CR02590-2026

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended

   Dec 31, 2025

2. SEC Identification Number

   AS094-006430

3. BIR Tax Identification No.

   003-942-108

4. Exact name of issuer as specified in its charter

   EMPIRE EAST LAND HOLDINGS, INC.

5. Province, country or other jurisdiction of incorporation or organization

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   2F The Paddington Place 632 Shaw Boulevard, Barangay Highway Hills, Mandaluyong City

   Postal Code

   1552

8. Issuer's telephone number, including area code

   (632) 88678351/85544800

9. Former name or former address, and former fiscal year, if changed since last report

   N/A

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	14,676,199,167

11. Are any or all of registrant's securities listed on a Stock Exchange?

   ☑ Yes ☐ No

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

   Philippine Stock Exchange - Common Shares

12. Check whether the issuer:

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

☑ Yes ☐ No

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

☑ Yes ☐ No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

As of March 31, 2026 is Php232,812,982.56 based on the closing price of Php0.096 per share.

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

☐ Yes ☑ No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

N/A

(b) Any information statement filed pursuant to SRC Rule 20

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

Empire East Land Holdings, Inc.
ELI

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2025
Currency	Philippine Pesos

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2025	Dec 31, 2024
Current Assets	42,459,696,542	42,563,721,365
Total Assets	49,929,661,431	49,425,185,917
Current Liabilities	15,387,414,423	15,229,768,391
Total Liabilities	17,896,210,276	18,093,314,722
Retained Earnings/(Deficit)	10,381,674,478	9,577,871,830
Stockholders' Equity	32,033,451,155	31,331,871,195
Stockholders' Equity - Parent	29,263,322,599	28,554,439,157
Book Value Per Share	1.99	1.95

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2025	Dec 31, 2024
Gross Revenue	4,574,174,863	4,036,736,489
Gross Expense	4,100,063,052	3,570,845,023
Non-Operating Income	822,648,716	914,057,249
Non-Operating Expense	380,628,493	491,862,711
Income/(Loss) Before Tax	916,132,034	888,086,004
Income Tax Expense	119,632,868	207,804,930
Net Income/(Loss) After Tax	796,499,166	680,281,074
Net Income/(Loss) Attributable to Parent Equity Holder	803,802,648	687,121,209

Earnings/(Loss) Per Share (Basic)	0.05	0.04
Earnings/(Loss) Per Share (Diluted)	0.05	0.04

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2025	Dec 31, 2024
Liquidity Analysis Ratios:			
; ; Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	2.76	2.79
; ; Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.9	0.96
; ; Solvency Ratio	**Total Assets / Total Liabilities**	2.79	2.73
Financial Leverage Ratios			
; ; Debt Ratio	**Total Debt/Total Assets**	0.36	0.37
; ; Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	0.56	0.58
; ; Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	3.5	2.85
; ; Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	1.56	1.58
Profitability Ratios			
; ; Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.37	0.37
; ; Net Profit Margin	**Net Profit / Sales**	0.24	0.21
; ; Return on Assets	**Net Income / Total Assets**	0.02	0.01
; ; Return on Equity	**Net Income / Total Stockholders' Equity**	0.03	0.02
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	1.83	2.56

Other Relevant Information
None

Filed on behalf by:

Name	Krizelle Marie Poblacion
Designation	Legal Counsel

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
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OF THE SECURITIES REGULATION CODE
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9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	**14,676,199,167**

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

    Yes [x] No [ ]

    Philippine Stock Exchange **Common Shares**

11. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months.

    Yes [x] No [ ]

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

    Yes [x] No [ ]

12. Aggregate Market Value of Voting Stock held by Non-Affiliates as of **March 31, 2026** is **Php232,812,982.56** based on the closing price of **Php0.096** per share.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

Empire East Land Holdings, Inc. (the "Company" or "Empire East") was incorporated under Philippine law on July 15, 1994. Prior to its incorporation, the Company was a division of Megaworld Corporation (formerly, Megaworld Properties & Holdings, Inc.) and was then known as its Community Housing Division. In 1994, Megaworld Corporation decided to spin off its Community Housing Division into what is now the Company, for the purpose of separating its high-end residential and office business from its lower and middle-income housing business. As of December 31, 2025, Megaworld holds 81.7% interest in the Company.

As of December 31, 2025, the Company holds 100% equity interest in Eastwood Property Holdings, Inc. (EPHI); Valle Verde Properties, Inc. ("VVPI"); Sherman Oak Holdings, Inc. ("SOHI") Empire East Communities, Inc. ("EECI") and 20th Century Nylon Shirt Co., Inc. ("20th Century"); 72.5% in Laguna BelAir Science School, Inc. ("LBASSI"); 60% in Sonoma Premier Land, Inc. ("SPLI") (formerly, "Galleria Corsini Holdings, Inc."); 47% in Gilmore Property Marketing Associates, Inc. ("GPMAI"); and 40% in Pacific Coast Megacity Inc. ("PCMI").

EPHI, which was incorporated on September 5, 1996, serves as the marketing arm of the Company and markets the projects of the Company and those of other related parties.

VVPI was incorporated on October 13, 2006. In 2008, the Company acquired shares of VVPI from another stockholder increasing the Company's ownership in VVPI to 100%.

SPLI was incorporated on February 26, 2007. In 2008, 200 million shares in SPLI were acquired by the Company, increasing its ownership to 60% from 20%.

EECI was incorporated on October 14, 2008 and is wholly owned by the Company. It acts as a marketing arm of the Company.

SOHI was incorporated on February 2, 2007. In January 2008, the Company acquired 100% ownership in SOHI.

GPMAI was incorporated on September 5, 1996 to acquire, lease, and construct or dispose of properties. In 2010, the Company acquired 52% ownership in GPMAI by subscribing to 27M shares by way of conversion of advances into equity. In 2012, GPMAI issued 5M shares of stock to a third party which resulted in the decrease of the Company's ownership to 47%.

LBASSI (formerly Laguna Bel Air School Inc. or LBASI) is a company incorporated on February 13, 1996 and was operating a school for primary and secondary education. The change in name was approved in August 2013. In 2022, LBASSI ceased its operations. The Company owns 72.5% of LBASSI.

20th Century was incorporated in 1952. On January 24, 2003, the SEC approved the extension of the Company's life for another 50 years from the date of renewal. In February 2015, the company acquired 100% ownership interest in 20th Century.

PCMI was incorporated in 2012. In 2015 the Company acquired 20% ownership interest. Subsequently in 2018, the Company obtained de facto control over PCMI. In 2019, it acquired an additional 20% increase in its ownership interest to 40%.

Neither the Company nor its subsidiaries (collectively the "Group") have been the subject of a bankruptcy, receivership, or similar proceeding or has been involved in any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business except as otherwise stated herein.

Business of Issuer and Subsidiaries

Principal Products, Services, and Markets

Empire East is a publicly listed real estate developer engaged in the planning, development, marketing, and sale of residential communities in key growth areas of Metro Manila and select provinces in Luzon. With 31 years of market leadership, the Company has established a strong presence in the middle-income and upper-middle-income segments of the residential market.

As of year-end 2025, the Company has developed 20 communities, completed 122 residential towers, and delivered more than 21,400 condominium units and 7,800 residential lots. These developments collectively serve approximately 29,200 households, representing an estimated residential population of over 160,000 individuals.

The Company’s core product offerings include:

- Mid-rise and high-rise residential condominiums
- Transit-Oriented Developments located near major rail systems and transportation corridors
- Urban resort-themed residential communities
- Master-planned townships and micro-city developments
- House-and-lot and lot-only subdivisions in growth corridors

Empire East continues to focus on two primary residential development concepts:

Transit-Oriented Developments – Strategically located projects positioned within walking distance or close proximity to MRT and LRT stations and major transport nodes, providing residents with mobility, convenience, and enhanced investment value.

Urban Resort and Master-Planned Communities – Integrated developments designed to provide expansive open spaces, landscaped environments, and resort-style amenities within secure and organized communities.

The Company’s flagship township, Empire East Highland City, a 22-hectare master-planned elevated community located along Felix Avenue at the Pasig-Cainta boundary, represents the evolution of its township development strategy. The project integrates residential towers, a lifestyle mall, sports and recreational facilities, green open spaces including a man-made forest, and institutional components within a single mixed-use estate.

The Company maintains a 100% completion rate on its residential projects, reflecting its commitment to delivery discipline and long-term brand credibility.

Contribution to Sales and Revenues

In 2025, the income from sales of various condominium units and house-and-lot packages accounted for 62% of consolidated total revenues. Finance income, the bulk of which came from short-term placements and advances to related parties, accounted for 15% of consolidated total revenues. The commission income of a subsidiary of the Company realized from the marketing of real properties of related parties, rentals, and other business-related sources accounted for the remaining 23% of consolidated total revenues. Foreign sales contributed minimally to the Group’s consolidated sales and revenues for the year 2025.

The percentage of contribution to revenues of the above products and services differs from their percentage of contribution to net income since certain revenues do not have corresponding expenses and some expenses are not identifiable with projects.

Distribution Methods

The Company employs a diversified, multi-channel sales and distribution strategy designed to maximize market reach and ensure consistent absorption across its portfolio.

In-House Sales Organization
Empire East maintains a structured in-house sales network composed of Sales Directors, Sales Managers, and accredited Salespersons responsible for both pre-selling and ready-for-occupancy (RFO) inventories.

Specialized Sales Groups
Dedicated internal sales units provide targeted market coverage:

- **Empire East Networks** – Handles provincial and regional sales operations in North Luzon, Central Luzon, and South Luzon
- **Empire East Communities** – Focuses on project-specific campaigns and localized market penetration

Broker and Partner Accreditation

The Company supplements its in-house salesforce through accredited licensed brokers, independent sales agents, and overseas marketing partners, expanding access to both local and international buyers.

Digital and Hybrid Selling Platforms
Recognizing evolving consumer behavior, the Company continues to strengthen its digital infrastructure, including:

- Fully digitalized reservation and documentation systems
- Virtual project presentations and online sales transactions
- Corporate and project-specific websites
- Targeted digital advertising and social media campaigns
- Virtual tours and online lead-generation platforms

These initiatives are complemented by traditional marketing channels such as on-site presentations, showroom operations, outdoor advertising, and event sponsorships.

The Company continues to refine its distribution framework in response to market dynamics, ensuring operational resilience and sustained sales performance.

Update on Projects

As of year-end 2025, the Company has 11 residential towers under construction and 33 towers in various stages of planning and pre-development across its portfolio.

Empire East Highland City – Pasig City and Cainta, Rizal

The 22-hectare township located along Felix Avenue at the Pasig-Cainta boundary continues to progress as the Company's largest master-planned development. The estate is designed to feature 37 residential towers integrated with Highland Mall, Highland Park (an 8,000-square-meter elevated park with a church and retail establishments), The Chartered Club, and the man-made Highland Forest. The internal road networks, designed to expand from four to six lanes, have been completed.

The first four residential towers under the Arcadia phase are currently under full-scale construction and are scheduled for turnover in the fourth quarter of 2029. These towers have demonstrated strong market acceptance. The project benefits from its proximity to LRT Line 2 (Marikina Station) and the planned MRT Line 4 (Cainta Junction Station), which will enhance long-term accessibility and value appreciation.

The Paddington Place – Mandaluyong City

This four-tower high-rise Transit-Oriented Development is located along Shaw Boulevard within walking distance of MRT-3 Shaw Boulevard Station. The development integrates retail and office components in the first two levels, and recreational amenities positioned at elevated podium levels. Construction activities continue in accordance with the scheduled timeline, with turnover expected to commence at the end of 2027.

Mango Tree Residences – San Juan City

Strategically located near Greenhills, this premium residential development consists of two completed towers that have been turned over to homeowners, with a limited number of RFO units remaining available. The project is designed with a low-density configuration, limiting the number of units to only 6 to 12 per floor to enhance privacy and exclusivity. Preserved mango trees and landscaped perimeter gardens further complement the development's residential character.

Covent Garden – Santa Mesa, Manila

Located near LRT-2 V. Mapa Station, this development caters to both end-users and investors targeting the university and rental markets. Both South Residences and North Residences are RFO, with South Residences exhibiting high occupancy levels and North Residences with limited remaining inventory.

Recreational amenities are situated at an elevated level, providing residents with dedicated leisure and open spaces. Unit offerings range from Studio, One-Bedroom, and Two-Bedroom configurations to Bi-Level Suites, addressing a broad spectrum of homeowner and investor preferences.

Kasara Urban Resort Residences – Pasig City

Near C5 Road and Ortigas Central Business District (CBD), this 1.8-hectare resort-themed residential development is characterized by expansive open spaces and water-oriented amenities. Towers 1, 2, 3, and 5 have been completed and are ready for occupancy, while Towers 4 and 6 are currently under construction. The project has limited remaining inventory across both RFO and pre-selling units.

Unit offerings include Studio, One-Bedroom, and Two-Bedroom layouts, as well as Bi-Level Penthouse units. Select units feature private balconies or patios.

The Rochester – Pasig City

This seven-tower mid-rise urban resort community is strategically located near C5 Road and Bonifacio Global City. Designed with Asian Modern architectural elements, the approximately 3-hectare development is centered around a clubhouse complemented by resort-style swimming pools, a multi-purpose court, function rooms, a fitness gym, jogging paths, and landscaped gardens. All towers have been completed and delivered, with the remaining RFO inventory contributing to ongoing sales absorption.

