                   | <b>₱294,829</b> | (₱149,806) |

As at December 31, 2025 and 2024, the Company's NOLCO can be carried forward and claimed as deduction from regular taxable income are as follows:

|      | Beginning | Incurred | Expired | Ending   | Expiry Date |
|------|-----------|----------|---------|----------|-------------|
| 2025 | ₱—        | ₱503,933 | ₱—      | ₱503,933 | 2028        |

Deferred tax asset on NOLCO amounting to ₱125,983 as at December 31, 2025 was not recognized because the management has assessed that it is not probable that future tax profit will be available against which the Company can utilize the benefits therefrom within the period allowed by the tax regulation.

The following carryforward benefits of MCIT can be claimed as tax credits against future income taxes payable:

| Year Incurred | Amount | Incurred | Applied | Balance at End of Year | Expiry Year |
|---------------|--------|----------|---------|------------------------|-------------|
| 2025          | ₱—     | ₱98,139  | ₱—      | ₱98,139                | 2028        |

For 2025, 2024, (and 2023), the Company used 25% in its income tax calculation. On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021. The Company used the MCIT rate of 2% in 2025 and 2024 (and 1.5% in 2023).

The reconciliation of provision for income tax computed at statutory income tax rate to provision for income tax as shown in the statement of comprehensive income is as follows:

|                                                              | 2025             | 2024       | 2023      |
|--------------------------------------------------------------|------------------|------------|-----------|
| Provision for income tax at statutory income tax rate of 25% | <b>₱299,360</b>  | ₱1,652,367 | ₱833,143  |
| Adjustments to income tax resulting from:                    |                  |            |           |
| Interest income subjected to final tax                       | <b>(213,433)</b> | (195,990)  | (216,671) |
| Change in unrecognized deferred tax assets                   | <b>125,983</b>   | (327,753)  | 224,053   |
| Nondeductible expenses                                       | <b>295,327</b>   | 20,886     | 72,639    |
| Income tax at effective income tax rate                      | <b>₱507,237</b>  | ₱1,149,510 | ₱913,164  |

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## 21. Lease Agreements

The Company, as a lessor, has various lease agreements with third parties which provide for lease rentals based on an agreed fixed monthly rate or as agreed upon by the parties. The lease term, as provided in the lease agreements, ranges from one to two years. Rental income generated from these lease agreements amounted to ₱2,540,176 in 2025, ₱2,495,601 in 2024 (and ₱2,223,983 in 2023). Rental receivable amounted to nil and ₱65,433 as at December 31, 2025 and 2024, respectively.

Rental deposits recorded under “Customers’ deposits and contract liabilities” account in the statements of financial position as at December 31, 2025 and 2024 amounted to ₱692,922 (see Note 13).

The future minimum lease receivables of the Company under its existing lease contracts that are collectible within one year amounted to ₱212,213 and ₱690,215 as at December 31, 2025 and 2024, respectively.

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## 22. 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.

As at December 31, 2025 and 2024, the credit quality of the Company's financial assets follows:

|                                 | 2025               | 2024        |
|---------------------------------|--------------------|-------------|
| Cash and cash equivalents*      | <b>₱14,473,848</b> | ₱14,993,943 |
| Investments in debt instruments | <b>75,413,931</b>  | 72,528,412  |
| Installment receivables         | <b>186,300</b>     | 2,730,922   |
| Other receivables               | <b>2,090,710</b>   | 2,036,619   |
|                                 | <b>₱92,164,789</b> | ₱92,289,896 |

\*Excluding cash on hand as at December 31, 2025 and 2024

#### *Cash and Cash Equivalents and Investment in Debt 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.

The tables below summarize and analyze the maturity profile of the Company's financial assets and liabilities in order to provide the complete view of the Company's liquidity and contractual commitments.

