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

Management of **ARTHALAND CORPORATION (the "Parent Company") and its Subsidiaries (collectively, the "Group")** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **31 December 2025, 2024 and 2023**, 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.

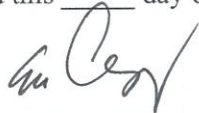
In preparing the financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to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

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

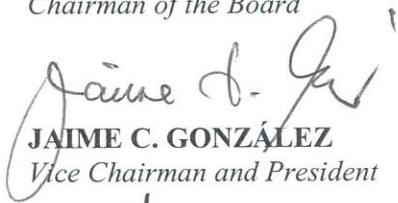
The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


Signed this day of **APR 13 2026** **Taguig City, Philippines.**



ERNEST K. CUYEGKENG
Chairman of the Board



JAIME C. GONZÁLEZ
Vice Chairman and President



MARIVIC S. VICTORIA
Chief Finance Officer

OATH


REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) SS.

I certify that on this **APR 13 2026**, before me, a notary public duly authorized in the city named above to take acknowledgments, personally appeared the following whom I identified through competent evidence of identity to be the same persons described in the foregoing instrument, who acknowledged before me that they voluntarily affixed their signatures on the instrument for the purpose stated therein, and who declared to me that they executed the instrument as their free and voluntary act and deed and that they have the authority to sign on behalf of their principal:

<u>Name</u>	<u>Type of ID</u>	<u>Date/Place of Issue</u>
Ernest K. Cuyegkeng	Passport No. P7236847A	19 May 2018/NCR South
Jaime C. González	Passport No. P5521740A	05 January 2018/Manila
Marivic S. Victoria	Passport No. P6226193B	04 February 2021/Manila

IN WITNESS WHEREOF, I hereunto set my hand and affix my notarial seal on the date and at the place above written.

Doc No. 342
Page No. 70 ;
Book No. 21 ;
Series of **2026**.


GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
UNTIL DEC 31, 2026
PTR # A-6794298 / JAN 5, 2026 TAGUIG CITY
IBP No 534380 / 12/02/25 RSM (FOR YR. 2026)
ROLL No 41969
MCLE COMP NO VIII No 0040608
SEPTEMBER 3, 2025
APP NO 29 (2025-2026)

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Arthaland Corporation and Subsidiaries
7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

Opinion

We have audited the consolidated financial statements of Arthaland Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2025, 2024 and 2023, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2025, 2024 and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of 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.

Key Audit Matters

The following key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair Value Measurement of Investment Properties

The Group's investment properties, which are accounted for using the fair value model amounted to ₱16,569.3 million as at December 31, 2025. The fair value measurement is significant to our audit as the investment properties account for 35% of the Group's total assets as at December 31, 2025.



We focused our audit on the determination of the fair value of investment properties because the process involves significant management judgment when selecting the appropriate valuation techniques and inputs used to determine fair value.

We have assessed the independence and competency of the appraiser engaged by the Group. We have also reviewed the reasonableness of the assumptions used to estimate the fair value of the Group's investment properties by: (1) testing the underlying lease agreements on a sample basis, (2) testing raw land's value by referring to the value of similar properties, and (3) verifying valuation inputs such as yields, occupancy rates and discount rates to external industry data to ascertain if these are reasonably appropriate. We also reviewed the related disclosures in Notes 3 and 10 to the consolidated financial statements.

The Group's investment properties, which are accounted for using the fair value model amounted to ₱16,569.3 million as at December 31, 2025. The fair value measurement is significant to our audit as the investment properties account for 35% of the Group's total assets as at December 31, 2025.

Revenue from Real Estate Sales

For the year ended December 31, 2025, the Group recognized revenue of ₱4,310.2 million from real estate sales using the percentage of completion (POC) method. This is significant to our audit as the amount of revenue from real estate sales for the year ended December 31, 2025 is material to the consolidated financial statements.

We focused our audit on the revenue recognition because significant judgment is required when estimating the POC, total project costs and the estimated costs to complete the real estate project that are used to determine POC at the end of the reporting period.

We addressed this matter by obtaining an understanding of and evaluating the Group's processes and controls over the estimation of POC, including testing the design and operating effectiveness of key controls over project budgeting, costing, and milestone measurement. We performed reasonableness testing of key assumptions through site visits, inspection of progress billings, and review of relevant supporting documentation.

We also substantiated reported project progress by agreeing milestone percentages to project accomplishment reports prepared by independent project engineers, and tested incurred project costs by examining contractors' billings, supplier invoices, and other supporting documents. In addition, we verified the mathematical accuracy of the POC applied and confirmed that revenue was appropriately calculated in accordance with the applicable financial reporting framework. We also reviewed the related disclosures in Notes 3 and 17 to the consolidated financial statements.

Valuation of Real Estate for Sale

The Group's real estate properties amounted to ₱13,106.8 million as at December 31, 2025, which accounts for 27% of the total assets. Valuation of real estate for sale is significant to our audit because it involves determination and estimation of project costs at the end of the reporting period.



We obtained an understanding of the Group's processes and controls over inventory cost accumulation and allocation. We tested, on a sample basis, the actual costs capitalized to real estate for sale by examining supporting documents such as contractors' billings, progress billings, and cost allocation schedules, and by conducting site inspections of selected projects.

We also evaluated management's assessment of net realizable value by comparing carrying amounts to recent selling prices, approved price lists, and actual post-year-end sales, and by assessing the reasonableness of estimated costs to sell, where applicable. We also reviewed the adequacy of the related disclosures in Notes 3 and 9 to the consolidated financial 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 (Annual Report) for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A (Annual Report) for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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, these could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

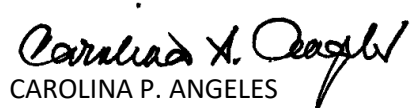
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Carolina P. Angeles.

REYES TACANDONG & Co.



CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782/P-007; Valid until June 6, 2026

SEC Accreditation No. 86981-SEC Group A

Issued March 24, 2020

Valid for Financial Periods 2023 to 2025

BIR Accreditation No. 08-005144-007-2025

Valid until August 10, 2028

PTR No. 10764005

Issued January 2, 2026, Makati City

April 8, 2026

Makati City, Metro Manila

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2025	2024
ASSETS			
Cash and cash equivalents	5	P 1,381,114,743	P4,045,963,662
Financial assets at fair value through profit or loss (FVPL)	6	271,312,173	1,895,958,320
Receivables	7	3,415,177,569	1,771,675,289
Creditable withholding taxes		1,125,196,039	862,328,524
Input value-added tax (VAT)		912,807,838	463,784,660
Contract assets	8	8,891,243,368	7,625,261,813
Real estate for sale	9	13,106,806,103	7,271,174,737
Investment properties	10	16,569,289,505	14,590,019,555
Property and equipment	11	312,362,975	301,618,461
Other assets	12	1,721,732,425	1,713,949,547
		P47,707,042,738	P40,541,734,568
LIABILITIES AND EQUITY			
Liabilities			
Accounts and other payables	13	P 7,010,503,043	P4,262,192,735
Loans payable	14	18,699,823,576	12,476,024,751
Bonds payable	15	2,965,754,165	5,955,532,419
Contract liabilities	8	595,701,610	428,492,840
Advances from non-controlling interests	4	1,058,519,597	1,010,119,597
Net retirement liability	21	53,898,518	27,371,514
Net deferred tax liabilities	23	2,674,091,353	2,129,697,872
Total Liabilities		33,058,291,862	26,289,431,728
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	16	1,004,721,996	1,004,721,996
Additional paid-in capital	16	6,464,321,710	6,464,321,710
Treasury stock - at cost	16	(1,000,000,000)	(1,000,000,000)
Parent Company's preferred shares held by a subsidiary - at cost	16	(26,500,000)	(26,500,000)
Retained earnings		5,297,671,791	5,263,177,339
Other equity reserves	16	213,316,409	208,982,963
		11,953,531,906	11,914,704,008
Non-controlling Interests	4	2,695,218,970	2,337,598,832
Total Equity		14,648,750,876	14,252,302,840
		P47,707,042,738	P40,541,734,568

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2025	2024	2023
REVENUES				
	17			
Real estate sales		₱4,310,219,091	₱5,758,172,570	₱6,251,574,060
Leasing operations		705,069,656	414,901,457	366,299,089
Interest from real estate sale		89,820,951	15,307,178	–
Property management fees		38,437,831	35,642,933	21,050,433
		5,143,547,529	6,224,024,138	6,638,923,582
COST AND EXPENSES				
Cost of real estate sales	9	3,041,995,459	4,297,157,327	3,730,711,385
Cost of leasing operations	10	176,582,621	161,816,431	143,250,410
Cost of services		107,194,405	70,351,199	50,751,878
		3,325,772,485	4,529,324,957	3,924,713,673
GROSS INCOME		1,817,775,044	1,694,699,181	2,714,209,909
OPERATING EXPENSES	18	(1,706,114,254)	(1,463,982,342)	(1,350,555,496)
NET GAIN ON CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	10	1,940,773,536	1,933,989,204	974,092,333
FINANCE COSTS	19	(1,574,883,378)	(1,486,928,815)	(1,020,350,432)
OTHER INCOME - Net	20	397,923,979	425,884,378	521,253,473
INCOME BEFORE INCOME TAX		875,474,927	1,103,661,606	1,838,649,787
PROVISION FOR INCOME TAX	23	467,646,277	345,285,691	449,666,103
NET INCOME		407,828,650	758,375,915	1,388,983,684
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Not to be reclassified to profit or loss -</i>				
Remeasurement gains (losses) on net retirement asset (liability)	21	5,777,928	(10,111,824)	(6,839,472)
Income tax benefit (expense) on remeasurement gains or losses	23	(1,444,482)	2,527,956	1,709,868
		4,333,446	(7,583,868)	(5,129,604)
TOTAL COMPREHENSIVE INCOME		₱412,162,096	₱750,792,047	₱1,383,854,080
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		₱414,708,712	₱575,999,975	₱948,309,181
Non-controlling interests	4	(6,880,062)	182,375,940	440,674,503
		₱407,828,650	₱758,375,915	₱1,388,983,684
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		₱419,042,158	₱568,416,107	₱943,179,577
Non-controlling interests	4	(6,880,062)	182,375,940	440,674,503
		₱412,162,096	₱750,792,047	₱1,383,854,080
EARNINGS PER SHARE				
	26			
Basic and diluted		₱0.0185	₱0.0594	₱0.1314

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2025	2024	2023
CAPITAL STOCK				
Common - at ₱0.18 par value	16	₱957,257,136	₱957,257,136	₱957,257,136
Preferred - at ₱1.00 par value				
Balance at beginning of year		47,464,860	48,500,000	48,500,000
Issuance		–	18,964,860	–
Retirement of preferred shares series B		–	(20,000,000)	–
Balance at end of year		47,464,860	47,464,860	48,500,000
		1,004,721,996	1,004,721,996	1,005,757,136
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year	16	6,464,321,710	5,973,360,513	5,973,360,513
Addition arising from issuance of preferred shares		–	2,477,465,140	–
Reduction arising from retirement of preferred shares		–	(1,956,441,541)	–
Stock issuance costs		–	(30,062,402)	–
Balance at end of year		6,464,321,710	6,464,321,710	5,973,360,513
TREASURY STOCK - at cost				
Balance at beginning of year - redemption of 20.0 million preferred shares series B	16	(1,000,000,000)	(2,000,000,000)	(2,000,000,000)
Retirement of preferred shares series B		–	2,000,000,000	–
Redemption of 10.0 million preferred shares series C		–	(1,000,000,000)	–
Balance at end of year		(1,000,000,000)	(1,000,000,000)	(2,000,000,000)
PARENT COMPANY'S PREFERRED SHARES HELD BY A SUBSIDIARY - at cost				
Balance at beginning of year	16	(26,500,000)	(12,500,000)	(12,500,000)
Issuance of preferred shares series E		–	(14,000,000)	–
Balance at end of year		(26,500,000)	(26,500,000)	(12,500,000)
RETAINED EARNINGS				
Balance at beginning of year		5,263,177,339	5,547,760,292	4,912,544,253
Effect of adoption of PIC Q&A and IFRIC Agenda Decision		–	(513,103,622)	–
Balance at beginning of year, as restated		5,263,177,339	5,034,656,670	4,912,544,253
Net income		414,708,712	575,999,975	948,309,181
Dividends declared	16	(380,214,260)	(323,920,847)	(313,093,142)
Retirement of preferred shares series B		–	(23,558,459)	–
Balance at end of year		5,297,671,791	5,263,177,339	5,547,760,292
OTHER EQUITY RESERVES				
Balance at beginning of year	16	208,982,963	216,566,831	221,696,435
Net increase (decrease)		4,333,446	(7,583,868)	(5,129,604)
Balance at end of year		213,316,409	208,982,963	216,566,831
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
		11,953,531,906	11,914,704,008	10,730,944,772

(Forward)

	Note	Years Ended December 31		
		2025	2024	2023
NON-CONTROLLING INTERESTS	4			
Balance at beginning of year		₱2,337,598,832	₱2,385,227,013	₱1,959,452,593
Effect of adoption of PIC Q&A and IFRIC Agenda Decision		–	(126,688,521)	–
Balance at beginning of year, as restated		2,337,598,832	2,258,538,492	1,959,452,593
Acquisition of shares of subsidiaries		364,500,200	92,684,400	2,158,740,700
Share in net income (loss)		(6,880,062)	182,375,940	440,674,503
Dividends attributable to non-controlling interests		–	(196,000,000)	(264,000,000)
Decrease in deposit for future stock subscription	4	–	–	(1,909,640,783)
Balance at end of year		2,695,218,970	2,337,598,832	2,385,227,013
		₱14,648,750,876	₱14,252,302,840	₱13,116,171,785

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31		
		2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱875,474,927	₱1,103,661,606	₱1,838,649,787
Adjustments for:				
Net gain on change in fair value of investment properties	10	(1,940,773,536)	(1,933,989,204)	(974,092,333)
Interest expense	14	1,542,217,302	1,481,978,933	1,016,185,458
Gain on assignment of advances	4	(204,831,916)	–	–
Realized gain on disposals of financial assets at FVPL	6	(83,029,771)	(84,031,978)	(73,157,830)
Interest income	5	(75,783,289)	(249,156,724)	(293,392,563)
Depreciation and amortization	11	70,607,775	68,585,147	62,752,127
Retirement expense	21	32,304,932	26,265,564	17,668,077
Gain on repossession of real estate for sale	9	(14,377,954)	(68,237,042)	(96,979,144)
Amortization of initial direct leasing costs	10	5,656,296	5,338,684	1,357,221
Unrealized holding gains on financial assets at FVPL	6	(2,321,476)	(12,176,374)	(858,794)
Unrealized foreign exchange loss (gain)	20	833,278	(2,446,735)	(4,437,686)
Loss (gain) on sale of property and equipment	11	–	(4,457,347)	857,717
Provision for impairment of deposits	12	–	16,002,600	–
Write-off of due from related parties	24	–	36,052,873	–
Loss (gain) on sale of investment properties	10	–	1,175,558	(1,198,576)
Operating income before working capital changes		205,976,568	384,565,561	1,493,353,461
Decrease (increase) in:				
Receivables		(1,261,205,670)	(945,591,672)	186,950,797
Contract assets		(1,525,480,007)	(2,527,455,500)	(1,688,412,772)
Real estate for sale		(3,491,226,429)	1,925,576,172	1,360,093,722
Input VAT		(449,023,178)	(137,385,003)	310,314,716
Other assets		206,428,084	(823,324,887)	(99,058,306)
Increase (decrease) in:				
Accounts and other payables		1,111,535,665	424,042,105	563,352,565
Contract liabilities		175,795,442	230,142,176	(33,119,220)
Net cash generated from (used for) operations		(5,027,199,525)	(1,469,431,048)	2,093,474,963
Income taxes paid		(357,097,492)	(289,052,304)	(279,150,204)
Interest received		143,745,971	249,230,697	275,193,665
Net cash provided by (used in) operating activities		(5,240,551,046)	(1,509,252,655)	2,089,518,424

(Forward)

		Years Ended December 31		
	Note	2025	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of:				
Financial assets at FVPL	6	₱14,469,997,394	₱12,703,597,809	₱14,476,907,911
Investment properties		–	75,007,366	26,777,400
Property and equipment	11	–	4,457,347	3,327,270
Additions to:				
Financial assets at FVPL	6	(12,760,000,000)	(13,625,494,489)	(13,034,704,753)
Software and licenses		(53,839,655)	(11,851,751)	–
Property and equipment	11	(33,944,897)	(20,426,598)	(47,655,856)
Investment properties	10	(16,472,918)	(62,937,252)	(15,505,405)
Net cash provided by (used in) investing activities		1,605,739,924	(937,647,568)	1,409,146,567
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Loans payable	14	19,343,558,116	10,010,967,199	6,957,798,522
Deposits for future stock subscriptions from non-controlling interests	4	60,500,200	92,684,399	249,099,917
Issuance of shares	16	–	2,452,367,598	–
Payments of:				
Loans payable	14	(13,136,165,857)	(8,739,021,960)	(7,552,224,045)
Bonds payable	25	(3,000,000,000)	–	–
Finance costs	25	(1,686,701,678)	(1,359,833,592)	(1,590,273,466)
Dividends	25	(426,949,995)	(474,474,297)	(758,500,714)
Advances from non-controlling interests	4	(167,600,000)	(92,000,000)	–
Lease liabilities	13	(15,845,305)	(5,568,750)	–
Redemption of preferred shares	16	–	(1,000,000,000)	–
Net cash provided by (used in) financing activities		970,795,481	885,120,597	(2,694,099,786)
NET EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS				
		(833,278)	2,446,735	4,437,686
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		(2,664,848,919)	(1,559,332,891)	809,002,891
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		4,045,963,662	5,605,296,553	4,796,293,662
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		₱1,381,114,743	₱4,045,963,662	₱5,605,296,553

		Years Ended December 31		
	Note	2025	2024	2023
COMPONENTS OF CASH AND CASH EQUIVALENTS				
	5			
Cash on hand		P225,860	P195,000	P185,000
Cash in banks		994,966,262	1,171,587,035	1,672,414,790
Cash equivalents		385,922,621	2,874,181,627	3,932,696,763
		P1,381,114,743	P4,045,963,662	P5,605,296,553
NONCASH FINANCIAL INFORMATION:				
Acquisition of land on account	13	P1,860,247,000	P-	P-
Receivable from sale of interest and assignment of advances to subsidiary	4	724,831,916	-	-
Repossession of real estate for sale	9	511,837,729	1,479,643,756	303,422,533
Application of deposits for future stock subscriptions from non-controlling interests to preferred shares of a subsidiary	4	60,500,200	-	1,909,640,783
Initial recognition of :				
Right-of-use assets	11	38,246,000	29,028,000	-
Lease liabilities	13	38,246,000	29,015,160	-
Reclassification from real estate for sale to investment properties	9	27,679,792	-	939,186,494
Retirement of 20.0 million preferred shares series B	16	-	2,000,000,000	-
Reclassification from investment properties to real estate for sale	10	-	501,017,740	-
Reclassification from property and equipment to software	11	-	91,968	-

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025 AND 2024 AND FOR THE YEARS ENDED
DECEMBER 31, 2025, 2024 AND 2023

1. General Information

Corporate Information

Arthaland Corporation (the Parent Company or ALCO) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 10, 1994. ALCO's common shares and preferred shares Series C, D and F are listed for trading in the Philippine Stock Exchange (PSE). The Parent Company is primarily engaged in real estate development and leasing.

The Parent Company is currently 37.94% owned by CPG Holdings, Inc. (CPG) and 26.02% owned by AO Capital Holdings 1, Inc. (AOCH1), both holding companies incorporated in the Philippines.

The registered office and principal place of business of the Parent Company is located at 7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City (BGC), Taguig City.

Composition of the Group

The consolidated financial statements include the Parent Company and the following subsidiaries (collectively referred herein as “the Group”):

Subsidiary	Place of Incorporation	Effective Percentage of Ownership
Cazneau, Inc. (Cazneau)	Philippines	100%
Cebu Lavana Land Corp. (CLLC)	Philippines	100%
Manchesterland Properties, Inc. (MPI)	Philippines	100%
Urban Property Holdings, Inc. (UPHI)	Philippines	100%
Pradhana Land, Inc. (PLI)	Philippines	100%
Arthaland Property Prestige Solutions, Inc. (APPS)	Philippines	100%
Sotern Land Corporation (SLC)	Philippines	100%
Furusato Land Corporation (FLC)	Philippines	100%*
Bhavana Properties, Inc. (Bhavana)	Philippines	60%
Bhavya Properties, Inc. (Bhavya)	Philippines	60%
Kashtha Holdings, Inc. (KHI)	Philippines	60%
Zileya Land Development Corporation (ZLDC)	Philippines	60%
Savya Land Development Corporation (SLDC)	Philippines	59%**

*incorporated May 14, 2025

**indirectly owned through KHI

All of the subsidiaries were established to engage primarily either in real estate development or property leasing, except for APPS which is a property management company and KHI which is an investment holding company.

FLC

FLC was incorporated on May 14, 2025. On May 19, 2025, ALCO subscribed to 50.0 million common shares at the subscription price of ₱1 per share and 4.5 million preferred shares at the subscription price of ₱100 per share, for a total consideration of ₱500.0 million.

ZLDC

In December 2025, ALCO sold, transferred and conveyed in favor of SEAI Metro Manila One, Inc. ("SEAIMMO"), by way of secondary sale, all of its title, ownership, rights and interest in and to 40% of its common and preferred shares, as well as its shareholder advances. The transfer of shares decreased the effective ownership of ALCO from 100% to 60% (see Note 4).

ALCO's Acquisition of Preferred Shares

In January 2025, ALCO subscribed to 7.1 million Preferred Shares Series B of ZLDC at a subscription price of ₱100 per share, for a total consideration of ₱710.0 million.

In August 2025, ALCO's Board of Directors approved the following resolutions:

- Subscription to 7.5 million preferred shares of SLC at a subscription price of ₱100 per share equivalent to ₱750.0 million. As at December 31, 2025, ALCO has paid an aggregate amount of ₱642.0 million.
- Subscription to 5.0 million common shares of FLC at a subscription price of ₱100 per share, or for a total consideration of ₱500.0 million.

Major Projects

Arya Residences

Arya Residences, located in Bonifacio Global City (BGC), Taguig City, is ALCO's first major development project consisting of Towers 1 and 2, completed in 2016. It is the first high-end residential condominium in the Philippines to be awarded Leadership in Energy and Environmental Design™ (LEED) Gold by the U.S. Green Building Council (USGBC) and a Building for Ecologically Responsive Design Excellence (BERDE) 4-Star by the Philippine Green Building Council (PHILGBC) in 2016 and 2018, respectively. In 2020, the project achieved a 3-Star certification under PHILGBC's Advancing Net Zero/PH (ANZ/PH) program. In 2025, Arya Residences earned the Health-Safety Rating from the International WELL Building Institute (IWBI), reinforcing its commitment to occupant health, safety, and sustainability.

Arthaland Century Pacific Tower (ACPT)

ACPT, ALCO's flagship office development in BGC, Taguig City, is a 30-storey AAA-grade office building designed by Skidmore, Owings & Merrill (SOM), commenced construction in 2014 and was completed in 2019. ACPT is recognized as the world's first building to achieve Excellence in Design for Greater Efficiencies (EDGE) Zero Carbon certification from the International Finance Corporation (IFC), a member of the World Bank Group, in 2019. This distinction complements its earlier certifications, including LEED Platinum and BERDE 5-Star, both awarded in 2018. In 2020, the building was also certified Net Zero Energy under PHILGBC's ANZ/PH program and since 2021, received the Health-Safety Rating from IWBI. The property is likewise registered as a PEZA Ecozone Facilities Enterprise (see Note 23).