Pioneer Woodlands – Mandaluyong City

This six-tower Transit-Oriented Development is strategically located at EDSA corner Pioneer Street in Mandaluyong City and directly connected to the MRT-3 Boni Station. The development provides residents with immediate access to Metro Manila's major business districts, including Makati, Ortigas Center, and Bonifacio Global City, as well as key commercial and lifestyle establishments along EDSA. Designed to integrate residential living with transit convenience, the project caters to both end-users and investors seeking accessible urban residences. Towers 1 to 5 have been completed and sold, while Tower 6 remains under construction with limited units available.

Little Baguio Terraces – San Juan City

A four-tower mid- to high-rise residential community strategically located between N. Domingo Street and Aurora Boulevard in San Juan City, this development benefits from its proximity to LRT Line 2 stations, providing residents with convenient access to key educational institutions within the University Belt and Katipunan area, as well as commercial and lifestyle destinations in Greenhills and New Manila. Designed to cater to young professionals, students, and growing families, the project has been fully completed, with limited RFO units remaining available.

San Lorenzo Place – Makati City

This four-tower residential condominium located along EDSA corner Chino Roces Avenue in Makati City is directly connected to the MRT-3 Magallanes Station. Its integrated transit access provides seamless connectivity to Makati Central Business District, Bonifacio Global City, Ortigas Center, and Manila Bay Area. The development also incorporates a podium-level retail mall component, enhancing day-to-day convenience for residents. All towers have been completed and fully sold, reflecting sustained demand for transit-oriented residential developments in prime business districts.

The Cambridge Village – Cainta, Rizal

This 37-tower mid-rise “micro-city” development spans approximately eight hectares along East Bank Road in Cainta, Rizal, near the Pasig City boundary. Designed as a self-contained residential community, the project offers access to major thoroughfares such as Ortigas Avenue Extension and C5 Road, facilitating connectivity to Metro Manila’s key business districts. The development integrates residential clusters with retail establishments, open spaces, and community facilities, providing residents with a balanced live-work-play environment. All residential clusters have been completed, with limited RFO units remaining available, ranging from studios, 1-bedroom loft, and 2-bedroom flats.

The Sonoma – Santa Rosa, Laguna

This 50-hectare residential subdivision is within a well-established growth corridor in Southern Luzon. The development offers single-detached homes in a master-planned setting designed to balance suburban tranquility with urban accessibility. Its location provides convenient access to major road networks and commercial centers in Laguna and nearby Metro Manila areas. The community includes a central recreation zone with lifestyle amenities and is complemented by a commercial strip at the entrance, intended to support long-term community sustainability and property value appreciation. Select residential lots remain available, allowing buyers to construct Asian Modern-themed single-detached homes in accordance with subdivision guidelines.

South Science Park – Balayan, Batangas

This 51-hectare mixed-use development is strategically located within the Southern Luzon growth corridor. The project is positioned to contribute to the area’s long-term economic activity and community development.

Competition

The residential condominium market in Metro Manila and adjacent growth corridors remains competitive, with established national developers and mid-sized players offering a combination of RFO and pre-selling inventory across various price segments. Competition is driven primarily by location and accessibility, development scale, density configuration, pricing per square meter, unit mix, and payment structure.

Empire East competes within the middle- to upper-middle-income segment and positions its projects based on transit accessibility, estate planning scale, differentiated development concepts, and structured payment flexibility.

Pasig-Cainta Corridor: Felix Avenue / Ortigas Extension Area

Within the Pasig-Cainta growth corridor, particularly along Felix Avenue and Ortigas Avenue Extension, competition consists of mid-rise and high-rise residential projects from developers such as SMDC (Charm Residences), Robinsons Land (Sierra Valley Gardens), DMCI (Satori Residences), Filinvest Land (Futura East), PH1 World Developers (The Hive Residences and Modan Lofts), Horizon Land (Siena Towers), and 8990 Holdings (Urban Deca Homes Ortigas). These developments are in varying stages of RFO, ongoing construction, and pre-selling.

Most competing projects in the corridor are situated on land parcels ranging from less than one hectare to approximately 13 hectares and are typically configured as standalone residential towers or compact multi-tower developments designed to optimize density.

Empire East Highland City differentiates itself through its 22-hectare township scale, making it one of the larger integrated estates in the immediate area. Its master plan integrates residential clusters with retail components, recreational facilities, open green spaces, and wide internal road networks. This estate-scale configuration allows for organized circulation and moderated density relative to certain higher-density competitors.

In terms of market positioning, some developments in the corridor compete through lower price-per-square-meter strategies targeting entry-level buyers, while others command higher pricing aligned with brand positioning. Empire East Highland City is positioned within the middle- to upper-middle-income segment, supported by diversified unit offerings, phased development, and proximity to LRT Line 2 and the planned MRT Line 4 infrastructure.

Mandaluyong City: Shaw Boulevard and EDSA Corridor

The Shaw Boulevard and EDSA corridor in Mandaluyong is characterized by a concentration of high-rise transit-linked developments. Competing projects include DMCI’s Sage Residences (ongoing construction), Vista Land’s Crosswalk Tower (ongoing construction), Data Land’s The Olive Place (RFO), SMDC’s Fame Residences and Light 2 Residences (RFO and ongoing phases), Amaia Skies Shaw, Avida Towers Verge, and Pines Peak by Cityland.

Competition in this submarket is centered on MRT-3 accessibility, pricing schemes, investor-driven rental demand, and unit density. Several developments in the area feature high-density configurations in order to maximize land utilization.

Pioneer Woodlands benefits from direct connectivity to MRT-3 Boni Station, providing immediate transit access that supports both end-user occupancy and rental demand. Towers 1 to 5 are RFO, with Tower 6 under construction. The Paddington Place, located along Shaw Boulevard within walking distance of MRT-3 Shaw Station, integrates residential towers with retail and office components at the podium level, differentiating it from projects with limited mixed-use integration. The Company’s projects compete within the mid-market segment through balanced density and structured payment terms.

Pasig City: C5 and Ortigas CBD Vicinity

The C5-Ortigas CBD vicinity hosts several high-rise developments from national developers, including DMCI’s The Valeron Tower, SMDC’s Gem Residences, Robinsons Land’s Sync and Cirrus Residences, and Megaworld’s Arcovia Park Place and 18 Avenue de Triomphe. Many of these projects are in pre-selling or ongoing construction stages and are positioned at premium price levels relative to the broader Pasig market.

Kasara Urban Resort Residences competes in this environment through a resort-themed development concept across a 1.8-hectare site. Compared to certain vertical developments situated on smaller parcels, the project allocates a significant portion of land to landscaped open spaces and water-oriented amenities.

Towers 1, 2, 3, and 5 are RFO, while Towers 4 and 6 remain under construction. This mix of RFO and pre-selling inventory provides flexibility in market response.

The Rochester competes with developments such as DMCI's Alder Residences and Allegra Garden Place, which have recently completed or are nearing completion. As a fully RFO seven-tower community, The Rochester offers immediate occupancy relative to projects that have only recently commenced turnover.

Makati CBD: Chino Roces and Magallanes Area

The Makati residential market remains competitive, with projects including SMDC's Mint Residences and Jade Residences (ongoing construction), Megaworld's Vion Tower (phased turnover schedule), DMCI's Fortis Residences (ongoing construction), Avida Towers Makati Southpoint, Jazz Residences by SMDC, and Paseo de Roces by Federal Land.

These developments generally command higher price-per-square-meter levels due to proximity to established business districts and commercial centers.

San Lorenzo Place differentiates itself through direct connectivity to the MRT-3 Magallanes Station and its fully completed RFO status across all towers. In contrast to projects still in pre-selling or phased construction stages, it offers immediate occupancy and established community presence within a transit-oriented configuration that integrates podium-level retail.

San Juan City: Greenhills and LRT-2 Corridor

The San Juan submarket is characterized by limited land supply and predominantly boutique high-rise and mid-rise developments, including Robinsons Land's Chimes Greenhills and The Magnolia Residences, Federal Land's One Wilson Square and Valencia Hills Tower E, and other mid-rise residential projects within the Greenhills and New Manila catchment.

Many competing developments in the area are positioned at premium price levels reflecting proximity to established commercial districts.

Mango Tree Residences competes through a low-density configuration, limiting the number of units per floor and reinforcing privacy within an urban setting. Little Baguio Terraces, located near LRT Line 2 stations, is fully completed with limited RFO inventory remaining, offering transit-accessible housing within an established residential community.

Manila: Santa Mesa / LRT-2 V. Mapa Corridor

In the Santa Mesa corridor, competition includes Amaia Skies Sta. Mesa and Avenida, Maui Oasis by Filinvest, Silk Residences by Data Land, Sorrel Residences and Illumina Residences by DMCI, and Mezza Residences II by SMDC. These projects largely target the student and investor market segment and offer a mix of RFO and recently completed towers.

Covent Garden competes through proximity to LRT-2 V. Mapa Station, elevated amenity levels, and a diversified unit mix ranging from space-efficient studio units to expansive bi-level layouts. Its RFO inventory and easy move-in payment options position it competitively in a market where many developments focus primarily on compact investor-oriented units.

Overall Competitive Positioning

Across its portfolio, Empire East competes against national and established developers offering a range of RFO and pre-selling residential projects. While certain competitors emphasize premium pricing aligned with CBD adjacency, and others compete through high-density configurations targeting entry-level price points, the Company positions its developments within the middle- to upper-middle-income segment through:

- Strategic transit-oriented locations
- Integrated estate planning and township-scale developments in key corridors
- Distinct development concepts, including resort-themed and master-planned communities
- Availability of both RFO and pre-selling inventory
- Flexible payment terms aligned with its target market

The Company believes that this diversified territorial presence, combined with disciplined development execution and phased project delivery, enables it to compete effectively within the markets in which it operates.

Sources and Availability of Raw Materials/Suppliers

The Company has a broad base of suppliers of materials and services and is not dependent on any one supplier.

Dependence on Certain Customers

The Company has a broad customer base and is not dependent on a single customer or few customers.

Transactions with and/or Dependence on Related Parties

All transactions involving related parties are conducted in strict adherence to the principle of arm's length dealings to ensure that the same are executed at fair market value, with the goal of ensuring fairness, and best interests of the Company’s stakeholders, as well as preventing potential conflicts of interest.

The Company, in the normal course of business, enters into transactions with related companies primarily consisting of lease of properties and advances for real estate transactions, working capital requirements, and other business-related purposes. Rental for leased properties and interest on interest-bearing advances are within market rates. The related parties that have entered into transactions with the Company are identified in Schedules C & E of the SEC Supplementary Schedules as of December 31, 2025. Related parties are able to settle their obligations in connection with transactions with the Company. The Company does not foresee risks or contingencies arising from these transactions. Additional information on related party transactions is provided in Note 25 of the Notes to the Audited Consolidated Financial Statements of the Group attached as Exhibit 1 hereof and incorporated herein by reference.

In 2025, total commissions earned by a subsidiary from the sale of its Parent Company’s real estate properties amounted to Php38.8 million .

Other than those disclosed in the Group’s Audited Consolidated Financial Statements, the Company has not entered into other related party transactions.

Patents, Trademarks, and Copyrights

The operations of the Group are not dependent on any copyright, patent, trademark, license, franchise, concession, or royalty agreement.

Need for Government Approval of Principal Products and Services / Effect of Existing or Probable Government Regulations

Philippine land-use laws regarding subdivisions and condominiums include zoning laws, which regulate land use, laws that specify standards and technical requirements for the development of subdivisions, and laws requiring licenses to be obtained before the sale of real estate property.

The municipal or city authority determines whether the plans of a proposed development comply with the applicable standards and conducts a preliminary inspection of the site. Local authorities are required to monitor the progress of subdivision projects and to inspect projects following their completion to determine whether or not they comply with the approved plans.

There are essentially two different types of residential subdivision developments, which are distinguished by different development standards issued by the Housing and Land Use Regulatory Board ("HLURB") (now, the Department of Human Settlements and Urban Development ["DHSUD"]). The first type of subdivision, aimed at low-cost housing, must comply with Batas Pambansa Blg. 220, which allows for a higher density of building and relaxes some of the construction standards. Other subdivisions must comply with Presidential Decree No. 957, which sets out standards for lower-density developments. Both types of subdivisions must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, sewage disposal system, electricity supply, lot sizes, length of the housing blocks, and house construction.

Under Presidential Decree No. 957, which covers subdivision projects for residential, commercial, industrial, or recreational purposes and condominium projects for residential or commercial purposes, DHSUD, together with local government units, has jurisdiction to regulate the real estate trade and business. All subdivision plans are required to be filed with and approved by the local government unit concerned, while condominium project plans are required to be filed with and approved by DHSUD. Approval of such plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical, and administrative capabilities. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. Development must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, sewage disposal system, electricity supply, lot sizes, and house construction.

Owners or dealers of real estate projects are required to obtain licenses to sell before making sales or other disposition of lots or real estate projects.

In general, developers of residential subdivisions are required to submit project descriptions to regional offices of the Department of Environment and Natural Resources ("DENR"). This description sets out the background of the proposed project and identifies any significant environmental risks and possible alternative sites. In environmentally critical projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment may be required, and the developer will be required to obtain an Environmental Compliance Certificate to certify that the project will not cause an unacceptable environmental impact.

The Company routinely applies for the required governmental approvals for its projects as provided above and some DHSUD approvals such as but not limited to development permits and licenses to sell are pending for certain projects or project phases.

Under Republic Act No. 11201, DHSUD was created through the consolidation of the Housing and Urban Development Coordinating Council and HLURB and assumed the planning and regulatory functions of the HLURB. On the other hand, HLURB was reconstituted as the Human Settlements Adjudication Commission, which assumed the adjudicatory function of HLURB and was attached to DHSUD for policy, planning, and program coordination.