|                                | 2025              |                    |                    |             | Total              |
|--------------------------------|-------------------|--------------------|--------------------|-------------|--------------------|
|                                | On Demand         | Within 6 months    | 6 to 12 months     | Over 1 year |                    |
| <b>Financial Assets</b>        |                   |                    |                    |             |                    |
| Cash and cash equivalents*     | ₱2,979,144        | ₱—                 | ₱11,544,704        | ₱—          | ₱14,523,848        |
| Investment in debt instruments | —                 | 50,861,323         | 24,552,608         | —           | 75,413,931         |
| Installment receivables        | —                 | —                  | 186,300            | —           | 186,300            |
| Other receivables              | 2,090,710         | —                  | —                  | —           | 2,090,710          |
|                                | 5,069,854         | 50,861,323         | 36,283,612         | —           | 92,214,789         |
| <b>Financial Liabilities</b>   |                   |                    |                    |             |                    |
| Accrued expenses               | —                 | 225,000            | —                  | —           | 225,000            |
| Customers' deposits**          | 692,922           | —                  | —                  | —           | 692,922            |
|                                | 692,922           | 225,000            | —                  | —           | 917,922            |
| <b>Liquidity Position</b>      | <b>₱4,376,932</b> | <b>₱50,636,323</b> | <b>₱36,283,612</b> | <b>₱—</b>   | <b>₱91,296,867</b> |

\*Excluding cash on hand.

\*\*Net of contract liabilities (see Note 13)

|                                 | 2024              |                    |                    |                    | Total              |
|---------------------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
|                                 | On Demand         | Within 6 months    | 6 to 12 months     | Over 1 year        |                    |
| <b>Financial Assets</b>         |                   |                    |                    |                    |                    |
| Cash and cash equivalents*      | ₱3,522,623        | ₱11,521,320        | ₱—                 | ₱—                 | ₱15,043,943        |
| Investments in debt instruments | —                 | —                  | 56,916,645         | 15,611,767         | 72,528,412         |
| Installment receivables         | 1,548,279         | 1,001,930          | 180,713            | —                  | 2,730,922          |
| Other receivables               | 2,036,619         | —                  | —                  | —                  | 2,036,619          |
|                                 | 7,107,521         | 12,523,250         | 57,097,358         | 15,611,767         | 92,339,896         |
| <b>Financial Liabilities</b>    |                   |                    |                    |                    |                    |
| Accrued expenses                | —                 | 225,000            | —                  | —                  | 225,000            |
| Customers' deposits**           | 692,922           | —                  | —                  | —                  | 692,922            |
|                                 | 692,922           | 225,000            | —                  | —                  | 917,922            |
| <b>Liquidity Position</b>       | <b>₱6,414,599</b> | <b>₱12,298,250</b> | <b>₱57,097,358</b> | <b>₱15,611,767</b> | <b>₱91,421,974</b> |

\*\*Excluding cash on hand.

\*Net of contract liabilities (see Note 13)

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

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

### Capital Management

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

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

|                          | 2025                | 2024                |
|--------------------------|---------------------|---------------------|
| 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          |
|                          | <b>₱152,142,899</b> | <b>₱151,452,696</b> |

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### 23. 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.

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### 24. 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*

The fair value of the Company's investment properties amounting to ₱91,329,691 and ₱85,711,000 as at December 31, 2025 and 2024, respectively, was determined using the Market Data Approach (see Note 11) and is classified under Level 3 of the fair value hierarchy.

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.



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

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

We have audited the accompanying financial statements of Kalahi Realty, Inc. (the Company) as at and for the years ended December 31, 2025 and 2024, on which we have rendered our report dated April 7, 2026.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has two thousand three hundred six (2,306) stockholders owning 100 or more shares each as at December 31, 2025 and 2024.

**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



**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE  
SECURITIES AND EXCHANGE COMMISSION**

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Kalahi Realty, Inc. (the Company) as at and for the years ended December 31, 2025 and 2024 and have issued our report thereon dated April 7, 2026. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole.

The following supplementary schedules are the responsibility of the Company's management. These are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 Part II, and are not part of the basic financial statements:

- Reconciliation of the Company's Retained Earnings Available for Dividend Declaration as at December 31, 2025
- Schedules required by Annex 68-J as at December 31, 2025
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2025 and 2024.

The supplementary schedules have been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

The Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management.

The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Company's basic financial statements as at December 31, 2025 and 2024.