Cebu Exchange Tower (CebEx)

CebEx, a 38-storey office development by Cebu Lavana Land Corp., is located in Barangay Lahug, Cebu City. CebEx was launched in 2016 and completed in 2023, with a gross floor area of 108,564 square meters (sqm) including the four levels of retail. CebEx is the largest multi-certified green and healthy building in the Philippines, designed to deliver a world-class workplace environment: LEED Gold in 2022, EDGE Advanced in 2023, and BERDE 5-Star in 2023. In 2025, it achieved EDGE Zero Carbon certification, making it the world's largest single-tower project to receive such recognition. It also holds the WELL Health-Safety Rating since 2022.

Sevina Park Projects

Sevina Park is an eight-hectare integrated, master-planned community in Laguna developed by Cazneau, Inc., with development commencing in 2018. Sevina Park is the first project in the Philippines to achieve LEED Platinum certification under the LEED for Neighborhood Development (LEED ND) rating system in 2020 and is likewise a pioneering recipient of a BERDE 5-Star certification under the BERDE for Districts rating system in 2022. Sevina Park includes several developments:

Courtyard Hall, a campus-style residential development within Sevina Park with approximately 4,000 sqm of gross floor area (GFA) designed for students and faculty, was completed in 2019.

Sevina Park Villas, launched in June 2019, comprises 108 single-family homes catering to starter families, with phased completion from 2021 to 2026; all four-bedroom villas are undergoing LEED certification, with the model unit achieving LEED Platinum in 2020, while all villa types secured EDGE Advanced preliminary certification in 2025.

Una Apartments, another residential component within Sevina Park, was launched in September 2022, with Tower 1 designed for resource efficiency, improved indoor air quality, and wellness-focused amenities. Tower 1 targets LEED, BERDE, EDGE, and WELL certifications and is expected to be completed by the fourth quarter of 2026. Tower 2 was launched in 2023, while Tower 3 in 2025. Additional residential towers are planned for future developments within Sevina Park.

Savya Financial Center

Savya is a two-tower office development by Savya Land Development Corporation, located in Arca South, Taguig City, and launched in February 2019. Savya has a GFA of 59,763 sqm, with both the North and South Towers completed in 2023. Savya achieved multiple certifications, including BERDE 5-Star certification in 2026 and WiredScore Gold certification in 2024. It has also received LEED Gold precertification and WELL precertification in 2021, EDGE Advanced preliminary certification in 2024, and WELL Health-Safety Rating since 2024.

Eluria Residences

Eluria is a low-density, ultra-luxury residential development by Bhavya Properties, Inc., located in the Makati CBD on a 916-sqm property acquired in 2019. Eluria Residences features 37 designer residences with a GFA of approximately 14,600 sqm and is scheduled for completion in 2026. Eluria Residences received LEED Gold precertification in 2020 and is on track to achieve additional certifications under EDGE, WELL, and BERDE.

Lucima Residences

Lucima is a premier, multi-certified sustainable high-rise residential development by Bhavana Properties, Inc., launched in July 2021 and located in Cebu Business Park, at the corner of Samar Loop Road and Cardinal Rosales Avenue. Lucima is being developed on a 2,245-sqm site with approximately 28,000 sqm of GFA and 265 residential units. It received LEED Gold precertification in 2020 and is targeting BERDE, EDGE, and WELL certifications. Handover to buyers of residential units is expected to commence in the first quarter of 2027.

LIV (formerly Project Teal)

LIV is a planned two-tower high-rise residential condominium development located on a 3,700-sqm lot along Katipunan Avenue, Barangay Loyola Heights, Quezon City, acquired by ALCO through its special purpose company, Sotern Land Corporation. LIV is intended to expand ALCO's residential portfolio by offering sustainably designed products to a broader market segment. The first tower, LIV North was launched in August 2025 and is expected to be completed by 2031. LIV is designed as a sustainable residential community and is targeting LEED, EDGE, WELL, and BERDE certifications.

Sondris (formerly Project Rock)

Sondris is a planned high-rise luxury residential development by Zileya Land Development Corporation, following its acquisition of a 100% interest in a 2,018-sqm property along Antonio Arnaiz Avenue in the Makati CBD in June 2025. Sondris, launched in February 2026, is envisioned as a sustainable, multi-certified development targeting LEED, BERDE, EDGE, and WELL certifications.

Project Vanilla

Project Vanilla is mixed-use, master planned development by ALCO through its wholly owned subsidiary, Furusato Land Corporation, involving fourteen parcels of land with a total aggregate area of approximately 5 hectares, all located in Banilad Road, Cebu City. Furusato holds 50% interest in Project Vanilla, while the remaining interest is held by its co-buyers, consistent with the acquisition structure designed for both parties to have equal ownership upon completion of the master planning and site development works. The acquisition of Project Vanilla is expected to be completed in phases from 2025 to 2028 to manage funding requirements.

Project Vanilla is envisioned as a sustainable community targeting LEED certification and will comprise multiple mixed-use towers. Six residential condominium towers within Project Vanilla are planned to be developed by Furusato Land Corporation and are expected to be launched in phases from 2026 to 2037, with corresponding phased completions beginning in 2031. Project Vanilla shall provide a steady pipeline of projects that are expected to contribute to ALCO's revenues over the long term.

Project Olive

Project Olive is a planned boutique, master-planned mixed-use development by ALCO through Pradhana Land Inc., involving the phased acquisition of approximately 3.6 hectares of land located at the entry of a prime CBD in Metro Manila, with an estimated net developable area of 2.6 hectares after road allocations. Project Olive is expected to benefit from major upcoming infrastructure developments. Project Olive is intended to be developed as a sustainable community targeting LEED certification and is expected to feature approximately twelve residential towers catering to both upscale and midscale markets, supported by retail and commercial components.

Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 were approved and authorized for issue by the Board of Directors (BOD) on April 8, 2026 as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

The material accounting policy information used in the preparation of the consolidated financial statements has been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting 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 consolidated financial statements are presented in Philippine Peso, the Group's functional currency. All values are stated in absolute amounts, unless otherwise indicated.

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL) and investment properties, which are carried at fair value, net retirement liability which is carried at the present value of the defined benefit obligation less the fair value of plan assets, and lease liabilities which are initially carried at the present value of future lease payments. Historical cost is generally based on the fair value of the consideration given in exchange for an asset or fair value of consideration received in exchange for incurring liability.

Changes in Comparative Cash Flow Information

In 2025, the Group identified certain items in the consolidated statements of cash flows for the year ended December 31, 2024 that required adjustment to ensure appropriate classification and aggregation. Accordingly, the comparative consolidated statements of cash flows for the year ended December 31, 2024 has been restated accordingly, resulting in an increase in net cash used in operating activities and in net cash provided by financing activities by ₱741.6 million.

In 2024, the Group reviewed the presentation of its consolidated statements of cash flows. As a result of this review, interest paid was reclassified from operating activities to financing activities to better reflect its nature as a financing cost and to improve comparability. This change was applied to the comparative information. Accordingly, interest paid in 2023 amounting to ₱1,590.3 million has been reclassified from operating activities to financing activities.

The changes had no impact on total net cash flows, net increase (decrease) in cash and cash equivalents, or cash and cash equivalents at the beginning and end of the years presented.

Adoption of Amendments to PFRS Accounting Standards

The material accounting policies adopted are consistent with those of the previous financial year except for the adoption of the amendments to PFRS Accounting Standards effective for annual periods beginning on or after January 1, 2025. The amendments did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

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

Relevant new and amendments to PFRS Accounting Standards applicable to the Group, which is not yet effective as at December 31, 2025 and have not been applied in preparing the consolidated financial statements, but is 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.

The Group is currently assessing the potential impact of adopting PFRS 18. The adoption of PFRS 18 is not expected to have a material impact on the Group's consolidated financial position or consolidated financial performance. However, it will result in changes in the presentation, classification, and aggregation of items in the consolidated statements of comprehensive income and related disclosures.

Basis of Consolidation

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control and continue to be consolidated until the date such control ceases. The results of operations of the subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. If the Group retains interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial assets at fair value through other comprehensive income (FVOCI) depending on the level of influence retained.

Non-controlling interest represents the portion of profit or loss and net assets not held by the Parent Company and is presented separately in the Group's consolidated statements of comprehensive income and within equity in the Group's consolidated statements of financial position, separate from equity attributable to equity holders of the Parent Company, respectively.

Financial Assets at Amortized Cost

The Group's financial assets at amortized cost include cash and cash equivalents, receivables (excluding accrued rent receivable), deposits, amounts held in escrow, and amounts held in trust. These financial assets are initially recognized at fair value plus directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses (ECL).

The Group recognizes expected credit losses on financial assets measured at amortized cost in accordance with Philippine Financial Reporting Standards (PFRS) 9, Financial Instruments. Depending on the nature of the financial asset, the Group applies either the simplified approach or the general approach in measuring ECL.

Trade receivables are assessed using the simplified approach. Under this approach, the Group recognizes lifetime ECL from the point of initial recognition, without assessing whether there has been a significant increase in credit risk.

Other financial assets, such as cash and cash equivalents, other receivables, deposits, and amounts held in escrow or in trust, are evaluated under the general approach. These financial assets are initially classified as Stage 1, for which a 12-month ECL is recognized. If there is a significant increase in credit risk since initial recognition, the financial assets are transferred to a higher stage and lifetime ECL is recognized.

In assessing ECL, the Group takes into account its historical credit loss experience, current observable data, and reasonable and supportable forward-looking information. This forward-looking information includes relevant macroeconomic indicators as well as counterparty-specific credit risk information.

Financial assets are derecognized when the contractual rights to receive cash flows have expired, or when the Group has transferred substantially all the risks and rewards of ownership.

Financial Assets at FVPL

The Group's investments in unit investment trust funds (UITF) are classified as financial assets at FVPL. These financial assets are measured at fair value at each reporting date, with changes in fair value recognized in profit or loss. Financial assets are derecognized when the contractual rights to receive cash flows from the financial asset have expired or when the Group has transferred substantially all the risks and rewards of ownership of the financial asset.

Financial Liabilities at Amortized Cost

The Group's accounts and other payables (excluding statutory payables, deferred output VAT, advances from buyers and advance rent) loans payable, bonds payable, and advances from non-controlling interests are classified as financial liabilities at amortized cost. The Group recognized financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Creditable Withholding Taxes (CWT)

CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes. These are carried at cost less any impairment in value.

Value-Added Tax (VAT)

Revenue, expenses and assets are generally recognized net of the amount of VAT except in cases where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable, or receivables and payables that are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the tax authority is included as part of "Other assets" or "Accounts and other payables" accounts, respectively, in the consolidated statements of financial position.

Contract Balances

Contract Assets. A contract asset represents the Group's right to a consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than a passage of time. Contract assets arise when revenue is recognized before the Group obtains an unconditional right to consideration. When the Group's right to consideration becomes unconditional, the contract asset is reclassified to trade receivables. Contract assets primarily relate to unbilled amounts arising from real estate sales recognized over time using percentage of completion (POC) method.

Contract assets are assessed for impairment using the simplified ECL approach under PFRS 9, with lifetime ECL recognized from initial recognition.

Contract Liabilities. Contract liabilities represent the Group's obligation to transfer goods or services to a customer for which the Group has received consideration or for which consideration is due from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is received or when the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group satisfies its performance obligations under the contract.

Real Estate for 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 classified as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes acquisition cost plus any other directly attributable costs of developing the asset to its saleable condition and location. Directly attributable costs include amounts paid to contractors, planning and designing costs, costs of site preparation and construction overheads.

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

Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

The Group uses fair value model for the accounting of its investment properties. Under this method, investment properties are initially measured at cost but are subsequently remeasured at fair value at each reporting date, which reflects market conditions at the reporting date. The fair value of investment properties is determined using income approach, market data approach and cost approach by an independent real estate appraiser. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. For the purposes of these consolidated financial statements, in order to avoid double counting, the fair value reported in the consolidated financial statements is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and minimum lease payments.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party or ending of the construction or development. For transfers from real estate for sale to investment property, the property is measured at its fair value at the date of change in use. Any difference between the fair value and the property's previous carrying amount as real estate for sale is recognized in profit or loss.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner occupation or commencement of development with a view to sell. For transfers from investment property carried at fair value to real estate for sale, the fair value of the investment property at the date of change in use is treated as its deemed cost for subsequent accounting as real estate for sale in accordance with PAS 2, *Inventories*.

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

Property and Equipment

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

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

	<u>Number of Years</u>
Building and building improvements	50
Transportation equipment	3 to 5
Office equipment	3 to 5
Furniture and fixtures	3
Leasehold improvements	3 to 5 or lease term, whichever is shorter
ROU assets	3 to 5

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

Fully depreciated assets are retained in the account until they are no longer in use and no further change 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.

Other Assets

Advances for Project Development and Land Acquisition. Advances for project development and land acquisition are recognized when the Group makes advance payments for its purchase of land, goods and services. These are measured at transaction price less impairment in value, if any.

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.

Prepaid Commission. The Group recognizes an asset for the incremental cost of obtaining a contract with a customer if the Group expects to recover those costs. Otherwise, those costs are recognized as expense when incurred. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract such as, but not limited to, sales commissions paid to sales agents and nonrefundable direct taxes incurred in obtaining a contract. Paid sales commissions are recognized as "Prepaid commission" under "Other assets" account and amortized consistent with the revenue recognition method of the Group. Amortization of sales commission is presented as part of "Operating expenses".

Software and Licenses. Software and licenses are stated at cost less accumulated amortization and any impairment losses. Software and licenses are being amortized on a straight-line basis over ten (10) years and amortization is recognized in profit or loss. Amortization period and amortization method is reviewed at each reporting date. Any change in the useful life of the asset or the expected pattern of consumption of the future economic benefits embodied in the asset is recognized prospectively.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is any indication that a nonfinancial asset may be impaired. When such indicators exist, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of its value in use and fair value less costs of disposal. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss is recognized in profit or loss. For assets that do not generate independent cash flows, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

Impairment losses are recognized in profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized.

Debt Issue Costs

Debt issue costs that are directly attributable to the acquisition of borrowings are deducted from the carrying amount of the related financial liability at initial recognition. These costs are amortized over the term of the borrowings using the effective interest rate method and are recognized as part of interest expense in profit or loss. When the related borrowing is extinguished, any unamortized debt issue costs are recognized immediately in profit or loss.

Advances from Buyers

Advances from buyers represent payments received from prospective buyers prior to the execution of a contract to sell. These amounts are initially recognized as liabilities and are included under accounts and other payables account in the consolidated statements of financial position. Upon execution of the contract to sell, these advances are reclassified to contract liabilities and are subsequently applied against the total contract price of the real estate sale.

Capital Stock

Common Stock. Common stock is measured at par value for all shares issued.

Preferred Stock. The Group's preferred stocks is cumulative, nonvoting, nonparticipating and nonconvertible. Preferred stock is classified as equity if this is nonredeemable, or redeemable only at the Group's option, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Parent Company.

Preferred stock is classified as a liability if this is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as incurred.

Additional Paid-in Capital

Additional paid-in capital is the proceeds and/or fair value of considerations received in excess of par value of the subscribed capital stock. Incremental costs incurred directly attributable to the issuance of new shares are recognized as deduction from equity, net of any tax. Otherwise, these are recognized as expense in profit or loss.

Treasury Shares

Treasury shares represent the Parent Company's own equity instruments that have been reacquired and are recognized as a deduction from equity. Treasury shares are measured at cost and presented as a deduction within equity in the consolidated statements of financial position.

No gain or loss is recognized in profit or loss on the purchase, sale, issuance, or cancellation of the Parent Company's own equity instruments. Any difference between the consideration received and the carrying amount of treasury shares is recognized directly in equity.

Parent Company's Shares Held by a Subsidiary

Shares of the Parent Company held by a subsidiary are carried at cost and are deducted from equity. No gain or loss is recognized on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration and prior period adjustments.

Other Equity Reserves

Other equity reserves comprise of items of income and expense that are not recognized in profit or loss for the year. This includes other comprehensive income (OCI) that pertains to cumulative remeasurement gains (losses) on net retirement asset (liability).

Basic and Diluted Earnings per Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to common equity holders of the Parent Company by the weighted average number of issued, subscribed and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effects of any potentially dilutive convertible securities.

Revenue Recognition

The following specific recognition criteria must also be met before revenue is recognized.

Revenue from Contract with Customers. Revenue from contracts with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer in an amount that reflects the consideration to which the Group expected to be entitled in exchange for those goods and services.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

Revenue from Real Estate Sales. Revenue from real estate sales is recognized when control of the asset is transferred to the customer, either over time or at a point in time, depending on the terms of the contract and the nature of the Group's performance obligations.

For real estate sales under pre-completion contracts, the Group recognizes revenue over time as the performance obligation is satisfied, provided that all of the following criteria are met: (a) the contract to sell (CTS) is valid and enforceable; (b) the Group's performance does not create an asset with an alternative use to the Group; and (c) the Group has an enforceable right to payment for performance completed to date. The Group also assesses the collectability of consideration based on the customer's ability and intention to pay.

For contracts that qualify for over-time recognition, revenue is measured based on the stage of completion using the input method, determined as the proportion of costs incurred to date relative to the total estimated costs of the project.

For completed real estate units, revenue is recognized at a point in time when control of the asset is transferred to the customer, generally upon turnover of the unit and when the significant risks and rewards of ownership have been transferred.

When a contract contains a significant financing component, the transaction price is adjusted to reflect the time value of money. The resulting interest income or expense is recognized separately in profit or loss.

In the event of contract cancellation due to buyer default, the Group derecognizes the related contract asset and receivable balances and recognizes the repossessed property at its fair value less costs to repossess, with any resulting gain or loss recognized in profit or loss. Accordingly, the consideration is not adjusted for the effects of the time value of money.

For tax purposes, full recognition is applied when more than 25% of the selling price has been collected in the year of sale. Otherwise, the installment method is applied.

Leasing Revenue. Leasing revenue consists of rental income and common use service area (CUSA) fees. Rental income from operating leases of investment properties is recognized on a straight-line basis over the lease term, except for variable lease payments, which are recognized in the period in which they are earned. Lease incentives granted to tenants are recognized as a reduction of rental income on a straight-line basis over the lease term. The lease term comprises the non-cancellable period of the lease together with periods covered by an option to extend the lease, when the lessee is reasonably certain to exercise that option at lease commencement.

CUSA fees are recognized as revenue over time as the related services are rendered. These are typically billed monthly and are based on the lessee's proportionate share of common area costs.

Amounts received from tenants for lease termination or as compensation for dilapidation are recognized in profit or loss when the Group's right to receive payment is established.

Property Management Fees. Revenue is recognized in profit or loss when the related services are rendered.

Interest Income. Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

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

Cost and Expenses Recognition

Cost of Real Estate Sales. Cost of real estate sales is recognized consistent with the revenue recognition method applied.

Cost of Leasing Operations. Cost of leasing operations, which constitute direct cost incurred in relation to the leasing of properties of the Group is recognized as expense when incurred.

Cost of Services. Cost of services, which constitute direct cost incurred in relation to the provision of property management services, is recognized as expense when services are rendered.

Operating Expenses. Operating expenses constitute cost of administering the business and cost incurred to sell and market its products and services. These are recognized as incurred.

Finance Costs. Finance costs are recognized in profit or loss using the effective interest method.

Share-based Compensation

The Parent Company has a stock option plan covering employees, officers and directors, whereby employees render services for shares or rights over shares (“equity-settled transaction”). The rights granted under the plan are not assignable and nontransferable. The cost of the equity-settled transactions is measured by reference to the fair value of the stock options on the date that it was granted. Stock options reserve presented as part of “Equity” is measured at fair value of the share options as at reporting date when the options are exercised, forfeited or lapsed.

Leases

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses whether a contract contains a lease at inception and for each separate lease component.

The Group as a Lessor. Leases in which the Group retains substantially all the risks and rewards of ownership are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Variable lease payments are recognized as income in the period in which they are earned.

The Group as Lessee. At the commencement date, the Group recognizes a right-of-use (ROU) asset and a lease liability for all lease commitments, except for short-term leases (with a lease term of 12 months or less) and leases of low-value assets. Payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

ROU Assets. At commencement date, ROU assets are measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred.

Subsequently, ROU assets are carried at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the related lease liabilities. ROU assets are depreciated over the shorter of the lease term and the useful life of the underlying asset.

Lease Liabilities. At commencement date, lease liabilities are measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease, if readily determinable, or otherwise the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or rate (initially measured using the index or rate at commencement date), and amounts expected to be payable under residual value guarantees.

Lease liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in profit or loss unless it is capitalized as part of the cost of another asset.

Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.

Employee Benefits

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Group has a funded, non-contributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs, past service costs and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognizes restructuring-related costs.

Remeasurements pertaining to actuarial gains and losses and return on plan assets are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement liability, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The net retirement liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets against which the obligations are to be settled directly, adjusted for any effect of asset ceiling. The present value of the retirement obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. The asset ceiling is the present value of future economic benefits available in the form of refunds from the plan or reductions in future contribution to the plan.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted, that is, when the investment property is depreciable and is held within the business model whose objective is consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax relating to items recognized outside profit or loss is recognized under OCI and outside profit or loss.

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.

Related Party Transactions

Related party transactions are transfer of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

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

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment reporting a strategic business unit that offers different products and serves different markets. Financial information on the Group's business segments is presented in Note 30.

Provisions and Contingencies

Provisions are recognized when the Group has a present legal or constructive obligation arising from a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the best estimate of the amount required to settle the obligation at the reporting date.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated statements of financial position when an inflow of economic benefits is probable.

Events After the Reporting Period

Any post-year-end event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS Accounting Standards requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are continually evaluated and are based on historical experience and other factors considered reasonable under the circumstances. Actual results may differ from these estimates.

Judgments

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

Classifying Financial Instruments. The Group exercises judgment in classifying financial instruments in accordance with PFRS 9. The Group exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the Group's business model and its contractual cash flow characteristics and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

Determining Control or Joint Control over an Investee Company. Control is presumed to exist when an investor has power over an investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group has determined that by virtue of the Parent Company's majority ownership of voting rights in its subsidiaries as at December 31, 2025 and 2024, it has the ability to exercise control over these investees.

Determining Revenue Recognition Method and Measure of Progress. The Group recognizes revenue from the sale of real estate units over time as the performance obligation is satisfied. In applying PFRS 15, *Revenue from Contracts with Customers*, management exercises judgment in determining that the criteria for over-time revenue recognition are met. Management concluded that the Group's performance does not create an asset with an alternative use to the Group because the real estate unit promised in the contract is specifically identified and the Group is contractually restricted from redirecting the unit to another customer without breaching the contract.

Management also determined that the Group has an enforceable right to payment for performance completed to date, including a reasonable margin, in the event the contract is terminated by the customer other than for the Group's failure to perform.

In addition, management exercises judgment in determining that the input method based on costs incurred relative to total estimated project costs appropriately measures the Group's progress in satisfying the performance obligation because construction costs incurred are considered to be proportionate to the Group's efforts in transferring control of the real estate unit to the customer.