Pursuant to the Anti-Money Laundering Act of 2001 (“AMLA”), as recently amended by Republic Act No. 11521, which took effect on January 30, 2021, real estate developers (“REDs”) are now covered institutions. Thus, REDs are now required to report covered and suspicious transactions to the AMLC within the period prescribed by the law and its implementing rules and regulations. For REDs, a covered transaction involves a single cash transaction involving an amount in excess of Php7,500,000.00 or its equivalent in any other currency. Suspicious transactions are as defined under the AMLA and under Republic Act No. 10168 or the Terrorism Financing Prevention and Suppression Act of 2012, and their respective implementing rules and regulations. REDs are required to file with the AMLC a Covered Transaction Report (“CTR”) within five (5) working days from occurrence thereof, and a Suspicious Transaction Report (“STR”) within the next working day from occurrence thereof.

The Group is not aware of any pending legislation or governmental regulation that is expected to materially affect its business.

Research and Development Costs

Expenses incurred for research are minimal and do not amount to a significant percentage of revenues.

On the other hand, construction and development costs incurred and their percentage of revenues are as follows:

Year	Amount Spent	% to Revenue
2025	Php2.38 billion	44.1%
2024	Php1.92 billion	38.8%
2023	Php1.80 billion	34.7%

Costs and Effects of Compliance with Environmental Laws

Expenses incurred by the Group for purposes of complying with environmental laws consist primarily of payments for government regulatory fees that are standard in the industry and are minimal.

Manpower

As of December 31, 2025, the Group employed a total of 747 employees. The Group will hire additional employees if or when the present workforce becomes inadequate to handle the growing operations of the Group. The Group has no collective bargaining agreements with its employees due to the absence of organized labor organizations in the Group. Aside from complying with the minimum compensation standards mandated by law, the Group makes available to qualified personnel supplemental benefits such as health insurance, and tax-qualified and non-contributory retirement plan which is being administered by a trustee bank.

The table below shows the breakdown of employees by rank:

Description	As of December 31, 2025	Projected Hiring for 2026
Executives	16	-
Managers	77	1
Supervisors	198	28
Rank & File	456	22
Total	**747**	**51**

Business Risks

The real estate industry is highly dependent on the performance of the national economy as the growth of the industry has a direct correlation with the state of the national income and effective disposal income of the people. As disposable income increases, expenditures on housing will increase proportionately. Furthermore, a stable economy brings about liquidity in the financial system, thus increasing the sources of funding for housing.

The growth and profitability of the Group are influenced by the general political and economic situation. Any political instability in the future may have a material effect on the financial results of the Group.

An increase in interest rates and the unavailability of affordable financing options affect the demand for housing. The Company caters to the middle-income market, a market that primarily considers the affordability of monthly amortizations through long-term in-house or bank financing schemes.

The Company is engaged primarily in the development of land and construction of housing /condominium units. Its business is dependent on the availability of large tracts of land with potential for development. As major players and new ones continue to take advantage of the bullish condition of the real estate industry, prime properties may become less available to the Company.

Other risks related to property development are fluctuation in prices and availability of construction materials, changes in government regulations, increase in taxes and fees, and intense competition.

The Company remains vigilant to factors affecting its business, such as fluctuations in interest rates on borrowings and end-buyers' financing, increasing costs of construction materials, labor, and administrative expenses which may affect the overall demand for housing**.** Fluctuations in foreign exchange have no adverse effect since the Company has very minimal importations of construction-related materials and has no foreign currency-denominated loans.

The Company continuously monitors trends in the industry and regularly checks economic indicators. It constantly explores ways and means how to be more cost-effective and implements reasonable price increases to maintain certain profit margins while keeping its products competitive. To maintain the marketability of its products, it provides quality projects in convenient locations, keeps the price affordable, offers a variety of flexible payment terms for in-house financing, and continues to maintain strong tie-up arrangements with various banks for the financing requirements of its buyers.

The Group remains prudent in managing its financial resources and has taken measures in controlling its available funds. Generally, the Group utilizes its internally generated funds for its operations and partly uses bank financing for purposes of acquiring properties with strong economic potential and meeting urgent development requirements. By identifying the risk areas and employing appropriate risk management tools, the Group believes that the related business risks could be managed properly.

Item 2. Properties

Description of Principal Properties

The principal properties of the Group are as follows:

Property	Location	Limitations on Ownership
Completed Projects:		
Little Baguio Gardens	San Juan, Metro Manila	Owned
Laguna BelAir 1 and 2	Don Jose, Sta. Rosa, Laguna	Joint Venture
Governors Place	Mandaluyong City	Joint Venture
Kingswood Tower	Makati City	Joint Venture
Gilmore Heights	Gilmore Ave. cor. N. Domingo Sts., Quezon City	Joint Venture
San Francisco Gardens	Mandaluyong City	Joint Venture
Greenhills Garden Square	Santolan Road, Quezon City	Owned
Central Business Park	Manggahan, Pasig City	Owned
Xavier Hills	Quezon City	Joint Venture
California Garden Square	D.M. Guevarra, Mandaluyong City	Owned
Laguna BelAir 3	Biñan, Laguna	Owned
Laguna BelAir 4	Sta. Rosa City	Owned
The Sonoma	Sta. Rosa City	Joint Venture
San Lorenzo Place	Makati City	Joint Venture
Little Baguio Terraces	San Juan, Metro Manila	Joint Venture
The Cambridge Village	Cainta, Rizal	Owned
The Rochester	Pasig City	Owned
Mango Tree Residences	San Juan City	Owned
Covent Garden	Sta. Mesa Manila	Owned
On-Going Projects:		
Pioneer Woodlands	Mandaluyong City	Joint Venture
Kasara Urban Resort Residences	Eagle St., Pasig City	Owned
The Paddington Place	Mandaluyong City	Owned
Southpoint Science Park	Gimalas Balayan Batangas	Owned
Empire East Highland City	Pasig City and Cainta, Rizal	Joint Venture

Most projects are for sale except for Central Business Park (CBP), an office-warehouse complex, and San Lorenzo Place Mall (SLPM), which is composed of commercial units for lease. CBP has a leasable area of 9,870 square meters with a lease rate of Php315 to Php330 per square meter. SLPM has 6,596.2 square meters with a lease rate ranging from Php350 to Php3,347 per square meter. Lease terms for CBP and SLPM are up to 5 year and 10 years, respectively.

There is no mortgage, lien, or encumbrance over the properties of the Company. The limitations on ownership and usage are disclosed in the table above and in the Notes of the Group's Audited Consolidated Financial Statements.

The Company cannot identify the particular properties it intends to acquire in the next twelve (12) months as the opportunities, offers or prospects may come unexpectedly. It aims to continuously acquire properties in strategic/prime locations with good market potential. It may acquire interest on the land through either outright acquisition or joint venture arrangements with landowners. Depending on the value of the property, it may utilize its internal funds to finance the acquisition; it may partially borrow or raise funds through equity financing.

Item 3. Legal Proceedings

Description of Material Pending Legal Proceedings

There is no material pending legal proceedings to which the Company or any of its subsidiaries and affiliates is a party or of which any of their property is the subject of.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted during the fourth quarter of 2025 to a vote of security holders.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

The Company has an authorized capital stock of Thirty-Three Billing Four Hundred Ninety-Five Million Two Hundred Thousand Pesos (Php33,495,200,000.00), divided into the following classes of shares, with the features provided below:

a. 31,495,200,000 voting common shares with a par value of Php1.00 per share.
b. 2,000,000,000 preferred shares with par value of Php1.00 per share, which shall be convertible, non-voting (except in those cases provided by law and the Enabling Resolutions) and shall have no pre-emptive right to subscribe to or purchase any shares of any class.

Market Information

The Company's common shares are traded on the Philippine Stock Exchange ("PSE"). The following table sets out, for the periods indicated, the high and low sales prices for the Company's common shares as reported on the PSE:

Year		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2024	High	0.183	0.191	0.157	0.148
	Low	0.119	0.142	0.126	0.118
2025	High	0.128	0.122	0.126	0.111
	Low	0.104	0.102	0.106	0.103
2026	High	0.115			
	Low	0.095			
3/31/2026 Close		0.096			

Holders

As of December 31, 2025, there were 12,228 holders of the Company's common shares. The following table sets forth the twenty largest shareholders of the Company as of December 31, 2025.

Rank	Name of Holder	Number of Shares	Percentage of Ownership
1.	Megaworld Corporation	11,994,426,438[1]	81.7271%
2.	PCD Nominee Corporation (Filipino)	2,049,304,004[2]	13.9635%
3.	PCD Nominee Corporation (Non-Filipino)	173,881,155	1.1848%
4.	The Andresons Group, Inc.	149,692,820	1.0200%

[1] This includes 1,000,000 shares lodged with PCD Nominee Corporation (Filipino) and beneficially owned by Megaworld Corporation.
[2] This excludes 1,000,000 shares lodged with PCD Nominee Corporation (Filipino) and beneficially owned by Megaworld Corporation.

5,	Alliance Global Group, Inc.	56,000,000	0.3816%
6.	Andrew L. Tan	24,277,777	0.1654%
7.	Simon Lee Sui Hee	16,685,206	0.1137%
8.	Ramon Uy Ong	14,950,000	0.1019%
9.	Lucio W. Yan	10,350,000	0.0705%
10.	Alberto Mendoza and/or Jeanie C. Mendoza	4,444,106	0.0303%
11.	Evangeline R. Abdullah	4,324,000	0.0295%
12.	George T. Yang	3,675,400	0.0250%
13.	Zheng Chang Hua	3,220,000	0.0219%
14.	Tiong C. Rosario	3,138,791	0.0214%
15.	Maximino S. Uy &/or Lim Hue Hua	3,105,000	0.0212%
16.	Luisa Co Li	2,902,908	0.0198%
17.	Edward N. Cheok	2,875,000	0.0196%
18.	Aboitiz Equity Ventures, Inc.	2,813,843	0.0192%
19.	Maximino S. Uy	2,357,500	0.0161%
20.	William How	2,300,000	0.0157%

Dividends

The payment of dividends, either in the form of cash or stock, will depend upon the Company's earnings, cash flow, and financial condition, among other factors. The Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Company, with its capital unimpaired, that is not appropriated for any other purpose.

The Company may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends paid in cash are subject to approval by the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds (2/3) of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose.

No stock dividends were declared on the Company’s common shares from 2007 to 2025. The Company declared a 15% stock dividend on March 15, 2006, which was paid on August 8, 2006 to all shares of common stock outstanding as of July 13, 2006.

The Corporation Code prohibits stock corporations from retaining surplus profits in excess of one hundred percent (100%) of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividends without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

Recent Sales of Unregistered or Exempt Securities

No sales of unregistered securities were made in the past three (3) years. No debt securities were registered nor contemplated to be registered.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

For 2025, the following are top key performance indicators of the Group:

		2025	2024
Sales		Php3.3 Billion	Php3.2 Billion
Net Profit		Php796.5 Million	Php680.3 Million
Current Ratio	*1	2.76:1	2.79:1
Quick Ratio	*2	0.90:1	0.96:1
Return on Assets	*3	0.02:1	0.01:1
Return on Equity	*4	0.03:1	0.02:1

**1- Current Assets/Current Liabilities*

**2- Cash and cash equivalents + Trade and other receivables + Contract Assets / Total Current Liabilities*

**3-Net Profit divided by Average Total Assets*

**4-Net Profit divided by Average Total Equity*

1) **Real Estate Sales**

The Group's marketing and development concepts, sales strategies, project location and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to mass transit system and are conveniently located in business districts of Metro Manila

2) **Prudent Cash Management**

The Group continued to implement cost-saving measures and negotiate for longer payment terms with both existing and new suppliers. Strict monitoring of cash outflows is also being continually observed, and any excess cash from operations is being placed in short-term investments.

3) **Ability to Repay Loan Obligations**

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) **Continuous Customer Collections**

The Group continues to innovate and implement collection efficiency initiatives, some of which are the various online payment platforms that enable clients to continually make payments with ease. The Group is also in partnership with a wide network of banks to provide clients with more convenient payment options.

RESULTS OF OPERATIONS

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of December 31, 2025 versus December 31, 2024

Amount in Million Pesos	For the years ended December 31		Change year-on-year	
(except for Earnings per Share (EPS))	**2025**	**2024**	**in Pesos**	**in %**
REVENUES				
Real estate sales	P 3,323.8	P 3,242.6	P 81.2	2.5%
Finance income	821.8	913.7	(91.9)	-10.1%

Equity share in net earnings of an associate		0.9		0.4		0.5	122.8%
Commissions and other income		1,250.3		794.1		456.2	57.5%
		5,396.8		4,950.8		446.0	9.0%
COSTS AND EXPENSES							
Cost of real estate sales		2,093.0		2,053.7		39.3	1.9%
Finance costs		380.6		491.9	(	111.3)	-22.6%
Operating Expenses		2,007.1		1,517.1		490.0	32.3%
Income taxes		119.6		207.8	(	88.2)	-42.4%
		4,600.3		4,270.5		329.8	7.7%
NET PROFIT		796.5		680.3		116.2	17.1%
Net profit (loss) attributable to:							
Parent company's shareholders	P	803.8	P	687.1	P	116.7	17.0%
Non-controlling interests	(	7.3)	(	6.8)	(	0.5)	6.8%
EPS - Basic and Diluted	P	0.055	P	0.047	P	0.008	17.0%

During the twelve-month period, the consolidated net profit amounted to Php796.5 million, with 17.1% increase from previous year's net income of Php680.3 million. Consolidated revenues, composed of Real Estate Sales, Finance Income, Commissions and other income, increased by 9.0% from Php5.0 billion in 2024 to Php5.4 billion in 2025.