**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

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Makati City, Metro Manila

**KALAHI REALTY, INC.**

**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

**DECEMBER 31, 2025 and 2024**

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

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

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**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION**  
**FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025**

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**KALAH REALTY, INC.**  
**Suite 214 State Condominium IV Ortigas Avenue, Greenhills San Juan City**

|                                                                                                                                                          | Amount      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b>Unappropriated Retained Earnings, beginning of reporting period</b>                                                                                   | P84,592,543 |
| Less: Recognized deferred tax asset that increased net income in<br>previous reporting periods                                                           | 471,375     |
| <b>Unappropriated retained earnings, beginning, as adjusted</b>                                                                                          | 84,121,168  |
| <b>Add: Net income for the current year</b>                                                                                                              | 690,203     |
| <b>Less: <u>Category F</u>: Other items that should be excluded from the<br/>determination of the amount of available for dividends<br/>distribution</b> |             |
| Increase in deferred tax asset not considered in the reconciling<br>items under the previous categories                                                  | 129,971     |
| <b>Total Retained Earnings, end of the reporting period available<br/>for dividend</b>                                                                   | P84,681,400 |

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**KALAHİ REALTY, INC.**

**SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6**

**PART II OF REVISED SRC RULE 68**

**DECEMBER 31, 2025**

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| A               | Financial Assets                                                                                                                 | <u>1</u>    |
| B               | Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties) | <u>1</u>    |
| C               | Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements                    | <u>N/A</u>  |
| D               | Long-term Debt                                                                                                                   | <u>N/A</u>  |
| E               | Indebtedness to Related Parties                                                                                                  | <u>N/A</u>  |
| F               | Guarantees of Securities of Other Issuers                                                                                        | <u>N/A</u>  |
| G               | Capital Stock                                                                                                                    | <u>1</u>    |

*Schedule A. Financial Assets*

| Maturity Date         | Net Interest Rates | 2025               | 2024               |
|-----------------------|--------------------|--------------------|--------------------|
| <b>Treasury Bills</b> |                    |                    |                    |
| September 17, 2025    | 5.60%              | ₱—                 | ₱23,545,031        |
| February 4, 2026      | 4.30%              | —                  | 15,611,767         |
| September 16, 2026    | 4.29%              | <b>24,552,608</b>  | —                  |
|                       |                    | <b>24,552,608</b>  | 39,156,798         |
| <b>Bonds</b>          |                    |                    |                    |
| February 26, 2025     | 4.56%              | —                  | 7,000,442          |
| February 26, 2025     | 4.50%              | —                  | 5,103,609          |
| May 1, 2025           | 4.22%              | —                  | 4,000,000          |
| May 29, 2025          | 5.04%              | —                  | 17,267,563         |
| February 4, 2026      | 4.31%              | <b>15,984,657</b>  | —                  |
| February 25, 2026     | 4.30%              | <b>12,640,465</b>  | —                  |
| April 8, 2026         | 4.43%              | <b>4,078,597</b>   | —                  |
| May 27, 2026          | 4.31%              | <b>18,157,604</b>  | —                  |
|                       |                    | <b>50,861,323</b>  | 33,371,614         |
|                       |                    | <b>₱75,413,931</b> | <b>₱72,528,412</b> |

*Schedule B. Amounts Receivable from Directors, Officers, Employees, and Principal Stockholders (Other than Related Parties)*

| Name and Designation of debtor | Balance of Beginning of Period | Additions | Amounts Collected | Amounts Written Off | Current  | Not Current | Balance at end of period |
|--------------------------------|--------------------------------|-----------|-------------------|---------------------|----------|-------------|--------------------------|
| Other Receivables              | ₱108,600                       | ₱100,000  | ₱105,810          | ₱—                  | ₱102,790 | ₱—          | ₱102,790                 |

*Schedule G. Capital Stock*

| Title of Issue | Number of Shares authorized | Number of shares issued and outstanding as shown under statement of financial position* | Number of shares reserved for options, warrants, conversion and other rights | Number of shares held by related parties | Directors, officers and employees | Others     |
|----------------|-----------------------------|-----------------------------------------------------------------------------------------|------------------------------------------------------------------------------|------------------------------------------|-----------------------------------|------------|
| Common stock   | 100,000,000                 | 70,166,407                                                                              | —                                                                            | —                                        | 844,004                           | 77,162,683 |

\* Net of 7,840,280 treasury stock

**KALAHİ REALTY, INC.**

**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION**  
**DECEMBER 31, 2025 AND 2024**

|                                       | 2025            | 2024            |
|---------------------------------------|-----------------|-----------------|
| <b>Total Audit Fees</b>               | <b>₱225,000</b> | <b>₱225,000</b> |
| Non-audit services fees:              |                 |                 |
| Other assurance services              | —               | —               |
| Tax services                          | —               | —               |
| All other services                    | —               | —               |
| <b>Total Non-Audit Fees</b>           | <b>—</b>        | <b>—</b>        |
| <b>Total Audit and Non-audit Fees</b> | <b>₱225,000</b> | <b>₱225,000</b> |