The amount of revenue from real estate sales recognized based on POC in 2025, 2024 and 2023 are disclosed in Note 17. The related cost of real estate sales in 2025, 2024 and 2023 are presented in the consolidated statements of comprehensive income.

Assessing Significant Financing Component on Real Estate Sales. The Group evaluates whether contracts with customers contain a significant financing component. A significant financing component exists when the agreed timing of payments provides a significant benefit to either party. In assessing the existence of significant financing component, the Group considers the following factors:

- The length of time between the transfer of the real estate property and the payments.
- Whether the consideration amount would differ significantly at the time of transfer.
- The interest rate in the prevailing market.

The amount of interest from real estate sales in 2025 and 2024 is disclosed in Note 17.

Classifying Real Estate for Sale, Investment Properties and Property and Equipment. The Group exercises judgment in determining whether a property should be classified as real estate for sale (inventory), investment properties, or property and equipment.

Real estate for sale represents properties held for sale in the ordinary course of business, including land and properties acquired or developed for the purpose of sale to customers.

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

Properties that are used for administrative purposes or in the Group's operations and are not intended for sale in the ordinary course of business, are classified as property and equipment and accounted for in accordance with PAS 16, *Property, Plant and Equipment*.

In making this judgment, management considers several factors including:

- The purpose for which the property was acquired;
- The Group's business model and development plan;
- The expected manner of realization of economic benefit; and
- The historical pattern of sales of similar properties.

Changes in management's intention regarding the use of a property may result in a reclassification between real estate for sale, investment properties, and property and equipment. Any changes in management's intention and the related reclassifications are disclosed accordingly.

The carrying amounts of real estate for sale, investment properties and property and equipment as at December 31, 2025 and 2024 are disclosed in Notes 9, 10 and 11, respectively.

Determining the Highest and Best Use of Investment Properties. The Group determines the highest and best use of its investment properties when measuring fair value. In making its judgment, the Group takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The Group has determined that the highest and best use of the investment properties is their current use.

The carrying amounts of investment properties as at December 31, 2025 and 2024 are disclosed in Note 10.

Determining Lease Commitments - Group as Lessor. The Group entered into various lease contracts for its office units in ACPT, retail units in Arya Residences, office units in Savva Financial Center, commercial and office units in Cebu Exchange, and dormitory units in Sevina Park's Courtyard Hall.

The Group has determined that the risks and benefits of ownership related to the leased properties are retained by the Group. Accordingly, the leases are accounted for as operating leases.

The amount of revenue from leasing operations recognized from these operating leases in 2025, 2024 and 2023 are disclosed in Note 22.

Classifying Lease Commitments - Group as a Lessee. The Group has entered into lease agreements as a lessee. For these leases, the Group availed of the exemption for short-term leases with term of 12 months or less. Accordingly, lease payments on short-term leases were recognized as expense on a straight-line basis over the lease term. Rent expense on short-term leases on land and building with less than 12 months term are disclosed in Note 22.

Additionally, the Group has existing non-cancellable lease agreements for transportation equipment for a period of three (3) to five (5) years. Accordingly, ROU assets and lease liabilities have been recognized. The carrying amounts of ROU assets and lease liabilities are disclosed in Notes 11 and 13, respectively.

Accounting Estimates and Assumptions

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Recognizing Revenue and Measuring Progress. The Company recognizes revenue from real estate sales over time using the cost-to-cost input method. The measure of progress is based on costs incurred relative to total estimated construction costs.

Significant estimation is required in determining the total estimated construction costs of each real estate development project. These estimates include costs relating to land development, construction materials, labor, professional fees, permits, and other project-related costs.

The estimated construction costs are reviewed periodically and updated to reflect changes in project scope, construction progress, market conditions, and other relevant factors. Changes in estimated total construction costs may result in adjustments to the POC and revenue recognized.

Estimating Project Costs and Contract Profitability. The Company also exercises judgment in estimating the expected profitability of development projects. When it becomes probable that total project costs will exceed total contract revenues, the expected loss is recognized immediately.

Revisions to project cost estimates and contract profitability may arise from:

- Changes in construction costs;
- Variations in project specifications;
- Changes in regulatory requirements; and
- Other factors affecting the development process.

Changes in estimates are accounted for prospectively in the period in which they are identified. During 2025, management revised its estimate of the total project development costs of Bhavana's Lucima project, which affected the cost of real estate sales. The change in estimate was applied prospectively in accordance with *PFRS 15, Revenue from Contracts with Customers*.

The amount of revenue from real estate sales recognized based on POC and the related cost of real estate sales incurred in 2025, 2024 and 2023 are disclosed in Notes 17 and 9, respectively.

Estimating the Fair Value of Investment Properties. Investment properties are measured at fair values. The Group works closely with external qualified appraisers who performed the valuation using appropriate valuation techniques. The Group estimates expected future cash flows, yields, occupancy rates and discount rates. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 10.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the investment properties and the level of the fair value hierarchy.

The carrying amounts of investment properties as at December 31, 2025 and 2024 are disclosed in Note 10.

Determining the NRV of Real Estate for Sale. Real estate for sale is stated at lower of cost or NRV. NRV for completed real estate for sale is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real estate assets under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the construction and less estimated costs to sell. The determination of NRV requires significant estimation, particularly with respect to future selling prices and remaining development costs, which are influenced by market demand, construction cost trends, and other economic factors. Changes in these assumptions may result in adjustments to the carrying amount of real estate for sale in future periods.

No provision for inventory obsolescence was recognized in 2025, 2024 and 2023.

The carrying amounts of real estate for sale as at December 31, 2025 and 2024 are disclosed in Note 9.

Assessing the ECL on Trade Receivables and Contract Assets. The Group assessed the ECL on trade receivables and contract assets and concluded that the resulting impairment is not material, taking into account historical collection experience and the underlying collateral provided by the related real estate units.

No provision for ECL was recognized in 2025, 2024 and 2023. The carrying amounts of the Group's trade receivables and contract assets as at December 31, 2025 and 2024 are disclosed in Notes 7 and 8, respectively.

Assessing the ECL on Other Financial Assets at Amortized Cost. The Group assesses ECL on other financial assets at amortized cost using the general impairment model under PFRS 9. In estimating ECL, management considers the probability of default and potential loss given default over the expected life of the financial assets.

The Group's exposure to credit risk primarily relates to cash and cash equivalents deposited with banks, nontrade and other receivables, and refundable deposits. Cash deposits are placed with reputable financial institutions with high credit ratings and are therefore considered to have low credit risk. For nontrade and other receivables and refundable deposits, credit risk is also considered low as the Group transacts with related parties and reputable counterparties with strong capacity to meet their contractual cash flow obligations in the near term.

The Group considers financial assets that are more than 30 days past due as having experienced a significant increase in credit risk, unless there is reasonable evidence that the delay in payment does not indicate increased credit risk.

Based on this assessment, no provision for ECL on these financial assets was recognized in 2025, 2024 and 2023.

The carrying amounts of other financial assets at amortized cost are disclosed in Notes 5, 7 and 12.

Estimating the Useful Lives of Property and Equipment and Software and Licenses. The Group reviews annually the estimated useful lives of property and equipment and software and licenses based on expected asset's utilization, market demands and future technological development. It is possible that the factors mentioned may change in the future, which could cause a change in estimated useful lives. A reduction in estimated useful lives could cause a significant increase in depreciation and amortization of property and equipment and software and licenses.

There were no changes in the estimated useful lives of property and equipment and software and licenses in 2025, 2024 and 2023.

The carrying amounts of property and equipment and software and licenses as at December 31, 2025 and 2024 are disclosed in Note 11 and 12, respectively.

Assessing the Impairment of Nonfinancial Assets. The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. In making this assessment, management considers both external and internal sources of information, including changes in market conditions, asset performance, and physical condition.

Based on management's assessment, no impairment loss on nonfinancial assets was recognized in 2025, 2024, and 2023.

The carrying amounts of nonfinancial assets are disclosed in Notes 7, 9, 10, 11 and 12.

Estimating Retirement Liability. The determination of the Group's obligation and cost for pension and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 21 and include among others, discount rate and salary increase rate. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect net retirement liability.

The carrying amounts of net retirement liability as at December 31, 2025 and 2024 are disclosed in Note 21.

Assessing the Realizability of Deferred Tax Assets. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of unused excess MCIT over RCIT and NOLCO is based on the projected taxable income in the following periods. Based on the projection, not all future deductible temporary differences will be realized, therefore, certain portion of deferred tax assets was not recognized.

As at December 31, 2025 and 2024, the carrying amounts of deferred tax assets are disclosed in Note 23.

4. Material Non-Controlling Interests

The Group's non-controlling interests amounting to ₱2,695.2 million, ₱2,337.6 million, and ₱2,385.2 million as at December 31, 2025, 2024 and 2023, respectively, pertain to interests in SLDC, KHI, Bhavana, Bhavya, and ZLDC.

SLDC

Non-controlling interest over SLDC is 41% as at December 31, 2025, 2024 and 2023.

On March 17 and December 17, 2023, the BOD approved the subscription of HHI to 19.1 million and 2.1 million convertible preferred shares at ₱100 per share or a total amount of ₱2,114.5 million. The subscription was paid through the conversion of HHI's deposit for future stock subscription amounting to ₱1,909.6 million and through cash amounting to ₱204.9 million.

Additional paid-in capital arising from the subscription of the convertible preferred shares aggregated ₱2,093.0 million.

On October 25 and November 29, 2024, the BOD approved the subscription of convertible preferred shares by Help Holdings Inc. (HHI) to 147,900 shares and 58,944 shares, respectively, at a subscription price of ₱100 per share or total amount of ₱20.7 million. The subscription was fully paid through the conversion of HHI's prior advances to the Corporation in the same amount.

Net income of SLDC allocated to non-controlling interests amounted to ₱137.3 million in 2025, ₱150.2 million in 2024 and ₱23.7 million in 2023, which were determined based on the agreement between ALCO and HHI.

On February 23, 2024, SLDC's BOD approved the declaration of cash dividends amounting to ₱390.0 million or ₱780 per share to all stockholders of record on March 12, 2024. The dividends were paid on March 20, 2024.

On June 20, July 25, September 19, and December 11, 2025, the SLDC's BOD approved the subscription of convertible preferred shares by HHI to 27,597 shares, 89,752 shares, 41,156 shares and 446,497 shares, respectively, at a subscription price of ₱100 per share or total amount of ₱2.8 million, ₱9.0 million, ₱4.1 million, and ₱44.6 million, respectively. The subscription was fully paid to SLDC through the conversion of HHI's deposit for future stock subscription. The deposit for future stock subscription was received in 2025 and converted in full during the same year.

The summarized financial information of SLDC, before intercompany eliminations, as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 is as follows:

	2025	2024	
Current assets	₱4,456,029,996	₱4,567,120,456	
Noncurrent assets	886,761,640	747,296,912	
Current liabilities	(2,803,366,800)	(2,476,471,473)	
Noncurrent liabilities	(216,283,888)	(564,042,530)	
Net assets	₱2,323,140,948	₱2,273,903,365	

	2025	2024	2023
Revenue	₱273,184,403	₱185,019,836	₱2,392,608,813
Expenses	(281,370,185)	(210,296,874)	(1,346,462,251)
Operating income (loss)	(8,185,782)	(25,277,038)	1,046,146,562
Finance cost	(124,775,227)	(141,177,624)	(130,048,494)
Other income - net	118,109,810	242,994,847	100,760,291
Income (loss) before income tax	(14,851,199)	76,540,185	1,016,858,359
Provision for (benefit from) income tax	(3,588,582)	20,229,203	253,662,465
Net income (loss)	(₱11,262,617)	₱56,310,982	₱763,195,894

	2025	2024	2023
Net cash flows provided by (used in):			
Operating activities	(₱44,557,574)	₱177,112,620	₱1,026,911,397
Investing activities	121,616,959	75,894,082	188,716,135
Financing activities	(64,684,062)	(631,925,283)	(1,013,845,574)
Net increase (decrease) in cash and cash equivalents	12,375,323	(378,918,581)	201,781,958
Cash and cash equivalents at beginning of year	137,800,805	516,719,386	314,937,428
Cash and cash equivalents at end of year	₱150,176,128	₱137,800,805	₱516,719,386

KHI

The Group has 40% non-controlling interest in KHI. The net income (loss) of KHI allocated to non-controlling interests amounted to (₱60.5 million) in 2025, (₱38.2 million) in 2024 and ₱295.8 million in 2023, which were determined based on capital contribution.

On August 25, 2023, KHI's BOD approved the declaration of cash dividends amounting to ₱530.0 million or ₱42.4 per share to all stockholders of record on September 11, 2023. The cash dividends were paid on September 18, 2023.

On February 23, 2024, KHI's BOD approved the declaration of cash dividends amounting to ₱390.0 million or ₱31.2 per share to all stockholders of record on March 12, 2024. The cash dividends were paid on March 21, 2024. Additionally, the BOD approved to repay the advances to ALCO amounting to ₱138.0 million and to MEC amounting to ₱92.0 million.

The summarized financial information of KHI, before intercompany eliminations, as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2021 is as follows:

	2025	2024	
Current assets	₱133,454,689	₱355,985,185	
Noncurrent assets	50,327,327	51,450,194	
Current liabilities	(163,167,627)	(384,148,252)	
Net assets	₱20,614,389	₱23,287,127	

	2025	2024	2023
Other income - net	₱3,514,458	₱404,844,820	₱548,697,258
Expenses	(6,117,487)	(16,205,067)	(18,194,724)
Income (loss) before income tax	(2,603,029)	388,639,753	530,502,534
Provision for income tax	69,709	381,050	532,571
Net income (loss)	(₱2,672,738)	₱388,258,703	₱529,969,963

	2025	2024	2023
Net cash flows provided by (used in):			
Operating activities	(₱3,527,965)	(₱3,625,701)	₱469,889,770
Investing activities	224,000,000	629,418,292	521,374,717
Financing activities	(224,000,000)	(624,265,253)	(988,793,999)
Net increase (decrease) in cash and cash equivalents	(3,527,965)	1,527,338	2,470,488
Cash and cash equivalents at beginning of year	4,686,779	3,159,441	688,953
Cash and cash equivalents at end of year	₱1,158,814	₱4,686,779	₱3,159,441

Bhavana and Bhavya

In 2025, net income (loss) of Bhavana and Bhavya allocated to non-controlling interests amounted to (₱149.8 million) and ₱66.0 million, respectively, which were determined based on capital contribution. In 2024, net income of Bhavana and Bhavya allocated to non-controlling interests amounted to ₱50.0 million and ₱20.4 million, respectively. In 2023, net income of Bhavana and Bhavya allocated to non-controlling interests amounted to ₱78.3 million and ₱42.9 million, respectively.

In 2023, Narra also subscribed to 442,000 preferred shares of Bhavya for a total subscription amount of ₱44.2 million.

On February 16, 2023, Bhavana's BOD approved the appropriation of ₱110.0 million retained earnings to provide additional reserves for the ongoing construction of Lucima.

On March 20, 2024, Bhavya's BOD approved the subscription of Narra to 300,000 Bhavya's preferred shares of Bhavya at the price of ₱100 per share, or a total of ₱30.0 million. The subscription was fully paid in the same month. Moreover, in October and December 2024, Narra subscribed to an additional 240,000 preferred shares at the price of ₱100 per share for ₱24.0 million.

In December 2024, Narra subscribed to 180,000 preferred shares of Bhavana at the price of ₱100 per share, or a total of ₱18.0 million.

The summarized financial information of Bhavana, before intercompany eliminations, as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 is as follows:

	2025	2024
Current assets	₹3,355,264,128	₹3,456,855,114
Noncurrent assets	90,900,806	50,844,308
Current liabilities	(2,200,516,259)	(1,847,265,788)
Noncurrent liabilities	(1,442,881,885)	(1,483,272,161)
Net assets	(₹197,233,210)	₹177,161,473

	2025	2024	2023
Revenue	₹755,761,469	₹1,498,794,548	₹1,512,300,615
Expenses	(1,261,246,647)	(1,339,717,677)	(1,257,960,075)
Operating income (loss)	(505,485,178)	159,076,871	254,340,540
Other income - net	6,499,591	8,359,714	6,632,700
Income (loss) before income tax	(498,985,587)	167,436,585	260,973,240
Provision for (benefit from) income tax	(124,590,904)	42,417,787	65,161,316
Total comprehensive income (loss)	(₹374,394,683)	₹125,018,798	₹195,811,924

	2025	2024	2023
Net cash flows provided by (used in):			
Operating activities	(₹136,216,446)	(₹78,870,446)	(₹142,388,675)
Investing activities	545,223	91,277,535	(27,067,756)
Financing activities	46,464,874	38,823,281	177,775,984
Net increase (decrease) in cash and cash equivalents	(89,206,349)	51,230,370	8,319,553
Cash and cash equivalents at beginning of year	113,393,002	62,162,632	53,843,079
Cash and cash equivalents at end of year	₹24,186,653	₹113,393,002	₹62,162,632

The summarized financial information of Bhavya, before intercompany eliminations, as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 is as follows:

	2025	2024
Current assets	₹4,042,066,991	₹2,504,747,283
Noncurrent assets	313,596,170	312,474,027
Current liabilities	(2,630,902,076)	(1,178,025,349)
Noncurrent liabilities	(1,397,283,538)	(1,476,838,682)
Net assets	₹327,477,547	₹162,357,279

	2025	2024	2023
Revenue	₱1,373,074,624	₱777,396,827	₱565,910,408
Expenses	(1,144,290,425)	(712,038,594)	(426,187,267)
Operating income	228,784,199	65,358,233	139,723,141
Other income - net	3,431,300	4,858,118	3,185,506
Income before income tax	232,215,499	70,216,351	142,908,647
Provision for income tax	67,095,231	19,118,170	35,766,156
Total comprehensive income	₱165,120,268	₱51,098,181	₱107,142,491

	2025	2024	2023
Net cash flows provided by (used in):			
Operating activities	(₱709,009,347)	(₱398,524,546)	(₱449,043,721)
Investing activities	(591,614)	21,740,678	(35,224,623)
Financing activities	671,257,360	402,074,916	474,316,962
Net increase (decrease) in cash and cash equivalents	(38,343,601)	25,291,048	(9,951,382)
Cash and cash equivalents at beginning of year	63,463,614	38,172,566	48,123,948
Cash and cash equivalents at end of year	₱25,120,013	₱63,463,614	₱38,172,566

ZLDC

In December 2025, ALCO sold, transferred and conveyed in favor of SEAIMMO, by way of secondary sale, all of its title, ownership, rights and interest in and to 40% of its common and preferred shares, or 200,000 common shares and 2,840,000 Preferred Shares Series B thereof, as well as its shareholder advances aggregating ₱216.0 million. The transfer of shares decreased the effective ownership of ALCO from 100% to 60%. The assignment of advances resulted to a gain of ₱204.8 million (see Note 20). As at December 31, 2025, ALCO has a receivable from SEAIMMO related to the sale and assignment of advances amounting to ₱724.8 million (see Note 7). The amount was subsequently received in January 2026.

As at December 31, 2025, the Group has 40% non-controlling interest in ZLDC.

The summarized financial information of ZLDC, before intercompany eliminations, as at and for the year ended December 31, 2025 is as follows:

Current assets	₱2,478,182,540
Noncurrent assets	81,502,198
Current liabilities	(13,299,985)
Noncurrent liabilities	(1,842,553,338)
Net assets	₱703,831,415
Expenses	₱28,677,254
Finance costs	29,940,894
Interest income	(654,696)
Loss before income tax	57,963,452
Benefit from income tax	(15,731,941)
Total comprehensive loss	₱42,231,511

Net cash flows provided by (used in):	
Operating activities	(P1,820,568,759)
Financing activities	1,843,547,015
Net increase in cash and cash equivalents	22,978,256
Cash and cash equivalents at beginning of year	25,412,714
Cash and cash equivalents at end of year	P48,390,970

Advances from Non-Controlling Interests

The Group has the following transactions with the non-controlling interests:

	Amount of Transactions		Outstanding Balance	
	2025	2024	2025	2024
Advances for Project				
Development				
HHI	P-	P-	P417,919,597	P495,919,597
Narra	-	-	411,200,000	411,200,000
SEAIMMO	216,000,000	-	216,000,000	-
MEC	-	-	13,400,000	103,000,000
			P1,058,519,597	P1,010,119,597

SLDC, KHI, Bhavana and Bhavya received advances from related parties. All outstanding balances are unsecured, payable on demand and in cash, and interest-bearing except for advances from HHI.

In 2025, KHI and SLDC paid advances to MEC and HHI amounting to P89.6 million and P78.0 million, respectively. In 2024, KHI paid advances to MEC amounting to P92.0 million.

5. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	P225,860	P195,000
Cash in banks	994,966,262	1,171,587,035
Cash equivalents	385,922,621	2,874,181,627
	P1,381,114,743	P4,045,963,662

Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the current operations. Cash equivalents are short-term placements made for varying periods up to three (3) months or less and earn interest at the prevailing short-term investment rates.

Interest income is earned from the following (see Note 20):

	2025	2024	2023
Cash in banks	P2,350,323	P2,872,629	P4,275,164
Cash equivalents	73,432,966	246,284,095	289,117,399
	P75,783,289	P249,156,724	P293,392,563

6. Financial Assets at FVPL

Financial assets at FVPL are investments in unit investment trust funds.

Movements in this account are as follows:

	Note	2025	2024
Balance at beginning of year		₱1,895,958,320	₱877,853,288
Additions		12,760,000,000	13,625,494,489
Disposals		(14,386,967,623)	(12,619,565,831)
Unrealized holding gains	20	2,321,476	12,176,374
Balance at end of year		₱271,312,173	₱1,895,958,320

Realized gain on disposals of financial assets at FVPL amounted to ₱83.0 million, ₱84.0 million and ₱73.2 million in 2025, 2024, and 2023, respectively (see Note 20).

The fair value of financial assets at FVPL is classified under Level 1 of the fair value hierarchy using quoted market prices (see Note 28).

7. Receivables

This account consists of:

	Note	2025	2024
Trade receivables from:			
Sale of real estate		₱2,426,309,549	₱1,390,508,427
Leasing	22	100,615,456	163,093,802
Receivable from sale of interest in subsidiary	4	724,831,916	–
Advances to employees		19,101,526	14,462,155
Interest receivable		14,192	67,976,874
Other receivables		146,051,720	137,380,821
		3,416,924,359	1,773,422,079
Allowance for ECL		(1,746,790)	(1,746,790)
		₱3,415,177,569	₱1,771,675,289

Trade receivables from sale of real estate relate to sale of condominium units, retail units, lots, and residential townhouses that were already billed and which are generally collectible in monthly installments over a maximum period of three (3) years. Titles to the units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. Trade receivables from leasing operations are non-interest bearing, unsecured and collectible within seven (7) days from billing date.

Advances to employees represent salary and other loans granted to employees which are non-interest bearing in nature and collectible through salary deductions.

Interest receivable includes accrual of interest from the Group's short-term placements.

Other receivables mainly include accrued rent receivables (see Note 22), other charges, and advances which are non-interest bearing and collectible on demand.