Real Estate Sales

The Group registered Real Estate Sales of Php3.3 billion for the year ended December 31, 2025 compared with Php3.2 billion for the year ended December 31, 2024. The sales generated were derived from various projects including The Paddington Place, Mango Tree Residences, Kasara Urban Resort Residences, Covent Garden, Pioneer Woodlands, The Sonoma, Laguna Bel-Air, Greenhills Garden Square, California Garden Square, San Lorenzo Place, The Rochester Garden, The Cambridge Village and Little Baguio Terraces.

The Cost of Real Estate Sales amounted to Php2.1 billion for the years ended December 31, 2025 and 2024 or 63.0% and 63.3% of Real Estate Sales, respectively. The change was primarily due to the different composition of properties sold for each year.

Gross Profit for years ended December 31, 2025 and 2024 amounted to Php1.2 billion and Php1.1 billion or 37.0% and 36.7% of Real Estate Sales, respectively. The gross profit margin varies depending on the product mix and the competitiveness of prices of each property.

Other Revenues

The Finance Income for the year ended December 31, 2025 and 2024 amounted to Php821.8 million and Php913.7 million or 15.2% and 18.5% of Total Revenues, respectively. They were derived mostly from the significant financing component of contracts, in-house financing, short-term investments and various advances from related parties.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other Income for the year ended December 31, 2025 and 2024 resulted to Php1.3 billion and Php0.8 billion or 23.2% and 16.0% of Total Revenues, respectively.

Equity share in the net earnings of an associate amounted to Php0.9 million and Php0.4 million for the year ended December 31, 2025 and 2024, respectively.

Operating Expenses

Operating Expenses posted an increase of 32.3% from Php1.5 billion to Php2.0 billion for the year ended December 31, 2024 and 2025, respectively. Other charges/expenses include Finance Cost of Php380.6 million and Php491.9 million for the year ended December 31, 2025 and 2024, respectively.

FINANCIAL CONDITION

Review of December 31, 2025 versus December 31, 2024

In Million Pesos	As of December 31		Change year-on-year	
Selected Balance Sheet Data	**2025**	**2024**	**In Pesos**	**In %**
Cash and cash equivalents	2,282.6	2,863.9	(581.3)	-20.3%
Trade and other receivables[1]	14,061.1	12,771.1	1,290.0	10.1%
Contract assets[1]	2,471.3	3,267.0	(795.7)	-24.4%
Prepayments and other current assets	1,343.3	1,059.1	284.2	26.8%
Financial assets at fair value through profit or loss	922.2	1,013.4	(91.2)	-9.0%
Advances to landowners and joint ventures	258.1	237.5	20.6	8.7%
Property and equipment - net	204.2	146.6	57.6	39.3%
Intangible assets-net	21.8	28.1	(6.3)	-22.2%
Other non-current assets	277.1	311.1	(34.0)	-10.94%
Total Assets	**49,929.7**	**49,425.2**	**504.5**	**1.0%**
Interest-bearing loans and borrowings[1]	450.0	650.0	(200.0)	-30.8%
Trade and other payables	2,348.4	2,512.6	(164.2)	-6.5%
Contract liabilities[1]	199.8	282.6	(82.8)	-29.3%
Other current liabilities	1,646.6	1,208.6	438.0	36.2%
Total Liabilities	**17,896.2**	**18,093.3**	**(197.1)**	**-1.1%**
Revaluation reserves	164.5	259.4	(94.9)	-36.6%
Retained earnings	10,381.7	9,577.9	803.8	8.4%
Equity Attributable to the Parent Company's stockholders	29,263.4	28,554.5	708.9	2.5%
Non-controlling interests	2,770.1	2,777.4	(7.3)	-0.3%
Total Equity	**32,033.5**	**31,331.9**	**701.6**	**2.2%**

1 *Current+Non-current*

Total Assets of the Group as of December 31, 2025 and 2024 amounted to Php49.9 billion and Php49.4 billion, respectively. Cash and Cash Equivalents decreased from Php2.9 billion in 2024 to Php2.3 billion in 2025.

The Group remains liquid with Total Current Assets of Php42.5 billion in 2025 and Php42.6 billion in 2024 which accounts for 85.0% and 86.1% of the Total Assets as of December 31, 2025 and 2024, respectively. While Total Current Liabilities amounted to Php 15.4 billion in 2025 and Php15.2 billion in 2024.

Total Equity increased from Php31.3 billion in 2024 to Php32.0 billion in 2025 due to the Group's Net Income for the 12-month period.

For the year ending December 31, 2025 and 2024, the Group sourced its major cash requirements from internally generated funds and partly from borrowings.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables and other operating expenses.

Material Changes in the 2025 Financial Statements
(Increase or decrease of 5% or more versus December 31, 2024)

Statements of Financial Position

- 20.3% decrease in Cash and cash equivalents
  Mainly due to the full blast construction of various projects during the year

- 10.1% increase in Trade and Other Receivables
  Mainly due to recognized sales from completed projects

- 24.4% decrease in Contract Assets
  Primarily due to the completion of various projects

- 26.8% increase in Prepayments and Other Current Assets
  Due to transfer related taxes processed during the year

- 9% decrease in Financial Assets at Fair Value through Other Comprehensive Income
  Pertains to the decline in the fair market value of shares held by a subsidiary

- 8.7% increase in Advances to Landowners & Joint Ventures
  Mainly due to various advances to landowners and joint ventures

- 39.3% increase in Property and Equipment - Net
  Mainly due to capitalized cost related to the Company's head office

- 22.2% decrease in Intangible Assets – Net
  Pertains to the amortization recognized for the year

- 10.9% decrease Other non-current assets
  Primarily due to lower deferred commission expected to be realized beyond one year from the reporting date

- 30.8% decrease in Interest-bearing Loans and Borrowings
  Mainly due to repayment of loans

- 6.5% decrease in Trade and Other Payables
  Due to payment of obligations to suppliers and contractors

- 29.3% decrease in Contract Liabilities
  Due to revenue recognition related to the completion of various projects and construction progress of ongoing projects net customer collections

- 36.2% increase in Other Current Liabilities
  Mainly due to the portion of contractors' and suppliers' billings retained by the company to ensure compliance with their contract agreements as well as the provision for refund liability recognized during the period as required under R.A. 6552

- 36.6% decrease in Revaluation Reserve
  Mainly due to the decrease in fair market value of investment in securities held by a subsidiary

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus December 31, 2024)

- 10.1% decrease in Finance Income
  Mainly due to reduced interest rate due on the outstanding advances to related parties

- 122.8% increase in Equity Share in Net Income of Associates
  Mainly due to the reported net income of an associate for the period

- 57.5% increase in Commissions and Other Income
  Mainly due to the higher revenues derived from other sources

- 22.6% decrease in Finance Costs
  Mainly due to interest on loans and advances from related parties

- 32.3% increase in Operating Expenses
  Mainly due to the increase in selling, administrative, and other corporate expenses

- 42.4% decrease in Tax Expense
  Mainly due to the deductible temporary difference resulting to lower financial income for the year

The Company allocates Php25.0 billion in capital expenditures over the next 5 years and is expected to be funded by collections, borrowings, and other sources.

Fluctuations in foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and have no foreign denominated loans.

There are no other material changes in the Group's financial position and condition (5% or more) that will warrant a more detailed discussion. Likewise, there are no material events and uncertainties known to the management that would have material impact on reported financial information and normal operations of the Group.

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business-related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

There are no material off-statements of financial condition transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

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

The Group is aggressively marketing its products especially the new projects. It continuously offers competitive prices, more flexible payment schemes under in-house financing, and has strong tie-ups with reputable banks for the financing requirements of its buyers.

For 2024, the following are top key performance indicators of the Group:

		2024	**2023**
Sales		Php3.2 Billion	Php4.0 Billion
Net Profit		Php680.3 Million	Php757.9 Million
Current Ratio	*1	2.79:1	2.85:1
Quick Ratio	*2	0.96:1	1.06:1

Return on Assets	*3	0.01:1	0.02:1
Return on Equity	*4	0.02:1	0.02:1

**1- Current Assets/Current Liabilities*

**2- Cash and cash equivalents + Trade and other receivables + Contract Assets / Total Current Liabilities*

**3-Net Profit divided by Average Total Assets*

**4-Net Profit divided by Average Total Equity*

1) Real Estate Sales

The Group's marketing and development concepts, sales strategies, project location and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to mass transit system and are conveniently located in business districts of Metro Manila

2) Prudent Cash Management

The Group continued to implement cost-saving measures and negotiate for longer payment terms with both existing and new suppliers. Strict monitoring of cash outflows is also being continually observed, and any excess cash from operations is being placed in short-term investments.

3) Ability to Repay Loan Obligations

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) Continuous Customer Collections

The Group continues to innovate and implement collection efficiency initiatives, some of which are the various online payment platforms that enable clients to continually make payments with ease. The Group is also in partnership with a wide network of banks to provide clients with more convenient payment options.

RESULTS OF OPERATIONS

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of December 31, 2024 versus December 31, 2023

Amount in Million Pesos (except for Earnings per Share (EPS))	**For the years ended December 31**		**Change year-on-year**	
	2024	**2023**	**in Pesos**	**in %**
REVENUES				
Real estate sales	3,242.6	3,997.5	(754.9)	-18.9%
Finance income	913.7	587.5	326.2	55.5%
Equity share in net earnings of an associate	0.4	0.1	0.3	218.3%
Commissions and other income	794.1	618.0	176.1	28.5%
	4,950.8	5,203.1	(252.3)	-4.8%
COSTS AND EXPENSES				
Cost of real estate sales	2,053.7	2,497.4	(443.7)	-17.8%
Finance costs	491.9	391.1	100.8	25.8%
Operating expenses	1,517.1	1,336.7	180.4	13.5%

Tax expense	207.8	220.0	(12.2)	-5.5%
	4,270.5	4,445.2	(174.7)	-3.9%
NET PROFIT	680.3	757.9	(77.6)	-10.2%
Net profit (loss) attributable to:				
Parent company's shareholders	687.1	765.7	(78.6)	-10.3%
Non-controlling interests	(6.8)	(7.8)	(1.0)	-12.8%
EPS - Basic and Diluted	0.047	0.052	(0.005)	-9.6%

During the twelve-month period, the consolidated net profit amounted to Php680.3 million, with 10.2% decrease from previous year's net income of Php757.9 million. Consolidated revenues, composed of Real Estate Sales, Finance Income, Equity share in net earnings of an associate, Commissions and other income, dipped by 4.8% from Php5.2 billion in 2023 to Php5.0 billion in 2024.

Real Estate Sales

The Group registered Real Estate Sales of Php3.2 billion for the year ended December 31, 2024 compared with Php4.0 billion for the year ended December 31, 2023. The sales generated were derived from various projects including Kasara Urban Resort Residences, Pioneer Woodlands, Covent Garden, San Lorenzo Place, Mango Tree Residences, The Paddington Place, The Rochester Garden, The Sonoma, The Cambridge Village, and Little Baguio Terraces.

The Cost of Real Estate Sales amounted to Php2.0 billion for the year ended December 31, 2024 and Php2.5 billion for the year ended December 31, 2023 or 63.3% and 62.5% of Real Estate Sales, respectively. The change was primarily due to the different composition of properties sold for each year.

Gross Profit for the year ended December 31, 2024 and 2023 amounted to Php1.2 billion and Php1.5 billion or 36.7% and 37.5% of Real Estate Sales, respectively. The gross profit margin varies depending on the product mix and the competitiveness of prices of each property.

Other Revenues

The Finance Income for the year ended December 31, 2024 and 2023 amounted to Php913.7 million and Php587.5 million or 18.5% and 11.3% of Total Revenues, respectively. They were derived mostly from in-house financing, short-term investments, significant financing component in the contract to sell and various advances from related parties.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other Income for the year ended December 31, 2024 and 2023 resulted to Php794.1 million and Php618.0 million or 16.0% and 11.9% of Total Revenues, respectively.

Equity share in the net earnings of an associate amounted to Php0.4 million and Php0.1 million for the year ended December 31, 2024 and 2023, respectively.

Operating Expenses

Operating Expenses posted an increase of 13.5% from Php1.3 billion to Php1.5 billion for the year ended December 31, 2023 and 2024, respectively. Other charges/expenses include Finance Cost of Php491.9 million and Php391.1 million for the year ended December 31, 2024 and 2023, respectively.