8. Contract Assets and Contract Liabilities

The Group's contract assets and contract liabilities are as follows:

	2025	2024
Contract assets	₱8,891,243,368	₱7,625,261,813
Contract liabilities	595,701,610	428,492,840
Net contract assets	₱8,295,541,758	₱7,196,768,973

Contract assets pertain to receivables from the sale of condominium and office units and residential townhouses of the Group representing the excess of cumulative revenues from real estate sales over billed amounts. These amounts will be billed and collected in accordance with the agreed payment terms with the buyers, which is normally up to maximum of three (3) years. Increase in contract assets pertains to the additional revenues over billed receivables during the year.

Contract liabilities pertain to downpayments received from the real estate buyers at the inception of the contracts in which the related revenue is not yet recognized at the end of the year.

Movements in the contract assets account are as follows:

	2025	2024
Balance at beginning of year	₱7,625,261,813	₱5,540,326,910
Increase due to satisfaction of performance obligation over time	4,146,725,690	5,533,305,662
Transfers to trade receivables	(2,547,925,687)	(3,384,241,822)
Accretion of interest income from significant financing component	(73,319,996)	(59,125,201)
Reversal due to cancellation of sales	(259,498,452)	(5,003,736)
Balance at end of year	₱8,891,243,368	₱7,625,261,813

Movements in the contract liabilities account are as follows:

	2025	2024
Balance at beginning of year	₱428,492,840	₱210,884,955
Increase due to cash received or billings due in excess of performance to date	622,759,897	445,441,020
Revenue recognized	(446,964,455)	(227,833,135)
Reversal due to cancellation of sales	(8,586,672)	-
Balance at end of year	₱595,701,610	₱428,492,840

9. Real Estate for Sale

This account consists of:

	2025	2024
Land and assets under construction	₱11,743,425,793	₱5,962,210,763
Office units for sale	1,363,380,310	1,308,963,974
	₱13,106,806,103	₱7,271,174,737

Movements of this account follow:

	Note	2025	2024
Balance at beginning of year		₱7,271,174,737	₱7,548,831,703
Acquisition of raw land		5,240,175,882	32,122,991
Construction costs incurred		3,153,293,006	2,006,715,874
Cost of real estate sold		(3,041,995,459)	(4,297,157,327)
Repossessions		511,837,729	1,479,643,756
Transfers from (to) investment properties	10	(27,679,792)	501,017,740
Balance at end of year		₱13,106,806,103	₱7,271,174,737

Repossessions arising from cancellation of sales due to buyer's default in payments represent previously sold units which were recorded back as "Real estate for sale". These are recorded at fair value less cost to repossess and are held for sale in the ordinary course of business. Gain on repossession amounted to ₱14.4 million, ₱68.2 million and ₱97.0 million in 2025, 2024 and 2023, respectively (see Note 20).

Land and Assets under Construction

These consist of land and development costs of ongoing real estate projects of the Group. As at December 31, 2025 and 2024, this account includes the land and development costs of Sevina Park Villas and Una Apartments, Lucima, and Eluria (see Note 1).

In 2025, the Group acquired land for the development of Sondris, LIV North, and Project Vanilla. For Project Vanilla, the Group entered into a Sale and Purchase Agreement to acquire 14 parcels of land in Banilad Road, Cebu City for a total consideration of ₱1,860.2 million, intended for mixed-use real estate development. The acquisition was undertaken jointly with other co-buyers and is to be allocated based on a land allocation agreement. Under the terms of the agreement, the Transfer Certificates of Title (TCTs) for these properties were placed in escrow with a local bank. The TCTs will be released progressively upon the completion of agreed development milestones and settlement of the three annual installment payments beginning in 2026 (see Note 13).

The land of Sevina Park with a carrying amount of ₱658.8 million as at December 31, 2025 and 2024 was mortgaged as collateral for long-term loan facility with a local bank with an outstanding balance of ₱262.3 million and ₱677.4 million as at December 31, 2025 and 2024, respectively (see Note 14).

The land of Eluria with carrying amount of ₱780.4 million as at December 31, 2025 and 2024 are used as security for the bank loan of Bhavya with an outstanding balance of ₱811.2 million and ₱925.8 million as at December 31, 2025 and 2024, respectively (see Note 14).

The land of Lucima Residences with a carrying amount of ₱794.5 million as at December 31, 2025 and 2024 are used as security for the bank loan of Bhavana with an outstanding balance of ₱627.5 million and ₱892.3 million as at December 31, 2025 and 2024, respectively (see Note 14).

The land of Sondris with carrying amount of ₱178.9 million is used as security for the bank loan of ZLDC with outstanding balance of ₱1,113.1 million as at December 31, 2025 (see Note 14).

In 2024, Cazneau transferred a portion of a parcel of land from “Investment properties” account to “Real estate for sale” account aggregating ₱501.0 million. In 2025, SLDC transferred certain parking slots to “Investment properties” account from “Real estate for sale” account amounting to ₱27.7 million. These transfers were made as a result of changes in the use of the properties as approved by the BOD (see Note 10).

Office Units for Sale

The carrying amount of office units for sale represents amounts reclassified from land cost and assets under construction upon completion of the related property.

NRV of Real Estate for Sale

As at December 31, 2025 and 2024, real estate for sale, except for repossessions measured at fair value less costs to repossess, is stated at cost which is lower than its NRV. There is no allowance for inventory obsolescence as at December 31, 2025 and 2024.

10. Investment Properties

Investment properties consist of completed real estate projects and land held to earn rental income and/or for capital appreciation and not for sale in the ordinary course of business nor for administrative purposes.

	2025	2024
ACPT	₱8,052,704,020	₱7,200,420,660
Cebu Exchange	3,661,000,000	3,033,000,003
Arya Residences:		
Retail units	1,464,000,000	1,444,698,000
Parking slots	203,000,000	198,452,000
Land:		
UPHI’s Laguna and Tagaytay properties	1,393,428,475	1,161,190,392
ALCO’s Batangas and Tagaytay properties	389,231,010	325,642,500
Savya Financial Center	878,000,000	739,000,000
Courtyard Hall	527,926,000	487,616,000
	₱16,569,289,505	₱14,590,019,555

Movements of this account follow:

	Note	2025	2024
Balance at beginning of year, at cost		₱5,220,317,669	₱5,287,300,691
Transfers from (to) real estate for sale	9	27,679,792	(78,570,201)
Development costs incurred		9,290,771	50,635,249
Disposal		-	(39,048,070)
Balance at end of year, at cost		5,257,288,232	5,220,317,669
Cumulative gains on change in fair value		11,294,769,029	9,353,995,493
		16,552,057,261	14,574,313,162
Unamortized initial direct leasing costs		17,232,244	15,706,393
Balance at end of year, at fair value		₱16,569,289,505	₱14,590,019,555

Movements of the cumulative gains on change in fair value are as follows:

	Note	2025	2024
Balance at beginning of year		₱9,353,995,493	₱7,879,588,682
Net gain on change in fair value		1,940,773,536	1,933,989,204
Transfers to real estate for sale	9	–	(422,447,539)
Disposals		–	(37,134,854)
Balance at end of year		₱11,294,769,029	₱9,353,995,493

Movements of the unamortized initial direct leasing costs are as follows:

	2025	2024
Balance at beginning of year	₱15,706,393	₱8,743,074
Additions	7,182,147	12,302,003
Amortization	(5,656,296)	(5,338,684)
Balance at end of year	₱17,232,244	₱15,706,393

ACPT

The carrying amount of ACPT includes office units and parking slots for lease. ACPT office units are used as collateral for loans payable amounting to ₱1,488.8 million and ₱598.4 million as at December 31, 2025 and 2024, respectively (see Note 14).

Cebu Exchange

The carrying amount of Cebu Exchange includes office units and parking slots for lease. The Group sold investment properties resulting to a gain on sale amounting to ₱1.2 million in 2023 (see Note 20). In 2025, office units and parking spaces of Cebu Exchange with carrying amount of ₱3,476.7 were used as security of the Group's loans related to the development of green projects and general working fund requirements of CLLC with outstanding balances of ₱983.7 million and ₱610.0 million as at December 31, 2025, respectively.

Arya Residences

Retail units and parking slots in Arya Residences are used for leasing operations. In 2024, the Group sold investment properties resulting to a loss on sale amounting to ₱1.2 million in 2024 (see Note 20).

Land

UPHI's raw land has a total area of 33 hectares and are located at Barangay Gonzalo Bontog, Calamba City and Barangay Calabuso, Tagaytay City. Part of UPHI's land was expropriated by the National Power Corporation (NAPOCOR), leading to court proceedings. While others appealed the compensation amount, UPHI plans to settle with the National Transmission Corporation (NTC) (NAPOCOR's successor) since it can no longer use the property. Management believes this settlement won't significantly impact the consolidated financial statements but could help recover the property's cost.

Moreover, UPHI filed a complaint ("Complaint") for quieting of title on October 18, 2010, due to incorrect tax declarations by the City of Tagaytay for its Calamba City property. The trial court ruled in UPHI's favor in June 2020. The defendants appealed to the Court of Appeals (CA), but on July 31, 2023, the CA upheld the trial court's decision. Their Motions for Reconsideration were also denied on February 15, 2024. Both filed petitions for review under Rule 45 of the Rules of Court before the Supreme Court in April 2024 while UPHI submitted its Comment/Opposition to the same in October 2024.

The Supreme Court rendered its Decision on August 11, 2025 denying the consolidated petitions and affirmed the Order of the trial court dated July 31, 2023 and the Resolution of the CA dated February 15, 2024. The City of Tagaytay and one of the individual defendants filed their Motions for Reconsideration on March 7, 2026 and March 24, 2026, respectively.

ALCO's Batangas and Tagaytay properties have a total area of 10.3 hectares.

In 2024, Cazneau transferred commercial lots from "Investment Properties" to "Real estate for sale" account with fair value of ₱501.0 million because of the change in the intended use of the property as approved by the BOD (see Note 9).

Savya Financial Center

The carrying amount of Savya Financial Center includes office units and parking slots for lease.

In 2025, SLDC transferred certain parking slots to "Investment properties" account from "Real estate for sale" account amounting to ₱27.7 million. These transfers were made as a result of changes in the use of the properties as approved by the BOD (see Note 9).

Courtyard Hall

The land attributable to Cazneau's Courtyard Hall with a carrying amount of ₱393.5 million and ₱198.3 million as at December 31, 2025 and 2024, respectively, was used as collateral for a long-term loan facility of Cazneau with an outstanding balance of ₱262.3 million and ₱677.4 million as at December 31, 2025 and 2024, respectively (see Note 14).

Leasing Operations

The Group recognized revenue from leasing operations amounting to ₱705.1 million in 2025, ₱414.9 million in 2024 and ₱366.3 million in 2023 (see Note 17) and incurred direct cost of leasing amounting to ₱176.6 million in 2025, ₱161.8 million in 2024 and ₱143.3 million in 2023.

Fair Value Measurement

The fair values of investment properties were determined by an independent, SEC-accredited appraiser, Asian Appraisal Company, Inc., with appropriate professional qualifications and relevant experience in the location and category of the properties being valued. The valuation was performed as at December 31, 2025 and 2024. The Group has determined that the current use of its investment properties represents their highest and best use.

Class of Property	Valuation Technique	Significant Inputs	Range		
			2025	2024	
ACPT	Discounted cash flow (DCF) approach	Discount rate	8.63%	9.20%	
		Rental rate per sqm	₱1,850	₱1,904	
		Rental rate per slot	₱9,500	₱8,888	
		Calculated no. of net leasable area (sqm)	18,059	18,059	
		Vacancy rate	Not material / negligible	Not material / negligible	
		Income tax rate	25%	25%	
		Cebu Exchange: Retail units	DCF approach	Rental rate per sqm	₱1,470
	Rent escalation rate per annum (p.a.)	5%		5%	
	Discount rate	8.63%		9.20%	
	Vacancy rate	25%		25%	
	Income tax rate	25%		25%	
Office units	DCF approach	Rental rate per sqm		₱940	₱830
		Rent escalation rate p.a.		5%	5%
		Discount rate	8.63%	9.20%	
		Vacancy rate	Not material / negligible	Not material / negligible	
		Income tax rate	25%	25%	

(Forward)

Class of Property	Valuation Technique	Significant Inputs	Range	
			2025	2024
Parking slots	DCF approach	Rental rate per slot	₱5,812	₱5,670
		Rent escalation rate p.a.	5%	5%
		Discount rate	8.63%	9.20%
		Vacancy rate	40%	40%
		Income tax rate	25%	25%
Arya Residences: Retail units	DCF approach	Rental rate per sqm	₱3,300	₱3,745
		Rent escalation rate p.a.	7%	7%
		Discount rate	8.63%	9.20%
		Vacancy rate	5%	5%
		Income tax rate	25%	25%
Parking slots	DCF approach	Rental rate per slot	₱8,500	₱8,828
		Rent escalation rate p.a.	7%	7%
		Discount rate	8.63%	9.20%
		Vacancy rate	5%	5%
		Income tax rate	25%	25%
Land:				
UPHI's Laguna and Tagaytay properties	Market data approach	Price per sqm	₱4,200	₱2,900
		Value adjustments	-15% to 10%	5% to 10%
ALCO's Batangas and Tagaytay properties	Market data approach	Price per sqm	₱3,600 - ₱3,800	₱2,700
		Value adjustments	-25% to 40%	-30% to 5%
Savya Financial Center Retail units	DCF approach	Rental rate per sqm	₱800	₱900
		Rent escalation rate p.a.	0% - 6%	0% - 6%
		Discount rate	8.63%	9.20%
		Vacancy rate	Not material / negligible	Not material / negligible
		Income tax rate	25%	25%
Parking slots	DCF approach	Rental rate per slot	₱5,200	₱5,200
		Rent escalation rate p.a.	0% - 5%	0% - 5%
		Discount rate	8.63%	9.20%
		Vacancy rate	Not material / negligible	Not material / negligible
		Income tax rate	25%	25%
Cazneau's Courtyard Hall Building	Depreciated replacement cost method	Estimated replacement cost	₱170,297,000	₱152,071,000
		Remaining economic life	31 years	32 years
Land	Market data approach	Price per sqm	₱102,000	₱92,000
		Value adjustments	-15% to -10%	15% to 20%

The description of the valuation techniques and inputs used in the fair value measurement are as follows:

Discounted Cash Flow Approach

Under the DCF approach, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's estimated useful life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF approach involves the projection of a series of cash flows on a real property interest. An appropriate, market-derived discount rate is applied to projected cash flow series to establish the present value of the income stream associated with the investment property.

Periodic cash flows of investment properties are typically estimated as gross income less vacancy and operating expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The frequency of inflows and outflows are contract and market-derived. The DCF approach assumes that cash outflows occur in the same period that expenses are recorded.

Sensitivity Analysis. A reasonably possible change in key assumptions would have the following effects:

- An increase (decrease) in rental rates and rent escalation rates would result in a corresponding increase (decrease) in fair value.
- An increase (decrease) in discount rates and vacancy rates would result in a corresponding decrease (increase) in fair value.

Market Data Approach

Market data approach involves the comparison of the UPHI's Laguna and Tagaytay properties, Cazneau's Laguna properties and ALCO's Batangas and Tagaytay properties to those that are more or less located within the vicinity of the appraised properties and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

The inputs to fair valuation are as follows:

- *Price per sqm* - 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 property taking into account the location, size and architectural features among others.

Depreciated Replacement Cost Method

Depreciated replacement cost method is used to estimate valuation of the Courtyard Hall by computing for the replacement cost of the assets and applying appropriate adjustments for physical deterioration and functional and economic obsolescence.

The reconciliation of the balances of investments properties classified according to level in the fair value hierarchy is as follows:

	2025		Total
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Balance at beginning of year	₱1,971,065,512	₱12,618,954,043	₱14,590,019,555
Net gain on change in fair value	295,825,979	1,644,947,557	1,940,773,536
Transfers from real estate for sale	–	27,679,792	27,679,792
Construction costs incurred	–	9,290,771	9,290,771
Initial direct leasing costs	–	1,525,851	1,525,851
Balance at end of year	₱2,266,891,491	₱14,302,398,014	₱16,569,289,505

	2024		Total
	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Balance at beginning of year	₱1,856,644,669	₱11,318,987,778	₱13,175,632,447
Net gain on change in fair value	615,438,583	1,318,550,621	1,933,989,204
Transfers to real estate for sale	(501,017,740)	–	(501,017,740)
Disposals	–	(76,182,924)	(76,182,924)
Construction costs incurred	–	50,635,249	50,635,249
Initial direct leasing costs	–	6,963,319	6,963,319
Balance at end of year	₱1,971,065,512	₱12,618,954,043	₱14,590,019,555

There are no transfers between the levels of fair value hierarchy in 2025, 2024 and 2023.

11. Property and Equipment

The details and movements of this account consist of:

	2025							Total
	Building and Improvements	Building Transportation Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	ROU Assets	
Cost								
Balances at beginning of year	₱256,707,392	₱80,315,611	₱65,806,721	₱110,863,832	₱78,500	₱–	₱29,028,000	₱542,800,056
Additions	1,102,620	–	10,452,499	1,037,910	–	21,351,868	38,246,000	72,190,897
Disposals	–	(13,595,536)	–	–	–	–	–	(13,595,536)
Balances at end of year	257,810,012	66,720,075	76,259,220	111,901,742	78,500	21,351,868	67,274,000	601,395,417
Accumulated Depreciation and Amortization								
Balances at beginning of year	50,126,062	48,273,878	54,772,115	83,405,040	78,500	–	4,526,000	241,181,595
Depreciation and amortization	4,887,416	13,076,008	9,499,513	20,902,090	–	–	13,081,356	61,446,383
Disposals	–	(13,595,536)	–	–	–	–	–	(13,595,536)
Balances at end of year	55,013,478	47,754,350	64,271,628	104,307,130	78,500	–	17,607,356	289,032,442
Carrying Amount	₱202,796,534	₱18,965,725	₱11,987,592	₱7,594,612	₱–	₱21,351,868	₱49,666,644	₱312,362,975

	2024							Total
	Building and Improvements	Building Transportation Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	ROU Assets		
Cost								
Balances at beginning of year	₱253,399,531	₱92,771,505	₱57,247,428	₱102,634,798	₱78,500	₱–	₱–	₱506,131,762
Additions	3,307,861	66,696	8,823,007	8,229,034	–	29,028,000	–	49,454,598
Disposals	–	(12,522,590)	–	–	–	–	–	(12,522,590)
Reclassification	–	–	(263,714)	–	–	–	–	(263,714)
Balances at end of year	256,707,392	80,315,611	65,806,721	110,863,832	78,500	29,028,000	–	542,800,056
Accumulated Depreciation and Amortization								
Balances at beginning of year	45,253,058	42,706,435	46,524,017	55,801,083	78,500	–	–	190,363,093
Depreciation and amortization	4,873,004	18,090,033	8,419,844	27,603,957	–	4,526,000	–	63,512,838
Disposals	–	(12,522,590)	–	–	–	–	–	(12,522,590)
Reclassification	–	–	(171,746)	–	–	–	–	(171,746)
Balances at end of year	50,126,062	48,273,878	54,772,115	83,405,040	78,500	4,526,000	–	241,181,595
Carrying Amount	₱206,581,330	₱32,041,733	₱11,034,606	₱27,458,792	₱–	₱24,502,000	–	₱301,618,461

The Group has fully depreciated property and equipment still being used in operations with cost amounting to ₱116.3 million and ₱93.2 million as at December 31, 2025 and 2024, respectively.

The Parent Company sold property and equipment which resulted to gain (loss) on disposal amounting to ₱4.5 million in 2024 and (₱0.9 million) in 2023 (see Note 20).

Depreciation and amortization were charged to:

	Note	2025	2024	2023
Operating expenses	18	₱70,607,775	₱68,537,131	₱62,614,519
Cost of services		–	48,016	137,608
		₱70,607,775	₱68,585,147	₱62,752,127

Breakdown of the depreciation and amortization expense follows:

	Note	2025	2024	2023
Property and equipment		₱61,446,383	₱63,512,838	₱59,938,650
Software and licenses	12	9,161,392	5,072,309	2,813,477
		₱70,607,775	₱68,585,147	₱62,752,127

12. Other Assets

This account consists of:

	Note	2025	2024
Advances for project development and land acquisition		832,690,186	₱663,759,829
Amounts held in escrow		249,763,060	335,370,367
Prepayments		199,392,189	160,429,517
Net deferred tax assets	23	169,532,699	–
Deposits		142,030,117	502,128,321
Software and licenses		83,823,848	39,185,585
Amounts held in trust		40,019,673	9,503,621
Others		20,483,253	19,574,907
		1,737,735,025	1,729,952,147
Allowance for impairment loss		(16,002,600)	(16,002,600)
		₱1,721,732,425	₱1,713,949,547

Advances for project development and land acquisition pertain to downpayments made to contractors for the construction and acquisition of land of the Group's real estate projects. These advances are applied against progress billings and upon transfer of land.

Amounts held in escrow represent the debt service account required under existing loans with local banks and the amount of which is equivalent to a quarterly principal and interest amortization.

Prepayments include prepaid taxes, insurance, and prepaid commission related to the costs incurred to obtain contracts with customers. Prepayments are amortized over a year, except for prepaid commissions, which are amortized over the lease term for leasing and based on percentage of completion for selling.

Deposits pertain to utility, professional services and guarantee deposits for the construction of the Group's real estate projects. These are settled upon completion of the documentary requirements. In 2024, the Group recognized a provision of allowance for impairment loss pertaining to deposits amounting to ₱16.0 million.

The carrying amount of software and licenses amounted to ₱83.8 million and ₱39.2 million as at December 31, 2025 and 2024, respectively. Amortization of software and licenses recorded as part of “Depreciation and amortization” account in the consolidated statements of comprehensive income amounted to ₱9.2 million, ₱5.1 million and ₱2.8 million in 2025, 2024 and 2023, respectively (see Note 11).

Amounts held in trust represent cash in bank held under trust pursuant to the Group’s applications for socialized housing with the Department of Human Settlements and Urban Development in relation to its projects.

Others include deferred input VAT and materials and supplies related to excess construction materials and supplies from the construction of completed real estate projects.

13. Accounts and Other Payables

This account consists of:

	Note	2025	2024
Accounts payable		₱549,263,961	₱440,687,961
Accrued expenses		2,121,903,850	1,596,863,305
Payable to landowners	9	1,860,247,000	–
Deferred output VAT		1,170,312,492	923,068,600
Retention payable		672,178,812	637,212,543
Advances from buyers		220,418,284	281,430,016
Security deposits	22	147,467,673	125,302,311
Statutory payables		73,752,488	31,599,994
Advance rent	22	72,485,342	58,517,124
Lease liabilities		51,920,116	25,187,149
Dividend payable		4,396,992	51,132,727
Others		66,156,033	91,191,005
		₱7,010,503,043	₱4,262,192,735

Accounts payable, which are unsecured, non-interest bearing and are normally settled within 30 days to one (1) year, consist mainly of liabilities to contractors and suppliers.

Accrued expenses are expected to be settled within the next 12 months. This account consists of:

	2025	2024
Construction costs	₱1,799,173,204	₱1,125,327,687
Interest	194,493,065	369,938,025
Personnel cost	6,228,664	1,794,659
Others	122,008,917	99,802,934
	₱2,121,903,850	₱1,596,863,305

Other accrued expenses pertain to management and professional fees, utilities, commissions, advertising and other expenses.

Payable to landowners pertains to the remaining purchase price of land intended for the future development of Project Vanilla (see Note 9). Future repayment of the outstanding balance is as follows:

Less than 1 year	₱500,000,000
1 to 2 years	607,000,000
2 to 3 years	753,247,000
	₱1,860,247,000

Deferred output VAT pertains to VAT from sales of property on installments and receivables from leasing operations. If the payments in the year of sale do not exceed 25% of the gross selling price, the sale will be considered under installment, in which case VAT will be paid based on collections.

Retention payable, which will be released after completion and satisfaction of the terms and conditions of the construction contract, pertains to amount retained by the Group from the contractors' progress billings for the real estate projects of the Group.

Advances from buyers include reservation fees and collections received from prospective lessees or buyers, which are and to be applied as security deposits upon execution of lease contracts or against the total contract price of the real estate sale. These are recorded at face amount.

Security deposits pertain to the deposits made by the lessees of the ACPT, Arya retail units, Savya Financial Center, Cebu Exchange, and dormitory units which are refundable upon termination of the lease less any unsettled balances.

Statutory payables pertain to various withheld taxes payable to the government agencies which are generally paid within the next reporting period.

Advance rent pertains to the payments made in advance by the tenants to be applied to their rent payable in the immediately succeeding months or in the last three (3) months of the lease term.

The balance and movements in lease liabilities follow:

	Note	2025	2024
Balance at beginning of year		₱25,187,149	₱-
Additions		38,246,000	29,015,160
Rental payments		(15,845,305)	(5,568,750)
Interest expense	14	4,332,272	1,740,739
Balance at end of year		51,920,116	25,187,149
Current portion of lease liability		16,632,437	17,629,344
Noncurrent portion of lease liability		₱35,287,679	₱7,557,805

As at December 31, 2025 and 2024, the future minimum lease payments are as follows:

	2025	2024
Within one year	₱20,318,285	₱8,449,691
More than one year but less than three years	29,533,622	21,275,156
More than three years	9,744,281	3,856,294
	₱59,596,188	₱33,581,141

Other payables include construction bonds, liabilities to SSS, PhilHealth and HDMF, payables to certain buyers as at cutoff date.

14. Loans Payable

This account consists of outstanding loans with:

	2025	2024
Local banks	₱18,646,599,606	₱12,422,800,781
Private funders	53,223,970	53,223,970
	₱18,699,823,576	₱12,476,024,751

Movements of this account follow:

	2025	2024
Balance at beginning of year	₱12,492,459,796	₱11,217,702,057
Availments	19,405,606,381	10,013,779,699
Payments	(13,136,165,857)	(8,739,021,960)
Balance at end of year	18,761,900,320	12,492,459,796
Unamortized debt issue cost	(62,076,744)	(16,435,045)
	18,699,823,576	12,476,024,751
Less current portion of loans payable	11,426,598,458	8,699,545,361
Noncurrent portion of loans payable	₱7,273,225,118	₱3,776,479,390

Movements in debt issue cost are as follows:

	2025	2024
Balance at beginning of year	₱16,435,045	₱30,884,861
Additions	62,048,265	2,812,500
Amortization	(16,406,566)	(17,262,316)
Balance at end of year	₱62,076,744	₱16,435,045

Future repayment of the outstanding principal amounts of loans payable is as follows:

	2025	2024
Within one (1) year	₱11,431,029,373	₱8,699,545,361
After one (1) year but not more than three (3) years	3,708,247,503	3,792,914,435
More than three (3) years	3,622,623,444	-
	₱18,761,900,320	₱12,492,459,796

Local Bank Loans

These are secured and unsecured loans from local banks obtained to finance the Group's working capital requirements, project development and acquisition of properties. These loans have interest rates ranging from 6.17% to 9.10% in 2025, and 5.50% to 9.10% in 2024 and 2023.

Details of outstanding local bank loans as at December 31 follow:

Purpose	Terms and Security	Effective interest rate (p.a.)	2025	2024
<i>Short-term loans:</i>				
Short-term loans for working fund requirements	Unsecured and payable in full within one (1) year	7.0% to 8.85%	₱2,411,354,634	₱2,351,281,667
Short-term loan for working fund requirement of Savya	Unsecured and payable in full within one (1) year	7.50% to 8.50%	1,332,644,900	745,326,625
Short-term loans for working fund requirements of Cazneau	Unsecured and payable in full within one (1) year	7.50% to 8.50%	326,045,000	69,100,000
Short-term loans for working fund requirements of Eluria	Unsecured and payable in full within one (1) year	7.50%	125,444,000	217,027,000
Short-term loan for working fund requirement of Lucima	Unsecured and payable in full within one (1) year	7.50%	87,000,000	–
Short-term loans for construction of Cebu Exchange	Unsecured and payable in full within one (1) year	7.60% to 8.0%	–	1,381,000,000
<i>Construction and development of projects:</i>				
Project Development and Land Acquisitions	Payable on a quarterly basis starting 2028 to 2030; secured by 51 office and commercial units and 336 parking slots of ACPT with carrying amount of ₱8,052.7 million (see Note 10), and a debt service reserve account amounting to ₱25.9 million as at December 31, 2025	7.13%	1,488,809,680	–
Construction of Sondris	Payable on a quarterly basis starting 3rd quarter of 2028 until July 2030; secured by land with carrying amount of ₱178.9 million (see Note 9) and a deposit hold out account amounting to ₱20.3 million as at December 31, 2025	7.31% to 7.77%	1,113,111,353	–
Development of Green Projects	Payable on a quarterly basis starting 2028 to 2030; secured by real estate mortgage over 38 office units and parking spaces of Cebu Exchange Tower Properties with carrying amount of ₱2,019.1 million (see Note 10) and a debt service reserve account amounting to ₱19.3 million as at December 31, 2025	7.47%	983,725,394	–
Construction of Eluria	Payable on a quarterly basis starting 2025 until 2027; secured by Eluria property with carrying amount of ₱780.4 million as at December 31, 2025 and 2024 (see Note 9), and an escrow account amounting to ₱22.8 million and ₱21.9 million as at December 31, 2025 and 2024, respectively.	6.37% to 9.10%	₱811,212,939	₱925,834,235
Construction of Lucima	Payable on a quarterly basis starting 2024 until 2026; secured by Lucima Residences property with carrying amount of ₱794.5 million as at December 31, 2025 and 2024 (see Note 9), and an escrow account amounting to ₱30.1 million and ₱28.9 million as at December 31, 2025 and 2024, respectively.	6.17% to 8.78%	627,507,212	892,255,959
Construction of Sevina Park	Payable on a quarterly basis starting November 2023 until August 2026; secured by raw land with carrying amount of ₱658.8 million as at December 31, 2025 and 2024 (see Note 9), land attributable to courtyard hall with carrying amount of ₱393.5 million and ₱198.3 million, and an escrow account amounting to ₱28.9 million and ₱18.9 million as at December 31, 2025 and 2024, respectively.	6.25% to 8.49%	262,309,470	677,411,436
Development of Green Projects	Unsecured and payable in full on February 6, 2025	6.35%	–	998,665,566
Construction of ACPT	Payable on a quarterly basis starting 4th quarter of 2020 until July 2025; secured by ACPT office units with carrying amount of ₱7,200.4 million as at December 31, 2024 (see Note 10) and an escrow account amounting to ₱208.9 million as at December 31, 2024. The loan was fully settled in 2025.	5.50%	–	598,427,817
Construction of Sevina Park	Payable from 2025 to 2027; secured by receivables and contract assets from buyers of units in Sevina Park Villas and Una Apartment T1	6.75% to 8.25%	2,006,594,173	620,177,668

(Forward)

Purpose	Terms and Security	Effective interest rate (p.a.)	2025	2024
Construction of Eluria	Payable in full in 2026 and 2027; secured by receivables and contract assets from buyers of units in Eluria	7.25% to 8%	1,202,666,255	346,434,529
Construction of Lucima	Payable in full in 2026; secured by receivables and contract assets from buyer of units and parking slots in Lucima	7.16% to 7.75%	629,842,825	581,830,291
Construction of Savya Financial Center	Payable in full in 2025 and 2026; secured by receivables and contract assets from buyer of units and parking slots in Savya Financial Center	6.50% to 6.75%	168,879,288	670,793,963
<i>Long-term loans -</i>				
Long-term loans for working fund requirements of Arthaland	Unsecured and payable in full in 2026 and 2027	8.09% to 8.63%	2,215,500,000	–
Long-term loans for working fund requirements of CLLC	Unsecured and payable in full in 2026 and 2027	8.50% to 8.63%	1,224,800,000	–
Long term loans in working fund requirements of Arthaland	Payable from 2025 to 2028; secured by an unregistered real estate mortgage over commercial units and parking spaces of Arya Residences	7.53% to 8.12%	669,152,483	997,234,025
Long-term loans for refinancing of existing debt and other general corporate purposes of CLLC	Payable from 2026 to 2028; secured by a real estate mortgage over 12 office units and parking slots of Cebu Exchange with carrying amount of ₱1,457.6 million as at December 31, 2025	7.60% to 8.00%	610,000,000	–
Long term loans in working fund requirements of Arthaland	Unsecured revolving credit line and payable in full upon maturity	7.50%	350,000,000	350,000,000
			₱18,646,599,606	₱12,422,800,781

Development of Green Projects

In 2020, the Group entered into a ₱1,000.0 million term loan agreement with a local bank to finance eligible green projects, including land banking, investments, and refinancing activities related to such projects. The full amount of the loan was drawn in 2020. Under the terms of the agreement, the Group is required to submit disbursement reports to the lending bank to confirm that the loan proceeds have been utilized for eligible green projects. The loan was fully settled in February 2025.

In 2025, the Group entered into a sustainability-linked loan agreement of ₱1,000.0 million with a local bank to finance project development and land acquisitions, to refinance existing debt, and for other general corporate purposes.

The loan is secured by a real estate mortgage over the Cebu Exchange Tower properties of CLLC and by a debt service reserve account (DSRA). The DSRA is required to be maintained at an amount at least equal to the principal amortization and interest due on the immediately succeeding payment date.

The Group is required to maintain a debt-to-equity ratio of not more than 2.0x and current ratio of not less than 1.5x on a consolidated basis.

The Group is compliant with the requirements of the loan as at December 31, 2025 and 2024. The debt-to-equity ratio and current ratio of the Group is 1.5x and 1.9x, and 1.4x and 1.6x as at December 31, 2025 and 2024, respectively.

Construction of Sondris

In 2025, ZLDC entered into a ₱2,414.0 million term loan agreement with a local bank to finance the acquisition of 48 Condominium Certificate of Title (CCTs) and to partially fund the construction of Sondris.

As at December 31, 2025, ZLDC had drawn ₱1,122.6 million from the facility.

Under the loan agreement, ZLDC is required to maintain a maximum debt-to-equity ratio of 2.0x and a minimum current ratio of 1.5x. As at December 31, 2025, the Company's debt-to-equity ratio is 0.9x and its current ratio is 186.3x. Accordingly, ZLDC is compliant with the financial covenants as at December 31, 2025.

Construction of Eluria

In 2022, Bhavya entered into a term loan facility with a local bank to partially finance the construction of Eluria. Loan proceeds are available in multiple tranches from the date of initial drawdown. The outstanding loan balance is secured by real estate mortgage on the land of Bhavya.

Moreover, Bhavya is required to maintain debt-to-equity ratio of not more than 2.0x, current ratio of not less than 1.5x and project debt-to-equity ratio not exceeding 0.5x. The debt-to-equity ratio, current ratio and project debt-to-equity ratio of Bhavya is 1.9x, 1.5x, and 0.2x, and 2.0x, 2.0x, and 0.5x, as at December 31, 2025 and 2024, respectively, which are compliant with the required financial covenants.

Construction of Lucima

In 2021, Bhavana entered into a term loan facility of ₱930.0 million with a local bank to partially finance the construction of Lucima. Loan proceeds are available in multiple tranches for a period of three (3) years from the date of initial drawdown. The outstanding loan balance is secured by real estate mortgage on the land of Bhavana located in Cebu City.

Moreover, Bhavana is required to maintain debt-to-equity ratio of not more than 2.0x, current ratio of not less than 1.5x and project debt to equity ratio not exceeding 0.5x. The debt-to-equity ratio, current ratio and project debt-to-equity ratio of Bhavana is 1.7x, 1.5x, and 0.2x, and 1.9x, 1.8x, and 0.3x, as at December 31, 2025 and 2024, respectively, which are compliant with the required financial covenants.

Construction of Sevina Park

In 2021, Cazneau entered into a long-term loan facility of ₱1.0 billion with a local bank to partially finance the construction of Sevina Park. Loan proceeds are available in multiple tranches for a period of three (3) years from the date of initial drawdown. The outstanding loan balance is secured by real estate mortgage over two parcels of land of Cazneau and grant of security interest over shares of ALCO.

Moreover, the loan facility requires Cazneau to maintain current ratio of not less than 1.5x and debt-to-equity ratio of not more than 2.0x. The debt-to-equity ratio and current ratio of Cazneau is 1.8x and 1.7x, and 1.1x and 1.6x as at December 31, 2025 and 2024, respectively, which are compliant with the required financial covenants.

Construction of ACPT

In 2015, the Group entered into an Omnibus Loan and Security Agreement (OLSA) for a credit line of ₱2,000.0 million, to partially finance the cost of construction and development of the ACPT. The outstanding loan balance is secured by the ACPT office units and a security trust agreement covering the maintenance of revenue and operating accounts, project receivables and project agreements. The loan was fully settled in July 2025.

Project Development and Land Acquisitions

In 2025, the Company entered into a sustainability-linked loan agreement of ₱1,500.0 million with a local bank to finance project development and land acquisitions, to refinance existing debt, and for other general corporate purposes.

The outstanding balance of the loan is secured by ACPT units and an unregistered real estate mortgage over ACPT parking slots and by DSRA. The DSRA is required to be maintained at an amount at least equal to the principal amortization and interest due on the immediately succeeding payment date.

The Group is required to maintain a current ratio of at least 1.5x and a debt-to-equity ratio of not more than 2.0x based on the consolidated financial statements. For the years ended December 31, 2025, 2024 and 2023, the Group is fully compliant with these debt covenants.

Long-term loans of CLLC

In 2025, CLLC entered into a term loan facility of ₱610.0 million with a local bank to refinance existing debt, and for other general corporate purposes. The outstanding loan balance is secured by real estate mortgage over 12 condominium units and parking slots within Cebu Exchange Tower. Moreover, CLLC is required to maintain debt to equity ratio of not more than 2.0x. As at December 31, 2025, the debt-to-equity ratio of CLLC is 0.4x. Accordingly, CLLC is compliant with the financial covenant.

Private Funders

Outstanding balances of the loans from private funders amounting to ₱53.2 million as at December 31, 2025 and 2024 have interest rates of 5.80% p.a. in 2025 and 5.40% p.a. in 2024, and are unsecured and are for working capital requirements of the Group.

Interest Expense

Total interest expense charged under “Finance costs” consists of the following (see Note 19):

	Note	2025	2024	2023
Interest expense on:				
Loans payable and advances from non-controlling interests		₱1,258,557,691	₱1,036,475,568	₱550,390,848
Bonds payable	15	279,327,339	443,762,626	465,794,610
Lease liabilities	13	4,332,272	1,740,739	–
		₱1,542,217,302	₱1,481,978,933	₱1,016,185,458

Interest expense on loans payable and bonds payable includes amortization of debt issuance costs.

15. Bonds Payable

As at December 31, 2025 and 2024, this account consists of:

	2025	2024
Bonds payable	₱3,000,000,000	₱6,000,000,000
Unamortized debt issue cost	(34,245,835)	(44,467,581)
	2,965,754,165	5,955,532,419
Less current portion of bonds payable	–	3,000,000,000
	₱2,965,754,165	₱2,955,532,419

Movement in debt issue cost in 2025 and 2024 are as follows:

	2025	2024
Balance at beginning of year	₱44,467,581	₱58,477,587
Amortization	(10,221,746)	(14,010,006)
Balance at end of year	₱34,245,835	₱44,467,581

In October 2019, ALCO's BOD approved the filing of a registration statement for the shelf registration of ₱6.0 billion fixed rate ASEAN Green Bonds (the "Bonds") and the initial tranche of ₱2.0 billion bonds, with an oversubscription option of up to ₱1.0 billion.

In January 2020, the SEC approved the registration of the Bonds and the issuance of its initial tranche. On February 6, 2020, ALCO issued the initial tranche amounting to ₱2.0 billion with an oversubscription of ₱1.0 billion. It has a term ending five (5) years from the issue date or on February 6, 2025, with a fixed interest rate of 6.35% p.a. and an early redemption option on the 3rd and 4th year from issue date. The proceeds of the initial tranche is for the development of eligible green projects and payment of certain outstanding loans of the Group. This was fully redeemed in February 2025.

In October 2022, the BOD approved the second tranche of up to ₱3.0 billion. The SEC approved the offer supplement in December 2022 for ₱2.4 billion with an oversubscription of up to ₱0.6 billion. These bonds have a five-year term with a fixed interest rate of 8.00% p.a. and an early redemption option in the 3rd and 4th years, and a seven-year term with a fixed interest rate of 8.75% p.a. and an early redemption option in the 5th and 6th years. Proceeds will fund eligible green projects and repay certain outstanding loans.

The Group is required to maintain debt to equity ratio of not more than 2.0x and current ratio of at least 1.5x based on its consolidated financial statements. As at December 31, 2025 and 2024, the Group is compliant with these financial ratios.

Interest expense incurred on the Bonds amounted to ₱279.3 million, ₱443.8 million and ₱465.8 million in 2025, 2024 and 2023, respectively (see Note 14).

16. Equity

The details of the Parent Company's number of common and preferred shares as at December 31, 2025, 2024 and 2023 are as follows:

	2025 and 2024		2023	
	Preferred	Common	Preferred	Common
Authorized	80,000,000	16,368,095,199	50,000,000	16,368,095,199
Par value per share	₱1.00	₱0.18	₱1.00	₱0.18
Issued	47,464,860	5,318,095,199	48,500,000	5,318,095,199
Outstanding	37,464,860	5,318,095,199	28,500,000	5,318,095,199

Common Shares

As at December 31, 2025 and 2024, the Parent Company has issued and outstanding common shares of 5,318,095,199 at ₱0.18 par value equivalent to ₱957.3 million.

Preferred Shares

The Group's preferred shares Series A, Series C, Series D, Series E and Series F are cumulative, nonvoting, nonparticipating and nonconvertible. The movements and details of the issued and outstanding preferred shares are as follows:

	2025		2024		2023	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Balance at beginning of year	47,464,860	₱47,464,860	48,500,000	₱48,500,000	48,500,000	₱48,500,000
Issuance	–	–	18,964,860	18,964,860	–	–
Retirement	–	–	(20,000,000)	(20,000,000)	–	–
Balance at end of year	47,464,860	47,464,860	47,464,860	47,464,860	48,500,000	48,500,000
Treasury shares	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	(20,000,000)	(20,000,000)
Parent Company's shares held by a subsidiary	(26,500,000)	(26,500,000)	(26,500,000)	(26,500,000)	(12,500,000)	(12,500,000)
Outstanding	10,964,860	₱10,964,860	10,964,860	₱10,964,860	16,000,000	₱16,000,000

In June 2019, the Group made a follow-on offering of 10.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Preferred Shares Series C with ₱1 par value a share at the issuance price of ₱100 a share. Excess of the proceeds over the total par value amounting to ₱990.0 million and transactions costs of ₱12.5 million were recognized as addition and reduction to additional paid-in capital, respectively.

On December 3, 2021, the Group made a follow-on offering of 6.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Preferred Shares Series D with ₱1 par value per share at the issuance price of ₱500 per share. Excess of the proceeds over the total par value amounting to ₱2,994.0 million and transaction costs of ₱29.6 million were recognized as addition and reduction to additional paid-in capital, respectively.

In December 2023, the BOD of the Parent Company approved the amendment of the Articles of Incorporation (AOI) to increase its authorized capital stock by ₱50.0 million preferred shares. This was approved by the stockholders during a Special Stockholders' Meeting on January 31, 2024.

In November 2024, ALCO made a follow-on offering of 6.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Preferred Shares Series F with ₱1 par value a share at the issuance price of ₱500 a share. As at December 31, 2024, the issued and outstanding Preferred Shares Series F are 5.0 million for ₱2,482.4 million. Excess of the proceeds over the total par value amounting to ₱2,477.5 million and transactions costs of ₱30.1 million were recognized as addition and reduction to additional paid-in capital, respectively.

On January 22, 2025, the BOD approved the proposal to amend Article Seventh of the AOI of ALCO by decreasing its authorized capital stock by ₱10.0 million preferred shares. The foregoing decrease in the authorized capital stock corresponds to the redemption of Series C Preferred Shares on June 27, 2024. On March 18, 2026, the Group obtained the approval from SEC to amend its AOI to decrease its authorized capital stock.

Additional Paid-in Capital

As at December 31, 2025, 2024 and 2023, the Group's additional paid-in capital amounted to ₱6,464.3 million, ₱6,464.3 million, and ₱5,973.4 million, respectively.

Parent Company's Preferred Shares Held by Subsidiary

In 2016, ALCO issued 12.5 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Preferred Shares Series A with ₱1 par value a share to MPI. On August 14, 2024, the Parent Company issued to MPI 14.0 million Preferred Shares Series E with a selling price of ₱1 per share for ₱14.0 million.

Treasury Shares

Movements in the Group's treasury shares are as follows:

	2025		2024		2023	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Balance at beginning of year	10,000,000	₱1,000,000,000	20,000,000	₱2,000,000,000	20,000,000	₱2,000,000,000
Retirement of Series B Preferred Shares	-	-	20,000,000	(2,000,000,000)	-	-
Redemption of Series C Preferred Shares	-	-	10,000,000	1,000,000,000	-	-
Balance at end of year	10,000,000	₱1,000,000,000	10,000,000	₱1,000,000,000	20,000,000	₱2,000,000,000

On December 6, 2021, the Group redeemed all of the outstanding 20.0 million Series B Preferred Shares equal to its offer price plus any accrued and unpaid cash dividends due as of date. Treasury shares pertaining to the redemption of 20.0 million Series B Preferred shares were recognized at cost amounting to ₱2,000.0 million.

In May 2024, the redemption of Preferred Shares Series C of the Group was approved. The Group redeemed the 10.0 million preferred shares at a redemption price of ₱100 per share for ₱1,000.0 million, plus accrued and any unpaid cash dividends due on redemption date June 27, 2024.

On August 14, 2024, the Group obtained the approval from SEC to amend its AOI to increase its authorized capital stock by ₱50.0 million. Following the approval, the Group cancelled the 20.0 million Preferred Shares Series B with a selling price of ₱100 per share for ₱2,000.0 million. Accordingly, the cancellation of preferred shares series B resulted in the decrease of additional paid-in capital amounting to ₱1,956.4 million

Common and Preferred Shares Listed with PSE

The details and movements of the common and preferred shares listed with PSE follows:

Date of SEC Approval	Type of Issuance	No. of Shares Issued (Redeemed)	Issue/Offer Price
1996	Initial public offering of common shares	351,000,000	₱1.00
1998	Issuance of common shares	256,203,748	1.00
1999	Common stock dividends	410,891,451	1.00
2009	Issuance of common shares	628,770,000	0.20
2010	Issuance of common shares	100,000,000	0.20
2011	Issuance of common shares	2,200,000,000	0.20
2016	Public offering of Series "B" preferred shares	20,000,000	100
2019	Public offering of Series "C" preferred shares	10,000,000	100
2021	Public offering of Series "D" preferred shares	6,000,000	500
2021	Redemption of Series "B" preferred shares	(20,000,000)	100
2024	Redemption of Series "C" preferred shares	(10,000,000)	100
2024	Public offering of Series "F" preferred shares	4,964,860	500

The Parent Company has 1,903 and 1,908 stockholders as at December 31, 2025 and 2024, respectively.