FINANCIAL CONDITION

Review of December 31, 2024 versus December 31, 2023

Amount in Million Pesos	**As of December 31**		**Change year-on-year**	
Selected Balance Sheet Data	**2024**	**2023**	**in Pesos**	**in %**

Cash and cash equivalents	2,863.9	3,717.5	(853.6)	-23.0%
Contract assets[1]	3,267.0	2,741.2	525.8	19.2%
Advances to related parties	5,965.8	5,467.5	498.3	9.1%
Prepayments and other current assets	1,059.1	1,001.4	57.7	5.8%
Financial assets at fair value through other comprehensive income	1,013.4	1,270.1	(256.7)	-20.2%
Property and equipment - net	146.6	160.9	(14.3)	-8.9%
Intangible assets-net	28.1	34.3	(6.2)	-18.1%
Other non-current assets	311.1	262.1	49.0	18.7%
Total Assets	**49,425.2**	**49,499.1**	**(73.9)**	**-0.1%**
Interest-bearing loans and borrowings[1]	650.0	850.0	(200.0)	-23.5%
Customers' deposits	4,743.7	5,140.8	(397.1)	-7.7%
Advances from related parties	6,394.9	6,061.7	333.2	5.5%
Contract liabilities[1]	282.6	256.8	25.9	10.0%
Other current liabilities	1,208.6	1,042.2	166.4	16.0%
Retirement benefit obligation	238.1	154.0	84.1	54.6%
Total Liabilities	**18,093.3**	**18,135.5**	**(42.2)**	**-0.2%**
Revaluation reserves	259.4	547.6	(288.2)	-52.6%
Retained earnings	9,577.9	9,314.6	263.3	2.8%
Equity Attributable to the Parent Company's stockholders	28,554.5	28,579.3	(24.8)	-0.1%
Non-controlling interests	2,777.4	2,784.3	(6.9)	-0.2%
Total Equity	**31,331.9**	**31,363.6**	**(31.7)**	**-0.1%**

1 *Current+Non-current*

Total Assets of the Group as of December 31, 2024 and 2023 amounted to Php49.4 billion and Php49.5 billion, respectively. Cash and Cash Equivalents as of December 31 decreased from Php3.7 billion in 2023 to Php2.9 billion in 2024.

The Group remains liquid with Total Current Assets of Php42.6 billion in 2024 and Php43.0 billion in 2023, which accounts for 86.1% and 87.0% of the Total Assets as of December 31, 2024 and 2023, respectively. While Total Current Liabilities amounted to Php15.2 billion in 2024 and Php15.1 billion in 2023.

Total Equity as of December 31 decreased from Php31.4 billion in 2023 to Php31.3 billion in 2024 mainly due to the Group's restatement in relation to the adoption of IFRIC Agenda (PAS 23) and PIC Q&A No. 2018-12D and re-measurement of retirement benefit obligation and revaluation of equity investments held by a subsidiary

For the year ending December 31, 2024 and 2023, the Group sourced its major cash requirements from internally generated funds and partly from borrowings.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables and other operating expenses.

Material Changes in the 2024 Financial Statements
(Increase or decrease of 5% or more versus December 31, 2023)

Statements of Financial Position

- 23.0% decrease in Cash and cash equivalents
  Mainly due to the full blast construction of various projects during the period

- 19.2% increase in Contract Assets

Due to the progress in construction activities and sales recognized from uncompleted projects

- 9.1% increase in Advances to Related Parties
  Mainly due to interest on outstanding advances

- 5.8% increase in Prepayments and Other Current Assets
  Primarily due to the capitalized Commissions incurred to obtain contracts.

- 20.2% decrease in Financial Assets at Fair Value through Other Comprehensive Income
  Due to the decline in the fair market value of shares held by a subsidiary

- 8.9% decrease in Property and Equipment - Net
  Mainly due to the depreciation expense for the period

- 18.1% decrease in Intangible Assets – Net
  Due to the amortization recognized for the period

- 18.7% increase Other non-current assets
  Primarily due to additional deferred commission on uncompleted projects which are expected to be realized beyond one year from the reporting date

- 23.5% decrease in Interest-Bearing Loans and Borrowings
  Due to principal repayments of loan

- 7.7% decrease in Customers' Deposits
  Primarily due to recognized sales for the period

- 5.5% increase in Advances from Related Parties
  Mainly due to interest on outstanding advances

- 10.0% increase in Contract Liabilities
  Due to customer collections net of construction progress for some contracts

- 16.0% increase in Other Current Liabilities
  Due to the portion of contractors' and suppliers' billings retained by the company to ensure compliance with their contract agreements and the provision for refund liability recognized during the period as required by R.A. 6552

- 54.6% increase in Retirement Benefit Obligation
  Mainly due to the re-measurement of the Retirement Benefit Obligation

- 52.6% decrease in Revaluation Reserve
  Mainly due to the decline in fair market value of investment in securities held by a subsidiary

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus December 31, 2023)

- 18.9% decrease in Real estate sales
  Primarily due to the fewer number of contracts qualified for revenue recognition for the year

- 55.5% increase in Finance Income
  Mainly due to interest related to the significant financing components of contracts, outstanding advances to related parties and short-term investments

- 218.3% increase in Equity Share in Net Income of Associates
  Mainly due to the reported net income of an associate for the period

- 28.5% increase in Commissions and Other Income
  Mainly due to the higher rentals from commercial spaces as well as revenue derived from other sources

- 17.8% decrease in Cost of Real Estate Sales
  Due to lower Real Estate Sales for the year

- 25.8% increase in Finance Costs
  Mainly due to interest on loans and advances from related parties

- 13.5% increase in Operating Expenses
  Mainly due to the increase in selling, administrative, and other corporate expenses

- 5.5% decrease in Tax Expense
  Mainly due to the decrease in taxable income for the year

The Company allocates Php25.0 billion in capital expenditures over the next 5 years and is expected to be funded by collections, borrowings, and other sources.

Fluctuations in foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and have no foreign denominated loans.

There are no other material changes in the Group's financial position and condition (5% or more) that will warrant a more detailed discussion. Likewise, there are no material events and uncertainties known to the management that would have material impact on reported financial information and normal operations of the Group.

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business-related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

There are no material off-statements of financial condition transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

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

The Group is aggressively marketing its products especially the new projects. It continuously offers competitive prices, more flexible payment schemes under in-house financing, and has strong tie-ups with reputable banks for the financing requirements of its buyers.

For 2023, the following are top key performance indicators of the Group:

		2023	**2022**
Sales		Php4.0 Billion	Php3.8 Billion
Net Profit		Php757.9 Million	Php715.4 Million
Current Ratio	*1	2.85:1	3.11:1
Quick Ratio	*2	1.06:1	1.10:1
Return on Assets	*3	0.02:1	0.02:1
Return on Equity	*4	0.02:1	0.02:1

**1- Current Assets/Current Liabilities*

**2- Cash and cash equivalents + Trade and other receivables + Contract Assets / Total Current Liabilities*

**3-Net Profit divided by Average Total Assets*

**4-Net Profit divided by Average Total Equity*

1) **Real Estate Sales**

The Group's marketing and development concepts, sales strategies, project location and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to mass transit system and are conveniently located in business districts of Metro Manila.

2) **Prudent Cash Management**

The Group implemented cost-saving measures, negotiated for longer payment terms from suppliers, monitored cash outflows and invested excess cash in short-term time deposits.

3) **Ability to Repay Loan Obligations**

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) **Continuous Customer Collections**

The Group implemented collection efficiency initiatives and launched an online digital payment platform to enable continuous customer payments. It also utilizes more banks to provide more convenience to clients who opt for direct payments.

RESULTS OF OPERATIONS

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of December 31, 2023 versus December 31, 2022

Amount in Million Pesos	**For the years ended December 31**		**Change year-on-year**	
(except for Earnings per Share (EPS))	**2023**	**2022**	**in Pesos**	**in %**
REVENUES				
Real estate sales	3,997.5	3,800.0	197.5	5.2%
Finance income	587.5	491.4	96.1	19.5%
Equity share in net earnings of an associate	0.1	0.2	(0.1)	-35.5%
Commissions and other income	618.0	415.5	202.5	48.7%
	5,203.1	4,707.1	496.0	10.5%
COSTS AND EXPENSES				
Cost of real estate sales	2,497.4	2,228.0	269.4	12.1%
Finance costs	391.1	398.8	(7.7)	-1.9%
Operating Expenses	1,336.7	1,123.7	213.0	19.0%
Tax Expense	220.0	241.2	(21.2)	-8.8%
	4,445.2	3,991.7	453.5	11.4%
NET PROFIT	757.9	715.4	42.5	5.9%
Net profit (loss) attributable to:				
Parent company's shareholders	765.7	720.2	45.5	6.3%
Non-controlling interests	(7.8)	(4.8)	(3.0)	-62.1%
EPS - Basic and Diluted	0.052	0.049	0.003	7.0%

During the twelve-month period, the consolidated net profit amounted to Php757.9 million, with 5.9% increase from previous year's net income of Php715.4 million. Consolidated revenues, composed of Real Estate Sales, Finance Income, Equity share in net earnings of an associate, Commissions and other income, soared by 10.5% from Php4.7 billion in 2022 to Php5.2 billion in 2023.

Real Estate Sales

The Group registered Real Estate Sales of Php4.0 billion for the year ended December 31, 2023 compared with Php3.8 billion for the year ended December 31, 2022. The sales generated were derived from various projects including Kasara Urban Resort Residences, Pioneer Woodlands, Covent Garden, San Lorenzo Place, Mango Tree Residences, The Paddington Place, The Rochester Garden, The Sonoma, The Cambridge Village, and Little Baguio Terraces,

The Cost of Real Estate Sales amounted to Php2.5 billion for the year ended December 31, 2023 and Php2.2 billion for the year ended December 31, 2022 or 62.5% and 58.6% of Real Estate Sales, respectively. The change was primarily due to the different composition of properties sold for each year.

Gross Profit for the year ended December 31, 2023 and 2022 amounted to Php1.5 billion and Php1.6 billion or 37.5% and 41.4% of Real Estate Sales, respectively. The gross profit margin varies depending on the product mix and the competitiveness of prices of each property.

Other Revenues

The Finance Income for the year ended December 31, 2023 and 2022 amounted to Php587.5 million and Php491.4 million or 11.3% % and 10.4% of Total Revenues, respectively. They were derived mostly from in-house financing, short-term investments and various advances from related parties.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other Income for the year ended December 31, 2023 and 2022 resulted to Php618.0 million and Php415.5 million or 11.9% and 8.8% of Total Revenues, respectively.

Equity share in the net earnings of an associate amounted to Php0.1 million and Php0.2 million for the year ended December 31, 2023 and 2022, respectively.

Operating Expenses

Operating Expenses posted an increase of 19% from Php1.1 billion to Php1.3 billion for the year ended December 31, 2022 and 2023, respectively. Other charges/expenses include Finance Cost of Php391.1 million and Php398.8 million for the year ended December 31, 2023 and 2022, respectively.

<u>FINANCIAL CONDITION</u>

Review of December 31, 2023 versus December 31, 2022

Amount in Million Pesos	**As of December 31**		**Change year-on-year**	
Selected Balance Sheet Data	**2023**	**2022**	**in Pesos**	**in %**
Cash and cash equivalents	3,717.5	3,437.8	279.7	8.1%
Trade and other receivables[1]	13,109.2	11,393.2	1,716.0	15.1%
Contract assets[1]	2,741.2	2,583.1	158.1	6.1%
Advances to related parties	5,467.5	5,084.7	382.8	7.5%
Prepayments and other current assets[2]	1,258.3	944.4	313.9	33.2%
Financial assets at fair value through other comprehensive income	1,270.1	1,339.9	(69.8)	-5.2%
Property and equipment - net	160.9	132.1	28.8	21.7%
Intangible assets-net	34.3	117.8	(83.5)	-70.9%

Total Assets	**49,499.1**	**47,280.3**	**2,218.8**	**4.7%**
Interest-bearing loans and borrowings[1]	850.0	1,000.0	(150.0)	-15.0%
Trade and other payables	2,558.7	2,013.7	545.0	27.1%
Customers' deposits	5,140.8	4,485.7	655.1	14.6%
Advances from related parties	6,061.7	5,764.7	297.0	5.2%
Contract liabilities[1]	256.8	308.9	(52.1)	-16.9%
Other current liabilities	1,042.2	891.7	150.5	16.9%
Retirement benefit obligation	154.0	67.7	86.3	127.4%
Total Liabilities	**18,135.5**	**16,520.6**	**1,614.9**	**9.8%**
Revaluation reserves	547.6	701.7	(154.1)	-22.0%
Retained earnings	9,314.6	8,548.8	765.8	9.0%
Equity Attributable to the Parent Company's stockholders	28,579.3	27,967.6	611.7	2.2%
Non-controlling interests	2,784.3	2,792.1	(7.8)	-0.3%
Total Equity	**31,363.6**	**30,759.7**	**603.9**	**2.0%**

1 *Current+Non-current*

2 *Based on 2023 Consolidated Financial Statement (no restatement)*

Total Assets of the Group as of December 31, 2023 and 2022 amounted to Php49.5 billion and Php47.3 billion, respectively. Cash and Cash Equivalents as of December 31 increased from Php3.4 billion in 2022 to Php3.7 billion in 2023.

The Group remains liquid with Total Current Assets of Php43.3 billion in 2023 and Php42.1 billion in 2022, which accounts for 87.5% and 89.0% of the Total Assets as of December 31, 2023 and 2022, respectively. While Total Current Liabilities amounted to Php15.1 billion in 2023 and Php13.5 billion in 2022.

Total Equity as of December 31 increased from Php30.8 billion in 2022 to Php31.4 billion in 2023 due to the Group's Net Income for the 12-month period, re-measurement of retirement benefit obligation and revaluation of equity investments held by a subsidiary.

For the year ending December 31, 2023 and 2022, the Group sourced its major cash requirements from internally generated funds and partly from borrowings.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables and other operating expenses.