Dividend Declaration

The Parent Company's BOD and stockholders approved the following cash dividends to preferred and common stockholders:

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
January 22, 2025	February 7, 2025	March 3, 2025	Series D preferred shares	₱45,000,000	₱7.5000
March 26, 2025	April 15, 2025	May 14, 2025	Series F preferred shares	45,465,705	9.1575
May 7, 2025	May 22, 2025	June 3, 2025	Series D preferred shares	45,000,000	7.5000
June 27, 2025	July 15, 2025	August 8, 2025	Common shares	63,817,145	0.0120
June 27, 2025	July 21, 2025	August 14, 2025	Series F preferred shares	45,465,705	9.1575
August 6, 2025	August 20, 2025	September 3, 2025	Series D preferred shares	45,000,000	7.5000
August 6, 2025	October 21, 2025	November 14, 2025	Series F preferred shares	45,465,705	9.1575
October 29, 2025	November 13, 2025	December 3, 2025	Series D preferred shares	45,000,000	7.5000
				₱380,214,260	

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
January 31, 2024	March 1, 2024	March 27, 2024	Series C preferred shares	₱17,319,000	₱1.7319
January 31, 2024	February 8, 2024	March 3, 2024	Series D preferred shares	45,000,000	7.5000
May 8, 2024	June 3, 2024	June 27, 2024	Series C preferred shares	17,319,000	1.7319
May 8, 2024	May 23, 2024	June 3, 2024	Series D preferred shares	45,000,000	7.5000
June 28, 2024	July 19, 2024	August 9, 2024	Common Shares	63,817,142	0.0120
August 6, 2024	August 23, 2024	September 3, 2024	Series D preferred shares	45,000,000	7.5000
November 5, 2024	November 19, 2024	December 3, 2024	Series D preferred shares	45,000,000	7.5000
December 11, 2024	January 21, 2025	February 14, 2025	Series F preferred shares	45,465,705	9.1575
				₱323,920,847	

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
October 25, 2023	November 29, 2023	December 27, 2023	Series C preferred shares	₱17,319,000	₱1.7319
October 25, 2023	November 13, 2023	December 4, 2023	Series D preferred shares	45,000,000	7.5000
August 2, 2023	September 4, 2023	September 28, 2023	Series C preferred shares	17,319,000	1.7319
August 2, 2023	August 16, 2023	September 4, 2023	Series D preferred shares	45,000,000	7.5000
June 30, 2023	July 17, 2023	August 10, 2023	Common Shares	63,817,142	0.0120
May 3, 2023	June 1, 2023	June 27, 2023	Series C preferred shares	17,319,000	1.7319
May 3, 2023	May 17, 2023	June 5, 2023	Series D preferred shares	45,000,000	7.5000
January 25, 2023	March 1, 2023	March 27, 2023	Series C preferred shares	17,319,000	1.7319
January 25, 2023	February 8, 2023	March 3, 2023	Series D preferred shares	45,000,000	7.5000
				₱313,093,142	

Other Equity Reserves

This account consists of:

	Note	2025	2024	2023
Effect of changes in the Parent Company's ownership interest in subsidiaries		₱169,002,018	₱169,002,018	₱169,002,018
Cumulative rereasurement gains on net retirement asset or liability - net of tax	21	37,152,564	32,819,118	40,402,986
Stock options		7,161,827	7,161,827	7,161,827
		₱213,316,409	₱208,982,963	₱216,566,831

Movements of this account are as follows:

	Note	2025	2024	2023
Balance at beginning of year		₱208,982,963	₱216,566,831	₱221,696,435
Remeasurement gain (loss) on net retirement liability	21	4,333,446	(7,583,868)	(5,129,604)
Balance at end of year		₱213,316,409	₱208,982,963	₱216,566,831

Stock Options

In ALCO's annual meeting on 16 October 2009, stockholders approved the 2009 ALCO Stock Option Plan, allowing the issuance of up to 10% of ALCO's total outstanding capital stock equivalent to 531,809,519 shares. The plan was administered by the Stock Option and Compensation Committee, composed of three directors, one of whom is independent. Eligible participants include Board members (excluding independent directors), the President and CEO, corporate officers, managerial employees, and executive officers of subsidiaries or affiliates. The Committee has the authority to determine grant recipients, exercise prices (not below par value), grant timing, and share allocation based on performance evaluations.

The option period spans three years, with vesting as follows: up to 33.33% within the first 12 months, up to 33.33% from the 13th to the 24th month, and up to 33.33% from the 25th to the 36th month. On the exercise date, the full purchase price must be paid, or as decided by the Committee. In 2010, 164.8 million options were granted, but none were exercised until the expiration of the option period in October 2012.

On 14 December 2018, the Board approved granting up to 90 million options at ₱0.85 per share based on performance evaluation of the grantees. On 25 March 2020, the option price was reduced to ₱0.50 per share.

As at December 31, 2025 and 2024, none of the qualified employees have exercised their options.

Use of Proceeds

Green Bonds - First Tranche

On February 21, 2024, the BOD approved the reallocation of the use of proceeds of the Bonds effective March 22, 2024, as follows (amounts in millions):

Project	Actual Net Proceeds	Proposed Reallocation
Savya Financial Center or other Eligible Green Projects	₱1,500.0	₱1,351.0
Manila Long-Term Project	1,140.0	1,289.0
Arthaland Century Pacific Tower	309.0	309.0
Total	₱2,949.0	₱2,949.0

This was fully redeemed in February 2025.

Green Bonds - Tranche 2

The gross proceeds from the offer of the second tranche of the bonds amounted to ₱3,000.0 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱2,949.0 million.

On August 6, 2025, the BOD approved the reallocation of the use of proceeds of the bonds effective September 5, 2025, as follows (amounts in millions):

Project	Actual Net Proceeds	Proposed Reallocation
Project Rock	₱1,593.7	₱1,593.7
Project Vanilla	760.0	930.3
ACPT Loan and Others	225.0	225.0
Project Olive	370.3	–
Project Teal	–	200.0
Total	₱2,949.0	₱2,949.0

The following tables show the breakdown of the use of the proceeds (amounts in millions):

Purpose	Gross Proceeds	Actual Net Proceeds	Actual Disbursement as at December 31, 2025	Balance for Disbursement as at December 31, 2025
Project Rock	₱226.0	₱1,593.7	₱1,593.7	₱–
Project Vanilla	1,120.0	930.3	930.3	–
Project Olive	1,378.0	–	–	–
Project Teal	–	200.0	50.0	150.0
ACPT Loan and Others	276.0	225.0	225.0	–
Total	₱3,000.0	₱2,949.0	₱2,799.0	₱150.0

On February 18, 2026, the BOD approved the reallocation of the use of proceeds of the bonds effective March 20, 2026, as follows (amounts in millions):

Project	Actual Net	
	Proceeds	Proposed Reallocation
Project Rock	₱1,593.7	₱1,593.7
Project Vanilla	930.3	1,080.3
ACPT Loan and Others	225.0	225.0
Project Teal	200.0	50.0
Total	₱2,949.0	₱2,949.0

Series F Preferred Shares

The gross proceeds from the offer of Series F Preferred Shares amounted to ₱2,482.4 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱2,451.5 million.

On March 26, 2025, the BOD approved the reallocation of the use of proceeds of the Preferred Shares Series F effective April 25, 2025, as follows (amounts in millions):

Purpose	Actual Net	
	Proceeds	Proposed Reallocation
Repayment of BDO Bridge Financing	₱1,000.0	₱1,000.0
Project Teal	1,140.0	821.5
ACPT Loan and Others	311.5	200.0
Debt Service Reserve Account (DSRA) Requirement for ACPT Loan	–	200.0
Investment into Bhavya to Fund Project Eluria	–	30.0
General Corporate Purposes	–	200.0
Total	₱2,451.5	₱2,451.5

The following tables show the breakdown of the use of the proceeds (amounts in millions):

Purpose	Gross Proceeds	Actual Net Proceeds	Actual	Balance for
			Disbursement as at December 31, 2025	Disbursement as at December 31, 2025
Repayment of BDO Bridge Financing	₱1,000.0	₱1,000.0	₱1,000.0	₱–
Project Teal	1,140.0	821.5	821.5	–
ACPT Loan and Others	342.4	200.0	200.0	–
Debt Service Reserve Account (DSRA) Requirement for ACPT Loan	–	200.0	200.0	–
Investment into Bhavya to Fund Project Eluria	–	30.0	30.0	–
General Corporate Purposes	–	200.0	200.0	–
Total	₱2,482.4	₱2,451.5	₱2,451.5	₱–

17. Revenues

The Group's revenues are as follows:

	Note	2025	2024	2023
Real estate sales of:				
Eluria		₱1,323,042,122	₱768,682,118	₱565,910,408
Una Apartments		1,295,422,543	991,183,786	–
Lucima Residences		755,761,469	1,498,794,548	1,512,300,615
Sevina Park		416,213,892	935,588,864	794,498,165
Cebu Exchange		368,612,149	1,378,903,418	986,256,059
Savya Financial Center		151,166,916	185,019,836	2,392,608,813
		4,310,219,091	5,758,172,570	6,251,574,060
Leasing revenue	22	705,069,656	414,901,457	366,299,089
Interest on real estate sales		89,820,951	15,307,178	–
Property management fees		38,437,831	35,642,933	21,050,433
		₱5,143,547,529	₱6,224,024,138	₱6,638,923,582

Revenue from real estate sales recognized over time amounted to ₱4,310.2 million in 2025, ₱5,230.0 million in 2024, and ₱6,164.8 million in 2023. Revenue from real estate sales recognized at a point in time consisting of lots sold amounted to nil in 2025, ₱528.3 million in 2024, and ₱474.1 million in 2023.

Leasing revenue pertains to rent income and CUSA earned from various lease contracts of the Parent Company in ACPT, commercial units and parking slots of MPI in Arya Residences, office units and parking slots of SLDC in Savya Financial Center, commercial and office units and parking slots of CLLC in Cebu Exchange Tower, and Cazneau in Courtyard Hall.

Property management fees pertain to services rendered by APPS in the management and maintenance of all common areas of Arya Residences, ACPT, Cebu Exchange and Savya Financial Center. The service contract with Arya Residences Condominium Corporation had an initial term of seven (7) years from December 1, 2014 and the engagement was renewed for another five (5) years commencing on December 1, 2021. The terms of the service contracts with Arthaland Century Pacific Tower Condominium Corporation is seven (7) years from August 1, 2018, Cebu Exchange Condominium Corporation is five (5) years and Savya Financial Center Condominium Corporation is six (6) years both from September 1, 2023.

18. Operating Expenses

Operating expenses are classified as follows:

	2025	2024	2023
Administrative	₱1,107,396,670	₱1,009,172,950	₱821,439,823
Selling and marketing	598,717,584	454,809,392	529,115,673
	₱1,706,114,254	₱1,463,982,342	₱1,350,555,496

Details of operating expenses by nature are as follows:

	Note	2025	2024	2023
Personnel costs		₱401,507,366	₱374,808,551	₱276,523,524
Advertising		375,008,406	290,859,744	265,716,476
Commissions		223,709,178	163,949,648	263,399,197
Taxes and licenses		192,197,879	167,105,785	174,634,585
Communication and office expenses		154,092,993	174,649,594	111,166,961
Transportation and travel		75,582,934	71,788,384	60,516,180
Depreciation and amortization	11	70,607,775	68,537,131	62,614,519
Management and professional fees		58,352,288	63,407,400	42,641,046
Repairs and maintenance		37,897,554	16,014,250	10,565,940
Insurance		23,284,299	17,156,812	24,912,851
Representation		15,339,628	2,448,591	1,280,730
Rent	22	11,142,286	6,502,154	6,133,894
Utilities		7,855,294	7,861,747	36,331,964
Others		59,536,374	38,892,551	14,117,629
		₱1,706,114,254	₱1,463,982,342	₱1,350,555,496

Personnel costs consist of:

	Note	2025	2024	2023
Salaries and other employee benefits		₱369,202,434	₱348,542,987	₱258,855,447
Retirement expense	21	32,304,932	26,265,564	17,668,077
		₱401,507,366	₱374,808,551	₱276,523,524

19. Finance Costs

This account consists of:

	Note	2025	2024	2023
Interest expense	14	₱1,542,217,302	₱1,481,978,933	₱1,016,185,458
Bank charges		32,666,076	4,949,882	4,164,974
		₱1,574,883,378	₱1,486,928,815	₱1,020,350,432

20. Other Income (Charges)

This account consists of:

	Note	2025	2024	2023
Gain on assignment of advances	4	₱204,831,916	₱—	₱—
Realized gain on disposals of financial assets at FVPL	6	83,029,771	84,031,978	73,157,830
Interest income	5	75,783,289	249,156,724	293,392,563
Gain on repossession	9	14,377,954	68,237,042	96,979,144
Unrealized holding gains on financial assets at FVPL	6	2,321,476	12,176,374	858,794
Unrealized foreign exchange gain (loss)		(833,278)	2,446,735	4,437,686
Gain (loss) on disposal of property and equipment	11	—	4,457,347	(857,717)
Gain (loss) on sale of investment properties	10	—	(1,175,558)	1,198,576
Others		18,412,851	6,553,736	52,086,597
		₱397,923,979	₱425,884,378	₱521,253,473

Others pertain to forfeited collections, penalties for late rental payments, gain on sale of property, and commissions. In 2024, others include write-off of receivables from CPG amounting to ₱36.1 million (see Note 24).

21. Retirement Plan

The Group has a funded and non-contributory defined benefit retirement plan covering all of its qualified employees. The retirement benefits are based on years of service and compensation on the last year of employment as determined by an independent actuary. The normal retirement age is 60 with a minimum of five (5) years of credited service. The plan also provides for an early retirement at age 50 with minimum of five (5) years of credited service or late retirement after age 60, both subject to the approval of the Group's BOD.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentrations of risk on the plan assets.

There are no unusual or significant risks to which the retirement liability exposes the Group. However, in the event a benefit claim arises under the retirement liability, the benefit shall immediately be due and payable from the Parent Company.

The following tables summarize the components of retirement benefit costs recognized in the consolidated statements of comprehensive income for the year ended December 31, 2025 (based on the report of an independent actuary dated January 9, 2026).

Details of retirement expense are as follows (see Note 18):

	2025	2024	2023
Current service cost	₱30,519,356	₱26,490,326	₱19,830,224
Net interest cost	1,785,576	(224,762)	(2,162,147)
	₱32,304,932	₱26,265,564	₱17,668,077

The movements of net retirement liability recognized in the consolidated statements of financial position are as follows:

	2025	2024
Balance at beginning of year	₱27,371,514	(₱9,005,874)
Current service cost	30,519,356	26,490,326
Net interest cost	1,785,576	(224,762)
Remeasurement losses (gains) on:		
Change in financial assumptions	(6,970,124)	(1,697,558)
Return on plan assets	1,846,302	2,413,192
Experience adjustments	(654,106)	10,310,519
Effect of asset ceiling	-	(914,329)
Balance at end of year	₱53,898,518	₱27,371,514

The funded status and amounts recognized in the consolidated statements of financial position for the net retirement liability as at December 31, 2025 and 2024 are as follows:

	2025	2024
Present value of retirement liability	₱196,708,188	₱166,487,412
Fair value of plan assets	(142,809,670)	(139,115,898)
	₱53,898,518	₱27,371,514

While there are no minimum funding requirements in the country, any size of underfunding may pose a cash flow risk in about ten years' time when a significant number of employees is expected to retire.

As at December 31, 2025, based on the latest actuarial valuation prepared in accordance with PAS 19, the present value of the defined benefit obligation exceeded the fair value of plan assets, resulting in a net defined benefit liability of ₱53.9 million.

Changes in the present value of the retirement liability are as follows:

	2025	2024
Balance at beginning of year	₱166,487,412	₱133,813,065
Current service cost	30,519,356	26,490,326
Interest cost	10,291,300	8,150,760
Benefits paid from plan assets	(2,965,650)	(10,579,700)
Remeasurement losses (gains) on:		
Change in financial assumptions	(6,970,124)	(1,697,558)
Experience adjustments	(654,106)	10,310,519
Balance at end of year	₱196,708,188	₱166,487,412

Changes in the fair value of plan assets are as follows:

	2025	2024
Balance at beginning of year	₱139,115,898	₱143,680,782
Interest income	8,505,724	8,428,008
Benefits paid from plan assets	(2,965,650)	(10,579,700)
Remeasurement loss on return on plan assets	(1,846,302)	(2,413,192)
Balance at end of year	₱142,809,670	₱139,115,898

Plan assets are primarily composed of cash and cash equivalents, as well as unit investment trust accounts and do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in operations.

The distribution of the plan assets as at December 31, 2025 and 2024 follows:

	2025	2024
Cash and cash equivalents	65%	63%
Unit investments trust funds	35%	35%
Others	0%	2%
	100%	100%

The cumulative remeasurement gains on net retirement liability recognized in OCI as at December 31 are as follows:

	2025		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱43,873,880	₱11,054,762	₱32,819,118
Remeasurement gain	5,777,928	1,444,482	4,333,446
Balance at end of year	₱49,651,808	₱12,499,244	₱37,152,564

	2024		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱53,985,704	₱13,582,718	₱40,402,986
Remeasurement loss	(10,111,824)	(2,527,956)	(7,583,868)
Balance at end of year	₱43,873,880	₱11,054,762	₱32,819,118

The principal assumptions used for the purpose of the actuarial valuation are as follows:

	2025	2024
Discount rate	6.5% to 6.6%	6.2% to 6.2%
Salary projection rate	6.0%	6.0%
Average remaining service years	22.6 to 30.1	22.1 to 31.3

The sensitivity analysis based on reasonable possible changes of assumptions as at December 31, 2025 and 2024 are presented below.

	Change in Assumption	Effect on Present Value of Retirement Liability	
		Discount Rate	Salary Projection Rate
December 31, 2025	+1%	(P19,081,955)	P22,790,255
	-1%	22,905,682	(19,331,913)
December 31, 2024	+1%	(17,105,219)	20,392,041
	-1%	20,564,159	(17,280,969)

There are no unusual or significant risks to which the benefit plan exposes the Group.

The expected future benefit payments within the next ten years are as follows:

Financial Year	Amount
2026	P47,603,112
2027	4,989,734
2028	5,834,373
2029	30,461,438
2030	7,927,019
2031-2035	92,967,570

The weighted average duration of the retirement benefit obligation as at December 31, 2025 and 2024 are 10.0 years to 23.8 years and 10.6 years to 24.7 years, respectively.

22. Commitments

Operating Lease Commitments - Group as Lessor

The Parent Company entered into various lease agreements in ACPT for periods ranging from one (1) year to 10 years. Majority of lease agreements include an escalation clause of 5% every year. The lease contracts do not provide for any contingent rent.

MPI has various lease agreements for its retail units and parking slots in Arya Residences. The term of the lease ranges from two (2) to five (5) years. The lease agreements also provide for various escalation rates for the duration of the agreements.

Cazneau has entered into lease agreements for its dormitory units in Courtyard Hall. The term is renewable every trimester.

In 2025, SLDC and CLLC entered into lease agreements for the lease of its office and retail units and parking slots in Savva Financial Center and Cebu Exchange Tower, respectively, with lease terms ranging from five (5) to 10 years.

Leasing revenue recognized from these operating leases amounted to ₱705.1 million in 2025, ₱414.9 million in 2024, and ₱366.3 million in 2023 (see Note 17). Lease receivables amounted to ₱100.6 million and ₱163.1 million as at December 31, 2025 and 2024, respectively (see Note 7). Accrued rent receivable amounted to ₱65.4 million and ₱18.0 million as at December 31, 2025 and 2024, respectively (included under “Other receivables” as part of “Receivables” in Note 7). Advance rent from tenants amounted to ₱72.5 million, and ₱58.5 million as at December 31, 2025 and 2024, respectively (see Note 13). Security deposits, which may be applied to unsettled balances or refunded at the end of the lease term, amounted to ₱147.5 million and ₱125.3 million as at December 31, 2025 and 2024, respectively (see Note 13).

The future minimum lease payments to be received under non-cancellable operating leases as at December 31 are as follows:

	2025	2024
Within one (1) year	₱65,013,601	₱248,245,631
After one (1) year but not more than five (5) years	249,486,204	500,636,048
More than five (5) years	217,633,221	–
	₱532,133,026	₱748,881,679

Finance Lease Commitment - Group as Lessee

The Group is a lessee under a non-cancellable lease agreements for transportation equipment for a period of three (3) to five (5) years. The ROU assets and lease liabilities amounted to ₱49.7 million and ₱51.9 million, and ₱24.5 million and ₱25.2 million as at December 31, 2025 and 2024, respectively (see Notes 11 and 13).

Operating Lease Commitment - Group as Lessee

The Parent Company is a lessee under non-cancellable operating leases. For short-term and low value leases, rent expense recognized amounted to ₱11.1 million in 2025, ₱6.5 million in 2024, and ₱6.1 million in 2023 and (see Note 18).

Capital Commitments

The Group has remaining contractual obligations for the construction and development of real estate for sale amounting to ₱4,988.8 million and ₱4,132.3 million as of December 31, 2025 and 2024, respectively.

23. Income Taxes

The components of income tax expense are as follows:

	2025	2024	2023
Reported in Profit or Loss			
Current:			
MCIT	₱55,461,205	₱36,051,610	₱21,550,545
Final taxes	33,973,754	66,510,515	72,764,819
Gross income tax (GIT)	4,795,018	5,217,775	5,487,544
RCIT	–	14,358,362	180,158,033
	94,229,977	122,138,262	279,960,941
Deferred	373,416,300	223,147,429	169,705,162
	₱467,646,277	₱345,285,691	₱449,666,103

		2025	2024	2023
Reported in OCI				
Deferred tax related to				
remeasurement loss (gains) on				
net retirement liability (asset)	21	(P1,444,482)	P2,527,956	P1,709,868

Deferred Tax Assets

The components of the Group's recognized net deferred tax assets are as follows:

	2025
Deferred tax assets:	
NOLCO	P224,299,269
Excess MCIT over RCIT	3,335,219
Retirement liability	2,381,544
Excess of taxable over financial gross profit	11,267,634
Effect of PFRS 16	18,914
Unrealized foreign exchange loss	17,270
	241,319,850
Deferred tax liabilities:	
Excess of financial over taxable gross profit	71,787,151
Net deferred tax assets	P169,532,699

Deferred Tax Liabilities

The components of the Group's recognized net deferred liabilities are as follows:

	2025	2024
Deferred tax assets:		
NOLCO	P818,905,031	P925,188,957
Excess MCIT over RCIT	92,781,154	42,951,753
Retirement liability	36,373,479	34,170,154
Advance rent	16,214,143	12,583,583
Excess of commission expense over		
commissions paid	8,172,757	8,172,757
Allowance for impairment losses	4,437,348	4,437,348
Effect of PFRS 16	538,426	165,258
	977,422,338	1,027,669,810
Deferred tax liabilities -		
Cumulative gains on change in fair value of		
investment properties	2,840,005,564	2,354,812,179
Excess of financial over taxable gross profit	681,259,010	693,889,949
Depreciation of investment properties	81,052,872	62,377,834
Accrued rent receivable	17,861,403	15,382,839
Actuarial gain or loss	12,557,629	11,596,534
Transfer of fair value to property and equipment	9,659,545	9,884,186
Capitalized debt issue costs	7,461,936	7,634,465
Unrealized foreign exchange gain	1,655,732	1,789,696
	3,651,513,691	3,157,367,682
Net deferred tax liabilities	P2,674,091,353	P2,129,697,872

Management assessed that it is probable that sufficient future taxable income will be available against which the benefits of the deferred tax assets can be utilized.

As at December 31, 2025 and 2024, the Group did not recognize deferred tax assets relating to the following:

	2025	2024
NOLCO	P83,215,129	P43,023,853
Excess MCIT over RCIT	612,738	545,459
	P83,827,867	P43,569,312

Management has assessed that these may not be realized in the future.

NOLCO and Excess MCIT over RCIT

The details of the Group's NOLCO and excess MCIT over RCIT are as follows:

NOLCO

Year Incurred	Balance at Beginning of Year	Incurred	Applied	Expired	Balance at End of Year	Valid Until
2025	P-	P2,213,076,682	P-	P-	P2,213,076,682	2028
2024	1,310,052,345	-	-	-	1,310,052,345	2027
2023	844,756,976	-	-	-	844,756,976	2026
2022	497,514,464	-	(17,766,744)	(479,747,720)	-	2025
2021	226,074,941	-	(189,871,601)	-	36,203,340	2026
2020	419,261,187	-	(406,534,201)	(12,726,986)	-	2025
	P3,297,659,913	P2,213,076,682	(P614,172,546)	(P492,474,706)	P4,404,089,343	

Under Republic Act No. 11494, also known as "Bayanihan to Recover As One Act" and Revenue Regulations No. 25-2020, NOLCO incurred for the taxable years 2020 and 2021 will be carried over for the next five (5) consecutive taxable years immediately following the year of such loss.

Excess MCIT over RCIT

Year Incurred	Balance at Beginning of Year	Incurred	Applied	Expired	Balance at End of Year	Valid Until
2025	P-	P55,460,920	P-	P-	P55,460,920	2028
2024	37,224,199	-	-	-	37,224,199	2027
2023	7,031,690	-	-	-	7,031,690	2026
2022	3,983,074	-	-	(3,983,074)	-	2025
	P48,238,963	P55,460,920	P-	(P3,983,074)	P99,716,809	

The reconciliation between the income tax based on statutory income tax rate and provision for income tax reported in the consolidated statements of comprehensive income is as follows:

	2025	2024	2023
Income tax computed at statutory tax rate	₱354,796,176	₱601,828,074	₱606,220,259
Add (deduct) tax effect of:			
Expired NOLCO	123,118,677	–	–
Income subject to GIT	(25,013,185)	(25,091,619)	(24,637,139)
Nondeductible expenses	8,842,819	22,462,092	20,043,636
Expired excess MCIT over RCIT	3,983,074	–	–
Interest income subjected to final tax	(3,728,024)	(12,471,930)	(14,963,627)
Taxable rent	(2,269,773)	15,114,169	10,262,838
Realized gain on disposals of financial assets at FVPL subjected to final tax	(1,469,520)	(4,314,047)	(4,107,194)
Unrealized holding loss (gains) on financial assets at FVPL	(886,070)	(3,341,995)	115,234
Dividend income from subsidiaries	–	(252,250,000)	(132,500,000)
Change in unrecognized deferred tax assets	10,272,103	3,350,947	(10,767,904)
Income tax computed at effective tax rate	₱467,646,277	₱345,285,691	₱449,666,103

PEZA Registration

ACPT is registered with the Philippine Economic Zone Authority (PEZA) as an Ecozone Facilities Enterprise (see Note 1). The scope of its registered activity is limited to development, operation and maintenance of an economic zone.

Under the PEZA Registration Agreement, ACPT is entitled to:

- 5% GIT, in lieu of all national and local taxes; and
- Tax and duty-free importation of capital equipment required for the technical viability and operation of the registered facilities or activities.

Any income from activities of ACPT outside the PEZA-registered activities is subject to RCIT.

24. Related Party Transactions

Share Purchase Agreement

On December 11, 2024, the ALCO's BOD approved the amendment on the share purchase agreement where the Group shall no longer collect from CPG the amount of ₱36.1 million due to the considerable length of time the Complaint has been pending involving the property owned by UPHI, which includes, among others, removing all doubt on the ownership of UPHI over the property. The amendment resulted to the write-off of the receivable from CPG in 2024 (see Note 20).

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	2025	2024	2023
Salaries and other employee benefits	₱145,175,707	₱154,490,888	₱127,231,751
Retirement expense	14,950,414	20,193,519	16,366,953
	₱160,126,121	₱174,684,407	₱143,598,704

25. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes:

	2025						
	Financing Cash Flows			Noncash Transactions			Balances at End of the Year
	Balances at Beginning of Year	Availments	Payments	Additions/ Declaration	Amortization of Debt Issue Cost	Interest Expense	
Loans payable	₱12,476,024,751	₱19,343,558,116	(₱13,136,165,857)	₱-	₱16,406,566	₱-	₱18,699,823,576
Bonds payable	5,955,532,419	-	(3,000,000,000)	-	10,221,746	-	2,965,754,165
Advances from non-controlling interests	1,010,119,597	-	(167,600,000)	216,000,000	-	-	1,058,519,597
Dividends payable	51,132,727	-	(426,949,995)	380,214,260	-	-	4,396,992
Lease liabilities	25,187,149	-	(15,845,305)	38,246,000	-	4,332,272	51,920,116
Finance costs	369,938,025	-	(1,686,701,678)	-	(26,628,312)	1,537,885,030	194,493,065
	₱19,887,934,668	₱19,343,558,116	(₱18,433,262,835)	₱634,460,260	₱-	₱1,542,217,302	₱22,974,907,511

	2024						
	Financing Cash Flows			Noncash Transactions			Balances at End of the Year
	Balances at Beginning of Year	Availments	Payments	Additions/ Declaration	Amortization of Debt Issue Cost	Interest Expense	
Loans payable	₱11,186,817,196	₱10,010,967,199	(₱8,739,021,960)	₱-	₱17,262,316	₱-	₱12,476,024,751
Bonds payable	5,941,522,413	-	-	-	14,010,006	-	5,955,532,419
Advances from non-controlling interests	1,102,119,597	-	(92,000,000)	-	-	-	1,010,119,597
Dividends payable	5,686,177	-	(474,474,297)	519,920,847	-	-	51,132,727
Lease liabilities	-	-	(5,568,750)	29,015,160	-	1,740,739	25,187,149
Finance costs	280,805,743	-	(1,359,833,592)	-	(31,272,322)	1,480,238,194	369,938,023
	₱18,516,951,126	₱10,010,967,199	(₱10,670,898,599)	₱548,936,007	₱-	₱1,481,978,933	₱19,887,934,666

26. Earnings Per Share

Basic and diluted earnings per share (EPS) are computed as follows:

	2025	2024	2023
Net income attributable to equity holders of the Parent Company	₱414,708,712	₱575,999,975	₱948,309,181
Less share of Series C, D and F preferred shares in 2025, 2024 and 2023	(316,397,115)	(260,103,705)	(249,276,000)
Net income attributable to equity holders of the Parent Company for basic and diluted earnings per share	₱98,311,597	₱315,896,270	₱699,033,181
Weighted average number of common shares for basic and diluted EPS	5,318,095,199	5,318,095,199	5,318,095,199
Basic and diluted EPS	₱0.0185	₱0.0594	₱0.1314

Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year.

Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The Group has no dilutive potential common shares outstanding during the periods presented.

27. Financial Risk Management Objectives and Policies

The Group's financial instruments comprise cash in banks, cash equivalents, financial assets at FVPL, receivables (excluding accrued rent receivable), deposits, amounts held in escrow, amounts held in trust, loans payable, bonds payable, accounts and other payables (except statutory liabilities, deferred output VAT, advance rent and advances from buyers) and advances from non-controlling interests.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and approves policies for managing these risks as summarized below.

Credit Risk

Credit risk is the risk that a counterparty will fail to meet its contractual obligations, resulting in a financial loss to the Group. The Group's exposure to credit risk arises primarily from its trade receivables, contract assets, and other financial assets at amortized cost.

The Group's maximum exposure to credit risk is generally equal to the carrying amount of its financial assets, without taking into account any collateral or other credit enhancements.

The Group manages credit risk through established credit policies, including credit evaluation, approval processes, and ongoing monitoring of receivables and contract assets.

Trade Receivables and Contract Assets

The Group's trade receivables and contract assets arise primarily from the sale of real estate units under installment arrangements and leasing activities.

For real estate sales, the Group assesses buyers' creditworthiness prior to contract execution and monitors collections on an ongoing basis. Contract assets represent the Group's right to consideration for work performed but not yet billed and are subject to credit risk related to buyer default and contract cancellations.

For real estate sales, legal title to the property is generally transferred only upon full payment by the buyer. In the event of buyer default, the Group has the contractual right to cancel the sale and repossess the property. Repossessed units may subsequently be resold. These features mitigate the Group's exposure to credit risk, as the underlying real estate asset provides a form of security against potential losses. Historically, the Group has experienced low levels of credit losses on its real estate receivables.

Nevertheless, the Group applies the simplified approach under PFRS 9 in measuring expected credit losses, which requires recognition of lifetime ECL for trade receivables and contract assets.

The Group considers historical default and cancellation rates, current conditions, and forward-looking information, including trends in the real estate market, in assessing expected credit losses.

Other Financial Assets at Amortized Cost

The Group's other financial assets at amortized cost include cash in banks, cash equivalents, deposits, and amounts held in escrow and trust. The Group limits its exposure to credit risk by transacting only with financial institutions with high credit quality. These instruments are considered to have low credit risk, and the Group applies a 12-month ECL approach.

Concentration of Credit Risk

The Group's exposure to credit risk is influenced by the characteristics of its customer base. The Group's receivables and contract assets are primarily derived from:

- Individual buyers of residential units
- Commercial tenants

The Group has no significant concentration of credit risk with a single counterparty or group of counterparties.

Financial Assets at FVPL

The Group is also exposed to credit risk in relation to its investment in money market fund that is measured at FVPL. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

The table below presents the summary of the Group's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL.

Assets that are credit-impaired are separately presented.

	2025				
	Financial Assets at Amortized Cost			Financial Assets at FVPL	Total
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired		
Cash and cash equivalents*	P1,380,888,883	P-	P-	P-	P1,380,888,883
Financial assets at FVPL	-	-	-	271,312,173	271,312,173
Receivables**	-	3,349,816,380	1,746,790	-	3,351,563,170
Contract assets	-	8,891,243,368	-	-	8,891,243,368
Deposits	142,030,117	-	-	-	142,030,117
Amounts held in escrow	249,763,060	-	-	-	249,763,060
Amounts held in trust	40,019,673	-	-	-	40,019,673
	P1,812,701,733	P12,241,059,748	P1,746,790	P271,312,173	P14,326,820,444

*Excludes cash on hand amounting to P225,860

**Excludes accrued rent receivable amounting to P65.4 million as at December 31, 2025.

	2024				
	Financial Assets at Amortized Cost			Financial Assets at FVPL	Total
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired		
Cash and cash equivalents*	P4,045,768,662	P-	P-	P-	P4,045,768,662
Financial assets at FVPL	-	-	-	1,895,958,320	1,895,958,320
Receivables**	-	1,753,712,299	1,746,790	-	1,755,459,089
Contract assets	-	7,625,261,813	-	-	7,625,261,813
Deposits	502,128,321	-	-	-	502,128,321
Amounts held in escrow	335,370,367	-	-	-	335,370,367
Amounts held in trust	9,503,621	-	-	-	9,503,621
	P4,892,770,971	P9,378,974,112	P1,746,790	P1,895,958,320	P16,169,450,193

*Excludes cash on hand amounting to P195,000.

**Excludes accrued rent receivable amounting to P18.0 million as at December 31, 2024.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group manages liquidity risk by maintaining sufficient cash and cash equivalents, monitoring forecast and actual cash flows, and maintaining adequate unutilized credit facilities from financial institutions. The Group also manages liquidity through external financing, including bank borrowings and capital market issuances, as necessary.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows as at December 31, 2025 and 2024. The amounts presented include both principal and interest payments, where applicable.

2025						
	Due and Payable on Demand	Less than 1 Year	1-2 Years	>2-3 Years	Over 3 Years	Total
Loans payable	P-	P11,431,029,373	P3,708,247,503	P1,772,623,444	P1,850,000,000	P18,761,900,320
Bonds payable	-	-	1,600,000,000	-	1,400,000,000	3,000,000,000
Accounts and other payables*	672,178,812	3,405,820,946	642,287,679	753,247,000	-	5,473,534,437
Advances from non-controlling interest	1,058,519,597	-	-	-	-	1,058,519,597
	P1,730,698,409	P14,836,850,319	P5,950,535,182	P2,525,870,444	P3,250,000,000	P28,293,954,354

*Excludes advances from buyers, advance rent, deferred output VAT and statutory payables aggregating to P1,537.0 million as at December 31, 2025.

2024						
	Due and Payable on Demand	Less than 1 Year	1-2 Years	>2-3 Years	Over 3 Years	Total
Loans payable	P-	P8,699,545,361	P3,792,914,435	P-	P-	P12,492,459,796
Bonds payable	-	3,000,000,000	-	-	3,000,000,000	6,000,000,000
Accounts and other payables*	637,212,544	2,330,364,457	-	-	-	2,967,577,001
Advances from non-controlling interest	1,010,119,597	-	-	-	-	1,010,119,597
	P1,647,332,141	P14,029,909,818	P3,792,914,435	P-	P3,000,000,000	P22,470,156,394

*Excludes advances from buyers, advance rent and statutory payables aggregating to P1,294.6 million as at December 31, 2024.

Nature of Financial Liabilities and Timing of Cash Flows

Loans payable represent the Group's primary source of external financing and are obtained to fund working capital requirements, project development, and acquisitions. A significant portion of these loans is due within one year and is expected to be settled through a combination of internally generated cash flows, collections from related parties, and refinancing with existing or new credit facilities.

Bonds payable consist of fixed-rate instruments with bullet repayment terms. The Group manages the liquidity risk associated with these instruments through advance planning of refinancing or repayment strategies prior to maturity. During the year, bonds amounting to P3.0 billion matured and were settled.

Accounts and other payables are generally non-interest bearing and are expected to be settled within the normal operating cycle. Certain liabilities such as security deposits and advance rent do not represent immediate cash outflows and are excluded from the maturity analysis as appropriate.

Advances from non-controlling interest are generally payable on demand; however, settlement is managed within the group based on overall cash flow requirements.

Liquidity Risk Management

The Group monitors its exposure to a shortage of funds through regular review of its maturity profile of financial liabilities and expected cash inflows from operations and financing activities. The Group prepares cash flow forecasts on a daily and monthly basis to ensure that it has sufficient liquidity to meet its obligations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings, capital market issuances, and internally generated funds.

The Group addresses liquidity requirements through:

- Cash flows generated from real estate sales, leasing and other operations
- Availability of committed credit facilities from banks amounting to ₱8,088.9 million as at December 31, 2025
- Access to capital markets for bond issuances, when necessary

Refinancing Risk

The Group is exposed to refinancing risk arising from its borrowings, particularly loans payable and bonds payable with fixed maturity dates. The Group manages this risk by maintaining good relationships with financial institutions, monitoring market conditions, and initiating refinancing activities sufficiently ahead of maturity dates.

Covenant Compliance

Certain loan agreements and bonds payable require the Group to maintain financial ratios, including a current ratio of at least 1.5x and a debt-to-equity ratio not exceeding 2.0x, based on the consolidated financial statements.

As at December 31, 2025 and 2024, the Group is in compliance with these covenants. The Group monitors compliance with these requirements on a regular basis to ensure continued access to financing and to avoid potential acceleration of obligations.

Concentration of Liquidity Risk

The Group's liquidity risk is influenced by its reliance on cash flows from subsidiaries. Delays in collections from these entities may impact the Group's ability to meet its obligations as they fall due. Management continuously monitors the financial performance and cash flow projections of its subsidiaries to mitigate this risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its borrowings from local banks, which include both fixed-rate and variable-rate instruments.

Borrowings with fixed interest rates expose the Group to fair value interest rate risk, while borrowings with variable interest rates expose the Group to cash flow interest rate risk due to periodic repricing.

The Group manages its exposure to interest rate risk by maintaining an appropriate mix of fixed and variable rate borrowings, taking into account prevailing market conditions, and by regularly monitoring interest rate movements.

Sensitivity Analysis

The following table demonstrates the sensitivity of the Group's income before tax to a reasonably possible change in interest rates, with all other variables held constant:

	Change in interest rate	Effect on income before tax
December 31, 2025	-45.46%	21,025,539
	45.46%	(21,025,539)
December 31, 2024	-29.27%	46,747,857
	29.27%	(46,747,857)

The sensitivity analysis assumes that the change in interest rates applies to variable rate borrowings outstanding at the reporting date.

The assumed changes in interest rates of 45.46% and 29.27% in 2025 and 2024, respectively, represent management's assessment of reasonably possible changes in market interest rates based on observable market data at the reporting date. A positive change in interest rates would result in an increase in interest expense and a corresponding decrease in income before tax, while a negative change would have the opposite effect.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position to support its business operations and growth, while maximizing shareholder value and maintaining an optimal capital structure.

The Group manages its capital structure, which consists of debt and equity, and monitors its capital using financial leverage ratios, such as the debt-to-equity ratio, defined as interest-bearing borrowings and liabilities for deferred purchase price of property and services, divided by total equity and advances from non-controlling interest.

The Group's policy is to maintain a level of leverage that is consistent with industry norms and within the limits set by its financing agreements. The Group monitors compliance with financial covenants associated with its borrowings as part of its capital management process.

Capital for the reporting periods under review is summarized as follows:

	2025	2024
Total liabilities	₱33,058,291,862	₱26,289,431,728
Total equity	14,648,750,876	14,252,302,840
Debt to equity ratio	2.26:1.00	1.84:1.00

The Group manages its capital structure and makes adjustments in response to changes in economic conditions and the risk profile of its assets. To maintain or adjust its capital structure, the Group may:

- adjust dividend payments to shareholders;
- issue new shares or other equity instruments;
- obtain additional borrowings or refinance existing debt; and
- dispose of assets to reduce leverage.

The Group has complied with all externally imposed capital requirements, including financial covenants, during the reporting periods.

Financial Ratios and Performance Monitoring

The Group monitors key financial ratios as part of its overall financial and risk management processes. These include liquidity ratios (such as current ratio), leverage ratios (such as debt-to-equity ratio), profitability metrics, and interest coverage ratios.

These ratios are reviewed regularly by management and the Board to assess financial performance, monitor trends, and ensure compliance with financial covenants associated with the Group’s borrowings. As at the reporting date, the Group is in compliance with all such covenants.

28. Fair Value Measurement

The following table presents the carrying amounts and fair values of the Group’s assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy:

		2025			
		Fair Value			
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	6	P271,312,173	P271,312,173	P-	P-
Investment properties	10	16,569,289,505	-	3,056,256,603	13,513,032,902
Financial assets at amortized cost - Deposits	12	142,030,117	-	-	142,030,117
		P16,982,631,795	P271,312,173	P3,056,256,603	P13,655,063,019
Liability for which fair value is disclosed -					
Loans payable	14	P18,699,823,576	P-	P17,873,637,329	P-
Bonds payable	15	2,965,754,165	-	2,434,110,185	-
		P21,665,577,741	P-	P20,307,747,514	P-
		2024			
		Fair Value			
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	6	P1,895,958,320	P1,895,958,320	P-	P-
Investment properties	10	14,590,019,555	-	1,971,065,512	12,618,954,043
Financial assets at amortized cost - Deposits	12	502,128,321	-	-	502,128,321
		P16,988,106,196	P1,895,958,320	P1,971,065,512	P13,121,082,364
Liability for which fair value is disclosed -					
Loans payable	14	P12,476,024,751	P-	P12,658,799,990	P-
Bonds payable	15	5,955,532,419	-	6,280,628,403	-
		P18,431,557,170	P-	P18,939,428,393	P-

The following methods and assumptions were used in estimating the fair value of the Group's financial assets and liabilities:

Financial Assets and FVPL. The fair value of financial assets at FVPL is classified under Level 1 of the fair value hierarchy using quoted market prices.

Investment Properties. The fair value of investment properties were determined using discounted cash flow approach, depreciated replacement cost approach and market data approach.

Deposits. Deposits are measured at amortized cost. The fair value of deposits has not been determined using observable market data because management believes that the difference between fair value and carrying amount is not significant. The fair value of utility deposits has been categorized as level 3.

Loans and Bonds Payable. The fair value of the Group's loans and bonds payable were determined by discounting the sum of all future cash flows using the prevailing market rates of interest for instruments with similar maturities. Interest-bearing loans and bonds payable include accrued interest in the estimation of its fair value.

The table below presents the financial assets and liabilities of the Group whose carrying amounts approximate fair values as at December 31, 2025 and 2024:

	2025	2024
Financial assets:		
Cash and cash equivalents	₱1,381,114,743	₱4,045,963,662
Receivables*	3,349,816,380	1,753,712,299
Amounts held in escrow	249,763,060	335,370,367
Amounts held in trust	40,019,673	9,503,621
	₱5,020,713,856	₱6,144,549,949
Financial liabilities:		
Accounts and other payables**	₱5,421,614,321	₱2,942,389,852
Advances from non-controlling interests	1,058,519,597	1,010,119,597
	₱6,480,133,918	₱3,952,509,449

*Excludes accrued rent receivable amounting to ₱65.4 million and ₱18.0 million as at December 31, 2025 and 2024, respectively.

**Excludes advances from buyers, advance rent, statutory liabilities and lease liabilities aggregating ₱1,588.8 million and ₱1,319.8 million as at December 31, 2025 and 2024, respectively.

Cash and Cash Equivalents, Receivables, Amounts Held in Escrow, Amounts Held in Trust, Accounts and Other Payables and Advances from Non-controlling Interests. The carrying amounts of these financial assets and liabilities approximate their fair values due to the short-term nature of these financial instruments.

There were no transfers between levels of fair value hierarchy in 2025 and 2024.

29. Classification of Consolidated Statements of Financial Position Accounts

The Group's current portions of its assets and liabilities as at December 31, 2025 and 2024 are as follows:

	Note	2025	2024
Current Assets			
Cash and cash equivalents	5	₱1,381,114,743	₱4,045,963,662
Financial assets at FVPL	6	271,312,173	1,895,958,320
Receivables	7	3,415,177,569	1,771,675,289
CWT		1,125,196,039	862,328,524
Input VAT		912,807,838	463,784,660
Contract assets	8	8,891,243,368	7,625,261,813
Real estate for sale	9	13,106,806,103	7,271,174,737
Other assets*	12	200,557,485	1,150,058,816
		₱29,304,215,318	₱25,086,205,821

*Excludes noncurrent portion of advances for asset purchase and land acquisition advances to contractors, deposits, software and others amounting to ₱1,351.6 million and ₱563.9 million as at December 31, 2025 and 2024, respectively.