Material Changes in the 2023 Financial Statements
(Increase or decrease of 5% or more versus December 31, 2022)

Statements of Financial Position

- 8.1% increase in Cash and cash equivalents
  Mainly due to collections from customers and interest on short-term investments

- 15.1% increase in Trade and other receivables – net
  Mainly due to the recognized sales from completed projects for the period

- 6.1% increase in Contract Assets
  Pertains to the progress in the construction of various projects

- 7.5% increase in Advances to related parties
  Primarily due to interest on outstanding advances

- 33.2% increase in Prepayments & other current assets

Due to transfer related taxes processed during the year and adjustment on deferred commission related to uncompleted projects

- 5.2% decrease in Financial assets at fair value through other comprehensive income
  Pertains to the decrease in fair market value of investment in securities held by a subsidiary

- 21.7% increase in Property and equipment - net
  Primarily due to asset acquisition and recognition of Right-of-Use of Asset for the year

- 70.9% decrease in Intangible assets - net
  Pertains to the depreciation and impairment loss of goodwill on a subsidiary recognized for the year

- 15% decrease in Interest-bearing loans and borrowings
  Due to repayment of bank loans

- 27.1% increase in Trade and other payables
  Mainly due to increase in construction activities of various projects

- 14.6% increase in Customers' deposits
  Primarily due to collections from buyers of various projects

- 5.2% increase in Advances from related parties
  Mainly due to interest on outstanding advances to the parent company

- 16.9% decrease in Contract liabilities
  Due to the completion of various towers and construction progress for the other ongoing projects

- 16.9% increase in Other current liabilities
  Mainly due to the portion of the contractors' and suppliers' billings retained by the company to ensure compliance with the contract agreement

- 127.4% increase in Retirement benefit obligation
  Mainly due to the re-measurement of the retirement benefit obligation

- 22% decrease in Revaluation reserve
  Mainly due to decrease in fair market value of investment in securities held by a subsidiary

- 9.0% increase in Retained Earnings
  Pertains to Net Income for the year

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus December 31, 2022)

- 5.2% increase in Real estate sales
  Primarily due to higher sales recognized for the period

- 19.5% increase in Finance income
  Mainly due to interest on the outstanding advances to related parties and short-term investments

- 35.5% decrease in Equity share in net earnings of an associate
  Due to lower net operating income reported by an associate

- 48.7% increase in Commission and other income
  Mainly due to an increase in revenues reported by a subsidiary and other income derived from other related sources

- 12.1% increase in Cost of sales

Mainly due to increase in real estate sales recorded for the period

- 19% increase in Operating Expenses
  Mainly due to an increase in administrative expenses

- 8.8% decrease in Tax expense
  Mainly due to decrease in taxable income for the year

The Company allocates Php25.0 billion in capital expenditures over the next 5 years and is expected to be funded by collections, borrowings, and other sources.

Fluctuations in foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and have no foreign denominated loans.

There are no other material changes in the Group's financial position and condition (5% or more) that will warrant a more detailed discussion. Likewise, there are no material events and uncertainties known to the management that would have material impact on reported financial information and normal operations of the Group.

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business-related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

There are no material off-statements of financial condition transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

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

The Group is aggressively marketing its products specially the new projects. It continuously offers competitive prices, more lenient payment schemes under in-house financing and has strong tie-ups with reputable banks for the financing requirements of its buyers.

Item 7. Financial Statements

Financial Statements meeting the requirements of SRC Rule 68, as amended, are attached hereto as **Exhibits 1 and 1-A,** and incorporated herein by reference.

Item 8. Information on Independent Accountant and Other Related Matters

The Board of Directors, after consultation with the Audit Committee, recommends to the stockholders the engagement of the external auditors of the Company. The selection of external auditors is made on the basis of credibility, professional reputation, accreditation with the Philippine Securities and Exchange Commission, and affiliation with a reputable foreign partner. The professional fees of the external auditors of the Company are approved by the Company's Audit Committee after approval by the stockholders of the engagement and prior to the commencement of each audit season.

Representatives of the Company's external auditor are likewise present at the stockholders' meeting, where they are given the opportunity to make a statement should they desire to do so, and to respond to questions from stockholders.

In compliance with SEC Memorandum Circular No. 8, Series of 2003, which was subsequently incorporated in SRC Rule 68, paragraph 3(b)(iv), and the Company's Revised Manual of Corporate Governance, the Company has engaged Punongbayan & Araullo as external auditor. Starting the year ending December 31, 2023, Mr. Edcel U. Costales, one of the Audit and Assurance Partners of Punongbayan & Araullo, was designated as the engagement partner for the audit of the Company's financial statements.

Mr. Renan A. Piamonte, also one of the Audit and Assurance Partners of Punongbayan & Araullo, handled the audit of the Company's financial statement for the past seven years from 2016 to 2022.

External Audit Fees and Services

The Group's external auditor, Punongbayan & Araullo, billed the amount of Php4,142,500 and Php3,918,000 annually exclusive of VAT for the years ending December 31, 2025 and 2024, respectively, in professional fees for services rendered by it for the audit of the Group's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2025 and 2024. The Company has not engaged external auditors for non-audit services, nor paid non-audit fees.

Apart from the foregoing, no other services were rendered, or fees billed by the Company's external auditors for the years ending December 31, 2025 and 2024.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The Company's Board of Directors consists of seven (7) members, of which two (2) are independent directors. All of the directors were elected during the annual meeting of stockholders held on June 10, 2025 for a term of one year and will hold office until their successors are elected and qualified.

The table sets forth each member of the Company's Board as of December 31, 2025.

Name	Age	Citizenship	Position	Date First Elected
Andrew L. Tan	76	Filipino	Chairman of the Board (Non-Executive)	July 1994
Anthony Charlemagne C. Yu	63	Filipino	President/CEO	August 1997
Enrique Santos L. Sy	76	Filipino	Director (Non-Executive)	June 2009
Kevin Andrew L. Tan	46	Filipino	Director (Non-Executive)	June 2015
Lino P. Victorioso, Jr.	45	Filipino	Director	June 2024
Cresencio P. Aquino	72	Filipino	Lead Independent Director	February 2018
Sergio R. Ortiz-Luis, Jr.	82	Filipino	Independent Director	June 2022

The table below sets forth the Company's executive officers as of December 31, 2025.

Name			Present Position
Anthony Charlemagne C. Yu	63	Filipino	President/CEO
Lino P. Victorioso, Jr.	45	Filipino	Chief Financial Officer and Chief Information Officer
Jhoanna Lyndelou T. Llaga	54	Filipino	Senior Vice President for Marketing and Chief Marketing Officer
Franemil T. Ramos	51	Filipino	First Vice President for Management Information System
Dennis E. Edaño	49	Filipino	Chief Risk Officer, Corporate Secretary/ First Vice President for Legal and Corporate Affairs

Celeste Z. Sioson-Bumatay	48	Filipino	Compliance Officer, Assistant Corporate Secretary/First Vice President for Credit and Collection
Cosca Camille M. Tuason	40	Filipino	Assistant Vice President for Human Resources
Kim Camille B. Manansala	35	Filipino	Vice President for Audit and Management Services and Chief Audit Executive
Gemma O. Romero	52	Filipino	Vice President for Project Development, Administration General Services Department
Giovanni C. Ng	51	Filipino	Treasurer
Rudolf Ryan B. Capor	41	Filipino	Assistant Vice President for Project Construction Department

Following is a brief profile of the incumbent directors and executive officers of the Company, indicating their respective business or professional experience for the past five (5) years.

Andrew L. Tan
Chairman of the Board

Mr. Tan, 76 years old, Filipino, has served as Chairman of the Company's Board of Directors since its incorporation in July 1994. He was also Treasurer of the Company from July 1994 to May 1998. He is the Chairman of the Board of Megaworld Corporation, a publicly listed corporation and the parent company of the Company, and Chairman of other publicly listed companies such as Alliance Global Group, Inc., Emperador Inc., and Global-Estate Resorts, Inc. He pioneered the live-work-play-learn model in real estate development through the Company's integrated township communities, fueling the growth of the business process outsourcing (BPO) industry. He embarked on the development of integrated tourism estates through publicly-listed Alliance Global Group, Inc. and Global-Estate Resorts, Inc., which he both chairs, while continuing to focus on consumer-friendly food and beverage and quick service restaurants. Mr. Tan serves as Chairman of the Board of Suntrust Properties, Inc., a subsidiary engaged in the development and marketing of affordable housing projects. He also serves in the boards of other Megaworld subsidiaries including Eastwood Cyber One Corporation, Megaworld Land, Inc., Megaworld Central Properties Inc., Megaworld Bacolod Properties, Inc., Mactan Oceanview Properties and Holdings, Inc., Megaworld Newport Property Holdings, Inc. and Richmonde Hotel Group International Limited. He is also the Chairman Emeritus of Emperador Inc., a publicly-listed company which owns Emperador Distillers, Inc., the leading brandy manufacturer and distributor in the Philippines. Mr. Tan is Chairman Emeritus of Megaworld Foundation, the Company's corporate social responsibility arm, which primarily focuses on the promotion of education through scholarship programs for financially handicapped but deserving students, and supports causes that promote poverty alleviation, people empowerment, social justice, good governance and environmental conservation. He is a director of Travellers International Hotel Group, Inc., which owns Newport World Resorts Manila, and the food and beverage companies, Emperador Distillers, Inc. Alliance Global Brands, Inc. and Golden Arches Development Corporation. Dr. Tan graduated magna cum laude from the University of the East with a Bachelor of Science degree in Business Administration. In 2011, Dr. Tan was conferred by the University of the East the Degree of Doctor of Humanities, honoris causa.

Anthony Charlemagne C. Yu
Director/President/CEO

Atty. Yu, 63 years old, Filipino, has been a member of the Company's Board of Directors since August 1997 and has served as President and CEO of the Company for the same period. He joined Megaworld Land, Inc. in July 1996 and served as its Vice President until July 1997. Mr. Yu obtained his Bachelor of Arts degree major in Political Science from the Ateneo de Manila University and his Juris Doctor degree from the University of the Philippines. He holds a Master's Degree from the University of London. He also holds a Master of Laws (LLM) degree from the University of California at Berkeley. He has also undertaken further studies in Advanced Finance in the University of Michigan. Atty. Yu previously worked for Ten Knots Development Corporation where he served as Vice President for Corporate and Legal Affairs and was a member of both its Executive and Management Committees. He also worked as a Legal Associate in one of the country's largest and most active law firms then, and served as Special Legal Counsel to the Secretary of Health, Dr. Juan Flavier. He also served as a Consultant in the Senate of the Philippines. Atty. Yu is a Professor of Law in the College of Law of the University of the Philippines. He was a member of the

University Faculty of the Ateneo de Manila University for many years, and sat on the Board of the Institute of the Philippine Culture of the Ateneo de Manila University. He is presently the Chair of a committee of the Board of the Ateneo de Manila University. He was also a Founding Faculty of the College of Law of De La Salle University, and was a Professor of Law at the Lyceum College of Law. He is presently the Chairperson of the Board of Trustees of World Wide Fund for Nature – WWF Philippines, which works to improve Filipino lives by crafting solutions to climate change, providing sustainable livelihood programs, and conserving the country's richest marine and terrestrial habitats. He was a member of the Philippine Delegation to the Integrated Environmental Management Forum held in Israel. Atty. Yu was also a member of the Regional Network of Legal Experts on Marine Pollution of a multilateral agency, and sat in the Board of Trustees of Management Advancement Systems, Association, Inc. He served as the Chairman of the Board and President of the Philippine Science-assisted school, Laguna BelAir Science School, Inc. He is the President of the El Nido Foundation, an NGO that promotes sustainable development and environmental protection in northern Palawan. He is a Trustee of Culion Foundation, a social development organization that primarily supports undertakings on the prevention and control of selected communicable and infectious diseases, reproductive health, and micro-enterprise development. He has served as the Chairman of the ERDA Group of Foundations, which promotes educational assistance to the marginalized sectors of society, including street children. He was also a member of the Board of Trustees of IBON Foundation, a non-profit research and education development institution that provides socio-economic research and analysis on people’s issues to various sectors. He also sits in the Board of NVC Foundation - Negrense Volunteers for Change, an organization that fights hunger and poverty by providing proper nutrition for poor children, as well as sustainable livelihood opportunities for their families. He is also a member of the Board of AHA! Learning Center, an NGO that supports public school children in various ways. He also sits as a member of the Board of Kaya Natin Movement for Good Governance and Ethical Leadership (Kaya Natin), which promotes good governance and ethical leadership in the Philippines. Atty. Yu is also President and/or Director of Empire East Communities, Inc., Megaworld Central Properties, Inc., Sherman Oak Holdings, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc. and Megaworld Newport Property Holdings, Inc. He has been appointed by the Supreme Court to be a member of the Ad Hoc Committee for the Formulation of the Special Rules of Procedure on Anti-Terrorism Cases, the Judicial Committee on Sustainability and Environmental Concerns, the Technical Working Group to draft the Amended Rules on Mandatory Continuing Legal Education of 2025, the Technical Working Group to Study the Freedom Writs (Writ of Habeas Corpus and Writ of Amparo), the Technical Working Group to Amend the Rules on Special Proceedings of the Rules of Court, the Technical Working Group for the Training and Capacity Building of Judges for the Implementation of the Anti-Terrorism Act of 2020 and Related Laws, and the Technical Working Group on Public Interest Lawyering, Alternative Lawyering, Developmental Legal Aid, and Legal Aid, among others. He has also served as a resource person of the Supreme Court’s Technical Working Group on The New Code of Judicial Conduct. He was also a resource speaker in the Supreme Court’s National Summit on Sustainability and Environmental Law. Atty. Yu has also been appointed by the Supreme Court to be the Chair of the Constitutional Law Department of the Philippine Judicial Academy (PhilJA), a component unit of the Supreme Court which serves as the training school for justices, judges, and other present and aspiring members of the Philippine Judiciary as well as court personnel.