	Note	2025	2024
Current Liabilities			
Accounts and other payables*	13	₱3,772,477,060	₱3,756,450,394
Current portion of loans payable	14	11,426,598,458	8,699,545,361
Contract liabilities	8	595,701,610	428,492,840
Current portion of bonds payable	15	—	3,000,000,000
		₱15,794,777,128	₱15,884,488,595

*Excludes noncurrent portion of payable to landowners, retention payable, deferred output VAT, and lease liabilities amounting to ₱3,238.0 million and ₱505.7 million as at December 31, 2025 and 2024, respectively.

30. Operating Segment Information

Operating segments are identified on the basis of internal reports reviewed by senior management for the purposes of allocating resources and assessing performance.

Segment performance is evaluated based on segment profit, which represents earnings before finance costs, income tax, and other non-operating items. Finance costs and certain corporate expenses are not allocated to operating segments and are presented under "Corporate."

Segment assets include assets directly attributable to a segment, while segment liabilities include liabilities directly attributable to a segment. Assets and liabilities that cannot be directly attributed are allocated on a reasonable and consistent basis.

All of the Group's operations are located in the Philippines, and all revenues are derived from domestic operations. Accordingly, no geographical segment information is presented.

The following tables present revenue and expense information and certain assets and liabilities information regarding the different business segments as at and for the years ended December 31, 2025, 2024 and 2023:

2025						
	Sale of Real Estate	Leasing	Property Management and Other Services	Corporate	Eliminations	Total
Segment revenue	₱4,400,040,042	₱705,069,656	₱1,497,145,080	₱-	(₱1,458,707,249)	₱5,143,547,529
Segment expenses	(3,112,735,440)	(176,582,622)	(231,172,267)	(2,439,038,370)	927,641,960	(5,031,886,739)
Segment profit	1,287,304,602	528,487,034	1,265,972,813	(2,439,038,370)	(531,065,289)	111,660,790
Net gain on change in fair value of investment properties	-	1,940,773,536	-	-	-	1,940,773,536
Finance costs	-	-	-	(2,000,153,297)	425,269,919	(1,574,883,378)
Other income - net	-	-	-	397,923,979	-	397,923,979
Income before income tax	1,287,304,602	2,469,260,570	1,265,972,813	(4,041,267,688)	(105,795,370)	875,474,927
Provision for income tax	-	-	-	-	-	(467,646,277)
Net income	-	-	-	-	-	407,828,650
Other comprehensive loss	-	-	-	-	-	4,333,446
Total comprehensive income	-	-	-	-	-	₱412,162,096
Assets	₱11,317,552,917	₱16,669,904,961	₱6,527,749	₱34,551,796,694	(₱14,838,739,584)	₱47,707,042,737
Liabilities	(₱8,562,347,455)	(₱72,485,342)	₱-	(₱33,840,792,319)	₱9,417,333,255	(₱33,058,291,861)

2024						
	Sale of Real Estate	Leasing	Property Management and Other Services	Corporate	Eliminations	Total
Segment revenue	₱5,773,479,748	₱414,901,457	₱494,193,235	₱-	(₱458,550,302)	₱6,224,024,138
Segment expenses	(4,401,083,562)	(161,816,431)	(181,108,787)	(1,413,511,073)	164,212,554	(5,993,307,299)
Segment profit	1,372,396,186	253,085,026	313,084,448	(1,413,511,073)	(294,337,748)	230,716,839
Net gain on change in fair value of investment properties	-	1,933,989,204	-	-	-	1,933,989,204
Finance costs	-	-	-	(1,651,651,045)	164,722,230	(1,486,928,815)
Other income - net	-	-	-	425,884,378	-	425,884,378
Income before income tax	1,372,396,186	2,187,074,230	313,084,448	(2,639,277,740)	(129,615,518)	1,103,661,606
Provision for income tax	-	-	-	-	-	(345,285,691)
Net income	-	-	-	-	-	758,375,915
Other comprehensive loss	-	-	-	-	-	(7,583,868)
Total comprehensive income	-	-	-	-	-	₱750,792,047
Assets	₱7,655,935,731	₱14,590,019,556	₱358,214,091	₱28,486,901,276	(₱10,549,336,086)	₱40,541,734,568
Liabilities	(₱6,192,787,928)	(₱60,722,065)	₱-	(₱27,988,061,275)	₱7,952,139,540	(₱26,289,431,728)

2023						
	Sale of Real Estate	Leasing	Property Management and Other Services	Corporate	Eliminations	Total
Segment revenue	₱6,251,574,060	₱366,299,089	₱228,620,468	₱-	(₱207,570,035)	₱6,638,923,582
Segment expenses	(3,684,000,551)	(143,250,409)	(137,397,407)	(1,424,254,541)	113,633,739	(5,275,269,169)
Segment profit	2,567,573,509	223,048,680	91,223,061	(1,424,254,541)	(93,936,296)	1,363,654,413
Net gain on change in fair value of investment properties	-	974,092,333	-	-	-	974,092,333
Finance costs	(208,516,416)	-	-	(1,020,350,432)	208,516,416	(1,020,350,432)
Other income - net	-	-	-	521,253,473	-	521,253,473
Income before income tax	2,359,057,093	1,197,141,013	91,223,061	(1,923,351,500)	114,580,120	1,838,649,787
Provision for income tax	-	-	-	-	-	(449,666,103)
Net income	-	-	-	-	-	1,388,983,684
Other comprehensive income	-	-	-	-	-	(5,129,604)
Total comprehensive income	-	-	-	-	-	₱1,383,854,080
Assets	₱8,017,297,137	₱13,168,863,171	₱101,378,769	₱25,311,040,703	(₱9,334,533,890)	₱37,264,045,890
Liabilities	(₱4,498,162,517)	(₱1,750,203,148)	₱-	(₱25,713,337,186)	₱7,813,828,746	(₱24,147,874,105)

31. Events After Reporting Period

Declaration of Cash Dividends

The Company's BOD approved and declared the following cash dividends:

<u>Class of shares</u>	<u>Declaration Date</u>	<u>Stockholders of Record Date</u>	<u>Payment Date</u>	<u>Amount</u>	<u>Dividend per Share</u>
Series F Preferred Shares	January 21, 2026	February 4, 2026	February 16, 2026	₱45,465,705	₱9.1575
Series D Preferred Shares	January 21, 2026	February 11, 2026	March 3, 2026	45,000,000	7.5000
Series F Preferred Shares	April 8, 2026	April 23, 2026	May 14, 2026	45,465,705	9.1575

Reallocation of Use of Proceeds

Green Bonds Second Tranche

On February 18, 2026, the BOD approved the reallocation of the use of proceeds of the second tranche of green bonds effective March 20, 2026 (see Note 16).

Approval of Decrease in Authorized Capital Stock

On March 18, 2026, the SEC approved ALCO's application to decrease its authorized capital stock by ₱50.0 million preferred shares (see Note 16).



REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Arthaland Corporation and Subsidiaries
7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Arthaland Corporation and Subsidiaries (the Group) as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 and have issued our report thereon dated April 8, 2026. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole.

The following supplementary schedules are the responsibility of the Group'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 consolidated financial statements:

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

The supplementary schedules have been subjected to the audit procedures applied in the audit of the basic consolidated 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 consolidated 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 Group's management. The financial soundness indicators are not measures of operating performance defined by the 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 Group's consolidated financial statements as at December 31, 2025 and 2024.

REYES TACANDONG & Co.

CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782/P-007; Valid until June 6, 2026

SEC Accreditation No. 86981-SEC Group A

Issued March 24, 2020

Valid for Financial Periods 2023 to 2025

BIR Accreditation No. 08-005144-007-2025

Valid until August 10, 2028

PTR No. 10764005

Issued January 2, 2026, Makati City

April 8, 2026

Makati City, Metro Manila

ARTHALAND CORPORATION AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2025

Below is a schedule showing financial soundness indicators in the years 2025, 2024 and 2023.

	2025	2024	2023
Current/Liquidity Ratio	1.86	1.58	2.32
Current assets	₱29,304,215,318	₱25,086,205,821	₱23,620,939,847
Divided by: Current liabilities	15,794,777,128	15,884,488,595	10,168,443,635
Acid Test Ratio	0.32	0.49	0.86
Quick assets (Cash and cash equivalents, financial assets at FVPL and receivables)	5,067,604,485	7,713,597,271	8,694,452,587
Divided by: Current liabilities	15,794,777,128	15,884,488,595	10,168,443,635
Solvency Ratio	0.01	0.03	0.06
Net income before depreciation	478,436,425	826,961,062	1,451,735,811
Divided by: Total liabilities	33,058,291,861	26,289,431,728	24,147,874,105
Debt-to-Equity Ratio	2.26	1.84	1.84
Total liabilities	33,058,291,861	26,289,431,728	24,147,874,105
Divided by: Total equity	14,648,750,876	14,252,302,840	13,116,171,785
Debt-to-Equity Ratio for Loan Covenant	1.50	1.36	1.39
Total Debt (interest-bearing borrowings and liabilities for deferred purchase price of property)*	23,525,824,741	19,441,676,767	18,230,459,206
Total Equity (includes advances from non-controlling interest in 2025)	15,707,270,473	14,252,302,840	13,116,171,785
Asset-to-Equity Ratio	3.26	2.84	2.84
Total assets	47,707,042,737	40,541,734,568	37,264,045,890
Divided by: Total equity	14,648,750,876	14,252,302,840	13,116,171,785
Interest Rate Coverage Ratio	1.57	1.74	2.81
Pretax income before interest	2,417,692,229	2,585,640,539	2,854,835,245
Divided by: Interest expense	1,542,217,302	1,481,978,933	1,016,185,458
Return on Assets Ratio	0.01	0.02	0.04
Net income	407,828,650	758,375,915	1,388,983,684
Divided by: Average total assets	44,124,388,653	38,902,890,229	36,828,376,490
Return on Equity Ratio	0.03	0.06	0.11
Net income	407,828,650	758,375,915	1,388,983,684
Divided by: Average total equity	14,450,526,858	13,684,237,313	12,588,241,358

*Advances from non-controlling interest were included in total debt in 2024 and 2023.

ARTHALAND CORPORATION AND SUBSIDIARIES
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II
OF REVISED SRC RULE 68
DECEMBER 31, 2025

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<u>Schedule</u>	<u>Description</u>	<u>Page</u>
A	Financial Assets	<u>N/A</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	<u>N/A</u>
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	<u>2</u>
D	Long-Term Debt	<u>3</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>5</u>

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2025

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Deductions		Ending Balance		Balance at end of year
				Sale	Current	Not current		
Advances to subsidiaries:								
Cebu Lavana Land Corp.	₱2,936,995,930	₱7,455,000	(₱332,455,000)	₱-	₱2,611,995,930	₱-	₱2,611,995,930	
Cazneau, Inc.	954,545,410	207,642,467	-	-	-	1,162,187,877	1,162,187,877	
Zileya Land Development, Inc.	527,123,444	765,500,000	(752,623,444)	(216,000,000)	-	324,000,000	324,000,000	
Bhavana Properties Inc.	331,800,000	359,600,000	(10,600,000)	-	-	680,800,000	680,800,000	
Bhavya Properties Inc.	314,408,714	186,000,000	(24,000,000)	-	-	476,408,714	476,408,714	
Urban Property Holdings, Inc. (net of allowance for impairment amounting to ₱3,261,249)	165,067,178	6,500,000	-	-	171,567,178	-	171,567,178	
Savya Land Development Corporation	-	467,000,000	(267,000,000)	-	200,000,000	-	200,000,000	
Kashtha Holdings Inc.	154,500,000	-	(134,400,000)	-	20,100,000	-	20,100,000	
Pradhana Land Inc.	49,573,025	-	-	-	49,573,025	-	49,573,025	
Arthaland Property Prestige Solutions, Inc.	6,446,956	5,300,000	(2,000,000)	-	9,746,956	-	9,746,956	
Sotern Land Corporation	-	84,500,000	-	-	84,500,000	-	84,500,000	
Furusato Land Corporation	-	31,601,026	(430,000)	-	31,171,026	-	31,171,026	
Manchesterland Properties, Inc.	4,400,000	-	-	-	4,400,000	-	4,400,000	
	₱5,444,860,657	₱2,121,098,493	(₱1,523,508,444)	(₱216,000,000)	₱3,183,054,115	₱2,643,396,591	₱5,826,450,706	
Advances from subsidiaries:								
Manchesterland Properties, Inc.	₱284,632,299	₱-	₱-	₱-	₱284,632,299	₱-	₱284,632,299	

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2025

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" related balance sheet	Amount shown under caption "Long-Term Debt" in related statement of financial position			
			Carrying amount	Interest Rates	Payment Terms	Maturity Dates
Bank Loans:						
Bank 1	₱500,000,000	₱500,000,000	₱-	8.75%	At end of term	March 20, 2026 to August 28, 2026
Bank 2	500,000,000	460,937,500	208,214,983	7.53% to 8.12%	Quarterly	June 28, 2027 to March 27, 2028
Bank 3	350,000,000	-	350,000,000	7.50%	At end of term	July 24, 2026
Bank 4	300,000,000	82,500,000	-	8.85%	At end of term	February 3, 2026
Bank 5	400,000,000	400,000,000	-	7.00%	At end of term	March 23, 2026
Bank 6	605,000,000	50,000,000	-	8.00%	At end of term	May 13, 2026
Bank 7	1,450,000,000	1,389,119,646	-	8.19% to 8.50%	At end of term	January 6, 2026 to June 24, 2026
Bank 8	2,215,500,000	1,425,900,000	779,334,988	8.09% to 8.62%	At end of term	May 4, 2026 to December 13, 2027
Bank 9	1,500,000,000	-	1,488,809,680	6.91%	Quarterly	February 6, 2030
Bank 10	1,000,000,000	-	983,725,394	7.47%	Quarterly	May 27, 2030
Bank 11	1,000,000,000	264,033,037	-	6.25% to 8.48%	Quarterly	February 9, 2026 to August 10, 2026
Bank 12	250,000,000	206,045,000	-	8.19% to 8.50%	At end of term	January 6, 2026 to June 17, 2026
Bank 13	200,000,000	120,000,000	-	7.50%	At end of term	November 13, 2026 to November 27, 2026
Bank 14	1,000,000,000	242,212,547	-	8.00% to 8.25%	At the end of term	October 22, 2026 to October 29, 2026
Bank 15	472,660,730	47,872,727	423,064,435	6.75%	At the end of term	May 04, 2026 to April 16, 2027
Bank 16	1,000,000,000	62,609,873	-	6.75%	At the end of term	November 26, 2026
Bank 17	1,236,461,649	666,174,260	562,936,763	7.75%	At the end of term	July 31, 2026 to May 13, 2027
Bank 18	857,750,000	857,750,000	-	7.50%	At end of term	February 5, 2026 to November 12, 2026
Bank 19	500,000,000	474,894,900	-	8.19% to 8.50%	At end of term	January 7, 2026 to June 30, 2026
Bank 20	168,879,288	168,879,288	-	6.5% to 6.75%	At end of term	May 24, 2026 to December 27, 2026
Bank 21	930,000,000	627,507,212	-	6.17% to 8.78%	Quarterly	November 27, 2026

(Forward)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" related balance sheet	Amount shown under caption "Long-Term Debt" in related statement of financial position			
			Carrying amount	Interest Rates	Payment Terms	Maturity Dates
Bank 22	₱1,200,000,000	₱590,340,328	₱—	7.16% to 7.25%	Unequal monthly installments	August 30, 2026 to December 30, 2026
Bank 23	39,502,497	39,502,497	—	7.75%	At the end of term	November 27, 2026 to December 27, 2026
Bank 24	180,000,000	87,000,000	—	7.50%	At the end of term	December 14, 2026 to December 21, 2026
Bank 25	930,000,000	543,766,780	267,446,159	6.37% to 9.1%	Quarterly	January 5, 2027
Bank 26	268,000,000	125,444,000	—	7.50%	At end of term	July 31, 2026 to November 13, 2026
Bank 27	1,500,000,000	502,018,916	—	8.00%	At end of term	March 13, 2026 to October 29, 2026
Bank 28	1,000,000,000	404,030,125	72,581,362	7.25%	Unequal monthly installments	February 28, 2026 to October 30, 2027
Bank 29	224,035,854	224,035,853	—	7.75%	At end of term	October 27, 2026 to November 2, 2026
Bank 30	1,381,000,000	90,000,000	570,000,000	7.60% to 8.00%	Quarterly	September 28, 2028
Bank 31	1,224,800,000	740,800,000	434,000,000	7.81% to 8.62%	At end of term	May 11, 2026 to November 08, 2027
Bank 32	2,414,000,000	—	1,113,111,353	7.31% to 7.77%	Quarterly	July 25, 2030
Private funders	41,578,970	41,578,970	—	5.40%	At end of term	July 7, 2026 to September 4, 2026
Private funders	11,645,000	11,645,000	—	5.40%	At end of term	January 7 2026 to June 6 2026
	₱26,850,813,988	₱11,446,598,459	₱7,253,225,117			

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2025

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common shares - ₱0.18 par value per share	16,368,095,199	5,318,095,199	–	3,650,954,906	76,715,159	1,590,425,134
Preferred shares - ₱1.00 par value per share	80,000,000	47,464,860	–	26,500,000	–	20,964,860

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

ARTHALAND CORPORATION
7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

	Amount
Retained earnings available for dividend declaration as at the beginning of reporting period	₱123,856,758
Less: Category B: Items that are directly debited to unappropriated retained earnings	
Dividend declaration during the reporting period	380,214,260
Deficit , as adjusted	(256,357,502)
Add: Net income for the current year	1,252,333,544
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPL)	354,208
Unrealized fair value gain of investment property	684,594,662
Sub-total	684,948,870
Sub-total	311,027,172
Less: Category C.2: Unrealized income recognized in profit or loss in prior periods but realized in the current reporting period (net of tax)	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	11,570,014
Sub-total	322,597,186
Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of net deferred tax asset not considered in the reconciling items under the previous categories	46,763,123
Sub-total	46,763,123
Retained earnings available for dividend declaration as at the end of reporting period	₱275,834,063

ARTHALAND CORPORATION
SCHEDULE OF USE OF PROCEEDS
DECEMBER 31, 2025

Green Bonds - Second Tranche

The gross proceeds from the offer of the second tranche of the Bonds amounted to ₱3,000.0 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱2,949.0 million.

The following tables show the breakdown of the use of the proceeds (amounts in millions):

Purpose	Gross Proceeds	Actual Net Proceeds	Actual Disbursement as at December 31, 2025	Balance for Disbursement as at December 31, 2025
Project Rock	₱226.0	₱1,593.7	₱1,593.7	₱-
Project Vanilla	1,120.0	930.3	930.3	-
Project Olive	1,378.0	-	-	-
Project Teal	-	200.0	50.0	150.0
ACPT Loan and Others	276.0	225.0	225.0	-
Total	₱3,000.0	₱2,949.0	₱2,799.0	₱150.0

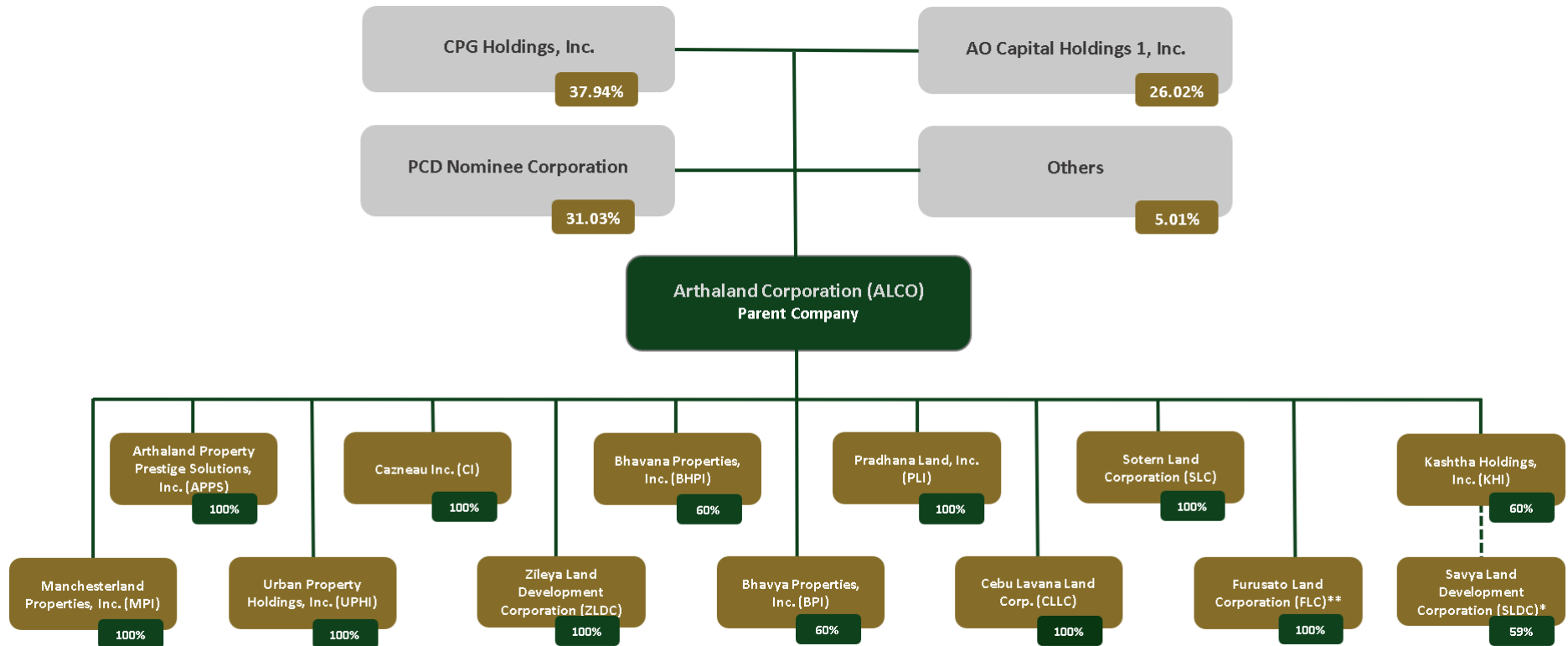
Series F Preferred Shares

The gross proceeds from the offer of Series F Preferred Shares amounted to ₱2,482.4 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, ₱2,451.5 million.

The following tables show the breakdown of the use of the proceeds (amounts in millions):

Purpose	Gross Proceeds	Actual Net Proceeds	Actual Disbursement as at December 31, 2025	Balance for Disbursement as at December 31, 2025
Repayment of BDO Bridge Financing	₱1,000.0	₱1,000.0	₱1,000.0	₱-
Project Teal	1,140.0	821.5	821.5	-
ACPT Loan and Others	342.4	200.0	200.0	-
Debt Service Reserve Account (DSRA)				-
Requirement for ACPT Loan	-	200.0	200.0	
Investment into Bhavya to Fund Project Eluria	-	30.0	30.0	-
General Corporate Purposes	-	200.0	200.0	-
Total	₱2,482.4	₱2,451.5	₱2,451.5	₱-

CONGLOMERATE MAP



*Indirect ownership
**Incorporated May 14, 2025

ARTHALAND CORPORATION

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

	2025	2024
Total Audit Fees	₱6,199,250	₱5,665,000
Non-audit services fees:		
Other assurance services	-	3,500,000
Tax services	-	892,857
All other services	700,000	540,000
Total Non-Audit Fees	700,000	4,932,857
Total Audit and Non-audit Fees	₱6,899,250	₱10,597,857

Audit and Non-audit Fees of Other Related Entities

	2025	2024
Audit Fees	₱-	₱-
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-audit Fees of Other Related Entities	₱-	₱-