Cresencio P. Aquino
Lead Independent Director

Atty. Aquino, 72 years old, Filipino, is currently the Managing Partner of The Law Firm of CP Aquino & Partners. He was first elected as independent director of the Company on February 15, 2018. He concurrently serves as an independent director in the Boards of publicly-listed companies, Megaworld Corporation and Global-Estate Resorts, Inc. Atty. Aquino has extensive experience in both the public and private sectors as Director of Clark Development Corporation from 2012 to 2016, Independent Director of Suntrust Home Developers, Inc. from 2009 to 2012, Corporate Legal Counsel of MBF Card and One Card Corporation from June 1998 to May 2004, Special Assistant and Chief Legal Counsel of the Government Service Insurance System from September 1992 to June 1998, Director of the Meat Packaging Corporation of the Philippines from September 1992 to June 1998, Personnel and Administrative Manager, Corporate Secretary and Chief Legal Counsel of ComSavings Bank from September 1992 to June 1998, and Executive Director of the Department of Interior and Local Government (“DILG”) from 1988 to 1992, and concurrently Ex-Officio Commissioner of the DILG with the Housing and Land Use Regulatory Board also for the same period. Atty. Aquino was formerly an Associate Professor with the San Sebastian College.

Atty. Aquino has been a member of the Integrated Bar of the Philippines since 1978 and is also a member of the Capitol Bar Association, Knights of Columbus, and the Lawyers League of the Philippines. Atty. Aquino graduated from San Sebastian College Manila with the degree of Bachelor of Arts in 1973. He obtained his Bachelor of Laws from the same institution in 1977.

Sergio R. Ortiz-Luis, Jr.
Independent Director

Mr. Ortiz-Luis, 82 years old, Filipino, is an independent director of the Company since June 2022. Mr. Ortiz-Luis Jr is also director of other publicly listed companies namely: MREIT, Inc., Philippine Estates Corporation, Waterfront Philippines, Inc., Global Ferronickel Holdings, Inc., SPC Power Corporation, Acesite Hotel Philippines, Inc. and Jolliville Holdings Corporation. He is the Chairman of Philippine International Airways, National Center for Mediation, Southernpec Phil Corporation and Aristocrat Manila City Holdings, Inc. He is Vice-Chairman of the Export Development Council and VC Securities Corporation, member of Council of Adviser in Makati City, and a private sector representative in The Philippine Bamboo Council. Also, an Honorary Chairman of Integrated Concepts & Solutions, Inc., a President of Employers Confederation of the Philippines and Philippine Exporters Confederations, Inc., Honorary Chairman and Treasurer of the Philippine Chamber of Commerce & Industry. Mr. Ortiz-Luis is a director of GS1 (Formerly Phil. Article Numbering Council), The Wellex Group, Manila Exposition Complex, Inc., La Salle Tech Academy, Inc., B.A Securities, LikeCash Asia & Pacific Corp. (LikeCash), Alliance Energy Power and Development Inc and Philippine H2O Ventures Corporation. He has been appointed Honorary Consul General of the Consulate of Romania in the Philippines (2003 to present), Past Dean of Consular Corps of the Philippines, and Honorary Adviser of International Association of Educators for World Peace. He was also the recipient of the Sino Phil Asia International Peace Award and the Gawad Parangal ng Rizal in Entrepreneurship in 2019 and 2017, respectively, Golden Icon Award, Asian Heroes Award, and the Presidential Award of Merit of the Philippines.

Mr. Ortiz-Luis Jr. obtained his Bachelor of Science degrees in Liberal Arts and in Business Administration from De La Salle College. He is also a candidate for Masters in Business Administration at De La Salle College. He has a PhD in Business Administration honoris causa from Angeles University Foundation, PhD in Humanities honoris causa from Central Luzon Agricultural College, PhD in Business Technology honoris causa from Eugelio Rodriguez University, and PhD in Capital Management honoris causa from the Academy of Multiskills, United Kingdom.

Kevin Andrew L. Tan
Director

Mr. Tan, 46 years old, Filipino, has served as Director since June 2015. He is the Director and Executive Director of Megaworld Corporation. He previously held the position of Executive Vice President and Chief Strategy Officer of Megaworld, and has led the master planning of Megaworld's 37 township developments and extensive tourism projects. He also previously held the position of First Vice President for Commercial Division of Megaworld, which markets and operates the Megaworld Lifestyle Malls including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Grand Canal at McKinley Hill, Uptown Mall, and Forbes Town in Fort Bonifacio, Newport Mall at Newport World Resorts Manila in Pasay City, Lucky Chinatown in Binondo, Manila, and Festive Walk Iloilo in Mandurriao, Iloilo City. He is the President and Chief Executive Officer of publicly-listed company, Alliance Global Group, Inc., as well as the Chairman of MREIT, Inc. He is concurrently a Director of publicly-listed companies, Empire East Land Holdings, Inc., Emperador Inc. and Global-Estate Resorts, Inc., as well as Eastwood Cyber One Corporation, Uptown Cinemas, Inc., Megaworld Central Properties Inc., Twin Lakes Corporation, Megaworld Land, Inc., Townsquare Development, Inc., Emperador Distillers, Inc., Alliance Global Brands, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., and New Town Land Partners, Inc. He also serves as the Chairman of Travellers International Hotel Group, Inc. and Megaworld Foundation, Inc., Chairman and President of Alliance Global-Infracorp Development, Inc., and Chairman and President/CEO of Agile Digital Ventures, Inc. Beyond his corporate leadership, Mr. Tan serves on several distinguished advisory bodies, including the Presidential Economic Advisory Council under Philippine President Ferdinand R. Marcos Jr., APEC Business Advisory Council (ABAC), and the International Advisory Council of the Singapore Management University (SMU). Mr. Tan obtained his bachelor's degree in Business Administration major in Management from the University of Asia and the Pacific.

Enrique Santos L. Sy
Director

Mr. Sy, 76 years old, Filipino, was elected to the Board on June 9, 2009. Previously, he served as director of the Company from April 1996 to April 1998 and from June 1999 to December 23, 2008. Mr. Sy was Corporate Secretary of the Company from July 1994 until March 31, 2011. Mr. Sy concurrently serves on the Board of the publicly-listed company, Megaworld Corporation. He is a Director of Eastin Holdings and First Oceanic Property Management, Inc. He is also a Director and the Corporate Secretary of Asia Finest Cuisine, Inc. and the Corporate Secretary of Empire East Communities, Inc. Mr. Sy previously worked as Advertising Manager of Consolidated Distillers of the Far East, Inc., Creative Director of AdCentrum Advertising, Inc., Copy Chief of Admakers, Inc., and Peace Advertising Corporation and Creative Associate of Adformatix, Inc. Mr. Sy graduated with honors from the Ateneo de Manila University with the degree of Bachelor of Arts in Communication Arts.

Lino P. Victorioso, Jr.
Director/Chief Financial Officer/Chief Information Officer

Mr. Victorioso, Jr., 45 years old, Filipino, is the current Chief Financial Officer and Chief Information Officer of the Company. He has served as director of the Company since June 11, 2024. He also serves as the Data Protection Officer of Megaworld Corporation, a publicly-listed company. Mr. Victorioso, Jr. previously held the position of Senior Assistant Vice-President and headed the Corporate Financial Services Division of the Megaworld Corporation. Prior to joining the Company, he held various CFO roles in the real estate and retail industries. Mr. Victorioso, Jr. graduated cum laude from the University of the Philippines Diliman with a degree in Business Administration and Accountancy. He is a Certified Public Accountant.

Jhoanna Lyndelou T. Llaga
Senior Vice President for Marketing and Chief Marketing Officer

Ms. Llaga, 54 years old, Filipino, concurrently serves as director of Empire East Communities, Inc, and 20th Nylon Shirt Co., Inc., the Company's subsidiaries. She joined the Company in April 1996 and is currently the Senior Vice President and Chief Marketing Officer. She was appointed Marketing Head in June 2003, Assistant Vice President in July 2009, Vice President in March 2011 and First Vice President in July 2015. Ms. Llaga graduated from the University of the Philippines in March 1994 with the degree of Bachelor of Arts in English Language Studies.

Franemil T. Ramos
First Vice President for Management Information System

Mr. Ramos, 51 years old, Filipino, joined the Company in December 1997 and held various positions in the Management Information System (MIS) Department. He was appointed as First Vice President in May 2022. He also held the position of Senior Manager in July 2004, Assistant Vice President in July 2006 and Vice President for MIS in July 2016. Mr. Ramos has a broad background in multiple programming languages along with extensive experience in system analysis, design, and implementation. Prior to joining the company, he was a Programmer Analyst of Union Industries, Inc. assigned to developing and migrating applications from mainframe computer. He graduated from the Lyceum of the Philippines with the degree of Bachelor of Science in Information Technology.

Gemma O. Romero
Vice President for Property Development, Administration and General Services Department

Engr. Romero, 52 years old, Filipino, she entered the Company as AVP for Property Development Department and was promoted as Vice President for Property Development, Administration and General Services Department last February 15, 2025. She has extensive experience in construction, structural consultancy, and real estate. Engr. Romero graduated from Bicol University with a degree in Civil Engineering. She is a licensed Civil Engineer.

Dennis E. Edaño
Chief Risk Officer/Corporate Secretary/First Vice President for Legal and Corporate Affairs

Atty. Edaño, 49 years old, Filipino, is the Chief Risk Officer and Corporate Secretary of the Company. He has been with the Company since September 2003 and currently heads the Legal & Corporate Affairs Department. Prior to his appointment as Corporate Secretary, Atty. Edaño was Assistant Corporate Secretary of the Company. Atty. Edaño has extensive experience in civil, criminal, administrative, labor and local taxation litigation, labor relations and real estate law. Prior to joining the Company, he was an Associate at the Siguion Reyna Montecillo Ongsiako Law Offices. Atty. Edaño obtained his Bachelor's Degree in Law in 1999 from the University of the Philippines and his Bachelor's Degree in Liberal Arts major in Philosophy from the same institution in 1995.

Celeste Z. Sioson - Bumatay
Compliance Officer/Assistant Corporate Secretary/First Vice President for Credit and Collection

Atty. Sioson-Bumatay, 48 years old, Filipino, is the Compliance Officer and Assistant Corporate Secretary of the Company. She joined the Company in October 2006 and is currently the First Vice President of the Credit and Collection Department of the Company. Atty. Sioson-Bumatay obtained her Bachelor's Degree in Law from the University of the Philippines in 2002 and her Bachelor's Degree in Science major in Biology in 1998 from the same institution. She has extensive experience in civil, criminal, administrative, labor litigation, labor relations and real estate law. Prior to joining the Company, she was a Senior Associate at the Andres Marcelo Padernal Guerrero and Paras Law Offices and an Associate at the Ponce Enrile Reyes & Manalastas Law Offices.

Kim Camille B. Manansala
Vice President for Audit and Management Services/Chief Audit Executive

Ms. Manansala, 35 years old, Filipino, currently serves as Vice President for Audit and Management Services (AMS) and Chief Audit Executive. She joined the Company in May 2016 as Senior Audit Manager and was appointed as AMS-Head in July 2016, Assistant Vice President for AMS in January 2017, Senior Assistant Vice President for AMS in July 2022 and Vice President for Audit and Management Services in July 2024. She is also the assigned Project Manager for the SAP implementation from January 2017 to the present. Prior to joining the Company, she worked with SyCip Gorres Velayo & Co. (SGV & Co.) as Senior Assurance Associate where she gained extensive exposure in financial/operations audit for insurance, service, finance, and holding companies, advertising and non-profit institutions. She also worked with QBE Group Shared Services Centre as Quality Assurance Analyst Level 4 and AMA Group of Companies as Senior Audit Manager. Ms. Manansala graduated Magna Cum Laude from the Polytechnic University of the Philippines in 2011 with the degree of Bachelor of Science in Accountancy and is a Certified Public Accountant by profession.

Giovanni C. Ng
Treasurer

Mr. Ng, 51 years old, Filipino, has served as Treasurer of the Company since January 6, 2002. He is also the Senior Vice President and Finance Director of Megaworld Corporation and Treasurer of Adams Properties, Inc. and Townsquare Development, Inc. He serves as a director in Eastwood Property Holdings, Inc., Oceantown Properties, Inc., Empire East Communities, Inc., Gilmore Property Marketing Associates, Inc., First Centro, Inc., Valle Verde Properties, Inc., Lucky Chinatown Cinemas, Inc. and New Town Land Partners, Inc. and Megaworld Land, Inc. Previously, he worked as Analyst Associate in Keppel IVI Investments. Mr. Ng obtained his Bachelor's Degree in Quantitative Economics from the University of Asia and the Pacific, graduating summa cum laude in 1995.

Cosca Camille M. Tuason
Assistant Vice President for Human Resources

Ms. Tuason, 40 yrs old, Filipino, joined the company in May 2006 and has held various roles in the Human Resources and Marketing Department. She was promoted to Marketing Recruitment & Accreditation

Assistant Manager in 2015, was appointed as Recruitment & Selection Head in 2018, and was promoted to Human Resources Sr. Manager in 2021. She was appointed as Assistant Vice President for Human Resources Department last April 1, 2025. Ms. Tuason holds a double degree in Psychology and Guidance & Counseling from St. Scholastica's College Manila. She also earned a Diploma in Industrial Relations and is completing her Master of Industrial Relations at the University of the Philippines Diliman.

Rudolf Ryan B. Capor
Assistant Vice President for Project Construction

Rudolf Ryan B. Capor, a 41-year-old Filipino civil engineer, joined Empire East on February 17, 2025 as Head of the Project Construction Department. Prior to this, he spent 17 years with Megaworld Corporation, where he progressed from Site Engineer to Construction Area Manager and led several high-rise residential, BPO, and land development projects. He earned his Bachelor of Science in Civil Engineering from Mapúa Institute of Technology in 2006 and obtained his professional license in the same year. In 2018, he completed his Master's degree in Construction Engineering and Management at Mapúa University. Engr. Capor is recognized for implementing modern construction technologies and industry best practices, contributing to improved project delivery, quality control, and sustainable construction initiatives.

Significant Employees

The business of the Company is not highly dependent on the services of personnel outside of Senior Management.

Family Relationships

Chairman Andrew L. Tan and Mr. Kevin Andrew L. Tan, both directors of the Company, are father and son, respectively.

Involvement in Certain Legal Proceedings

The Company is not aware of the occurrence, as of the date hereof and during the past five (5) years preceding this date, of any of the following events which it believes to be material to the evaluation of the ability or integrity of any of its directors, nominees for election as a director, or executive officers:

1. Any bankruptcy petition filed by or against any business of a director, nominee for election as a director, or executive officer who was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. Any director, nominee for election as a director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject in his personal capacity to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any director, nominee for election as a director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

4. Any director, nominee for election as a director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Board Attendance at Board and Committee Meetings Held in 2025

The attendance of the directors at the meetings of the Board of Directors for the year 2025 is as follows:

Name	No. of Meetings Held During the Year/Since Appointment	No. of Meetings Attended	Percentage of Attendance
Andrew L. Tan	28	28	100%
Anthony Charlemagne C. Yu	28	28	100%
Enrique Santos L. Sy	28	28	100%
Kevin Andrew L. Tan	28	28	100%
Lino P. Victorioso, Jr.	28	28	100%
Cresencio P. Aquino (Independent Director)	28	28	100%
Sergio R. Ortiz-Luis, Jr. (Independent Director)	28	28	100%

The attendance of the members of the Audit Committee at Audit Committee meetings for the year 2025 is as follows:

Name	Designation	Meetings Attended	Percentage
Cresencio P. Aquino (Independent Director)	Chairman	5/5	100%
Sergio R. Ortiz-Luis, Jr. (Independent Director)	Member	4/5	80%
Lino P. Victorioso, Jr.	Member	5/5	100%

The attendance of the members of the Corporate Governance Committee at Corporate Governance Committee meetings for the year 2025 is as follows:

Name	Designation	Meetings Attended	Percentage
Cresencio P. Aquino (Independent Director)	Chairman	2/2	100%
Sergio R. Ortiz-Luis, Jr. (Independent Director)	Member	2/2	100%
Enrique Santos L. Sy	Member	2/2	100%

Item 10. Executive Compensation

Compensation of Certain Executive Officers

The total annual compensation paid to the President/CEO and four most highly compensated executive officers of the Company amounted to Php56,924,982 and Php53,929,021 in 2025 and 2024, respectively. The projected total annual compensation of the named executive officers for 2025 is Php59,750,521.

Compensation of Directors

The members of the Board of Directors of the Company receive a standard per diem for attendance in board meetings. The Company paid a total of Php925,000 and Php875,000 for directors' per diem in 2025 and 2024, respectively.

Apart from directors' per diem, there are no other arrangements, such as consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as a director.

SUMMARY COMPENSATION TABLE

The following table identifies the President and the four most highly compensated officers of the Company and summarizes their aggregate compensation in 2024 and 2025 and estimated aggregate compensation for 2026:

Name and Principal Position	Year	Salary	Others Variable Pay	Total Annual Compensation
Anthony Charlemagne C. Yu *President & CEO*				
Lino P. Victorioso, Jr. *Chief Financial Officer and Chief Information Officer*				
Jhoanna Lyndelou T. Llaga *Senior Vice President for Marketing and Chief Marketing Officer*				
Dennis E. Edaño *Chief Risk Officer, Corporate Secretary and First Vice President for Legal and Corporate Affairs*				
Celeste S. Bumatay *Compliance Officer, Asst. Corporate Secretary and First Vice President for Credit and Collection*				
President and 4 Most Highly Compensated Officers	2024	47,702,510	6,226,511	53,929,021
	2025	48,389,310	8,535,672	56,924,982
	2026	50,808,776	8,941,745	59,750,521
All Other Officers and Directors as a Group	2024	39,677,508	5,402,360	45,079,868
	2025	27,265,494	5,277,873	32,543,367
	2026	28,583,076	5,510,794	34,093,870

Employment Contracts and Change-in-Control Arrangements

Executive officers are appointed by the Board of Directors to their respective offices. Certain executive officers are employees of the Company and are entitled to standard employee benefits extended by the Company to the employees.

Other than benefits available under the Company's retirement plan, there is no compensatory plan or arrangement with respect to an executive officer which results or will result from the resignation, retirement, or any other termination of such executive officer's employment with the Company and its subsidiaries, or from a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company.

Outstanding Warrants and Options

There are no outstanding warrants and options in respect of the Company's shares that are held by the Company's CEO, or any director or executive officer of the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners of more than 5% of the Company's Shares of Common Stock as of December 31, 2025

Title of Class	Name, Address of Record Owner, and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	Megaworld Corporation 30th Floor, Alliance Global Tower, 11th Avenue cor. 36 Street, Uptown Bonifacio, Taguig City	Megaworld Corporation	Filipino	11,994,426,438	81.7271%
Common	PCD Nominee Corporation (Filipino) G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City	The shares registered in the name of PCD Nominee Corporation (Filipino) are either beneficially owned by the participants of the PCD composed of custodian banks and brokers or held by them in trust for their clients.	Filipino	2,049,304,004[1]	13.9635%

Other than the persons identified above, there are no other beneficial owners of more than 5% of the Company's outstanding capital stock that is known to the Company.

[1] This includes 1,000,000 shares beneficially owned by Megaworld Corporation.

Security Ownership of Management as of December 31, 2025

Title of Class	Name of Beneficial Owner	Amount/Nature of Beneficial Ownership	Citizenship	Percent of Class
Directors				
Common	Andrew L. Tan	24,277,777 (direct)	Filipino	0.165422%
		11,994,426,438[1] (indirect)	Filipino	81.727062%
		149,692,820[2] (indirect)	Filipino	1.019970%
Common	Cresencio P. Aquino	1 (direct)	Filipino	0.000000%
Common	Anthony Charlemagne C. Yu	1 (direct)	Filipino	0.000000%
Common	Kevin Andrew L. Tan	1 (direct)	Filipino	0.000000%
Common	Enrique Santos L. Sy	11,892 (direct)	Filipino	0.000081%
Common	Lino P. Victorioso, Jr.	1 (direct)	Filipino	0.000000%
Common	Sergio R. Ortiz-Luis, Jr.	1 (direct)	Filipino	0.000000%
President and Four Most Highly Compensated Officers				
Common	Anthony Charlemagne C. Yu	Same as above		
Common	Lino P. Victorioso, Jr.	Same as above		
Common	Jhoanna Lyndelou T. Llaga	0	Filipino	n/a
Common	Dennis E. Edaño	0	Filipino	n/a
Common	Celeste Z. Sioson-Bumatay	0	Filipino	n/a
Other Executive Officers				
Common	Giovanni C. Ng	0	Filipino	n/a
Common	Franemil T. Ramos	0	Filipino	n/a
Common	Kim Camille B. Manansala	0	Filipino	n/a
Common	Gemma O. Romero	0	Filipino	n/a
Common	Cosca Camille M. Tuason	0	Filipino	n/a
Common	Rudolf Ryan B. Capor	0	Filipino	n/a
Common	All directors and executive officers as a group	24,289,674 (direct)	Filipino	0.165504%

Voting Trust Holders of 5% or More

The Company has no knowledge of any person holding more than five percent (5%) of the Company's shares of common stock under a voting trust or similar agreement.

Changes in Control

No change in control of the Company has occurred since the beginning of its last fiscal year. The Company has no knowledge of any existing arrangements that may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

All transactions involving related parties are conducted in strict adherence to the principle of arm's length dealings to ensure that the same are executed at fair market value, with the goal of ensuring fairness, and best interests of the Company's stakeholders, as well as preventing potential conflicts of interest. Please refer to the discussion under Transactions with and/or dependence on Related Parties on page 9.

The Group's policy on related party transactions is disclosed in Note 25 of Audited Consolidated Financial Statements.

[1] The shares are held by Megaworld Corporation had authorized Andrew L. Tan, in his capacity as Chairman of the Board, or in his absence the Chairman of the Meeting, to vote Megaworld's common shares in the Company.
[2] The shares are held by The Andresons Group, Inc. of which Andrew L. Tan is a controlling shareholder.

Also, Note 25 of the Group's Audited Consolidated Financial Statements cites the conditions, purpose, and types of transactions (i.e., advances given to and received from related parties for construction-related activities, recognition of rental income, recognition of commission income, and the grant by a stockholder of security under the Group's commercial/term loan) which give rise to the due to/from related parties and advances to/from stockholders, associates, and other related parties.

In accordance with PAS 24.18, the Group disclosed the amounts of the transactions with its related parties, including the amount of outstanding balances as of the reporting dates.

The Company has no transaction for the covered period with parties that fall outside the definition of "related parties" under SFAS/IAS No. 24 but with whom the Company or its related parties has a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance.

Empire East pursues the sustainability of its business as well as shared value for its stakeholders by anchoring its corporate activities on the highest standards of corporate governance. A culture of integrity, transparency and accountability governs the company's operations, driving its move to continuously build on the value it has created for its shareholders, investors, employees and the community.

Pursuant to SEC Memorandum Circular No. 19 series of 2016, otherwise known as the Code of Corporate Governance for Publicly-Listed Companies ("Code"), the Company's Board of Directors approved the Revised Manual on Corporate Governance dated May 31, 2017 ("Revised Manual"), incorporating corporate governance principles and best practices which guides the Company in the pursuit of its goals.

The Company fully complies with the Code and the Manual. There has been no material deviation from the Revised Manual on Corporate Governance. Neither has there been any director or executive officer of the Company who has violated any material provision of the same.

The Company's Integrated Annual Corporate Governance Report (I-ACGR), embodying the Company's compliance with good corporate governance, will be filed separately.

Review of Material Controls

The Board of Directors reviews on an annual basis the Company's material controls and risk management system. The Board of Directors has found the Company's internal controls and risk management systems to be adequate.

Sustainability Report

The Board has general oversight over the sustainability-related risks and opportunities of the Company. On 13 April 2026, the Company's Board of Directors, upon the recommendation of the Corporate Governance Committee, convened to review and approve the submission of the Company's Sustainability Report for the fiscal year ending 2025. This review underscores Empire East's dedication to transparency, accountability, and sustainable business practices, reaffirming its commitment to stakeholders and the broader community.

A copy of the Company's Sustainability Report for 2025 is attached hereto as **Exhibit 2.**

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

Exhibit No.	Description of Exhibit
1	Audited Consolidated Financial Statements as of December 31, 2025 and 2024
1-A	Audited Financial Statements of Empire East Land Holdings, Inc. as of December 31, 2025 and 2024
2	Sustainability Report for 2025

The Company filed the following reports on SEC Form 17-C during the period covered by this report.

Date	Disclosures
February14, 2025	Retirement of Mr. Arminius M. Madridejos as First Vice President for Property Development Department and Appointment of Ms. Gemma Romero as Vice President for Project Development Administration and General Services Department
February 27, 2025	Audited Consolidated Financial Statements of Empire East Land Holdings, Inc. for the year ended December 31, 2024
March 31, 2025	Resignation of Atty. Amiel Victor A. Asuncion as Senior Assistant Vice President for Human Resources Department and Appointment of Ms. Cosca Camille M. Tuason as Assistant Vice President for Human Resources Department
April 28, 2025	Notice of 2025 Annual Stockholders' Meeting
April 28, 2025	Amendments to By-Laws
April 28, 2025	Amendments to Articles of Incorporation
April 30, 2025	Notice of 2025 Annual Stockholders' Meeting (As Amended)
April 30, 2025	Amendments to By-Laws (As Amended)
April 30, 2025	Amendments to Articles of Incorporation (As Amended)
May 29, 2025	Approval by the Securities and Exchange Commission of Empire East Land Holdings, Inc.'s Petition for Correction of its Amended Articles of Incorporation.
June 10, 2025	Results of 2025 Annual Stockholders' Meeting
June 10, 2025	Results of 2025 Organizational Meeting
June 10, 2025	Amendments to By-Laws (2nd Amended)
June 10, 2025	Amendments to Articles of Incorporation (2nd Amended)
June 10, 2025	Appointment of Officers
June 10, 2025	Material Information (Press Release): Empire East Charts Bold Future with Php 25 Billion Capex Plan
June 10, 2025	Press Release: Empire East Charts Bold Future with Php 25 Billion Capex Plan
June 10, 2025	Material Information (Press Release): Empire East Embeds ESG in Core Strategy with New Green Initiatives and Digital Systems
June 10, 2025	Press Release: Empire East Embeds ESG in Core Strategy with New Green Initiatives and Digital Systems
July 30, 2025	Amendments to By-Laws (3rd Amended)
July 30, 2025	Amendments to Articles of Incorporation (3rd Amended)
July 30, 2025	Change of principal office address and update of contact details and website

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto duly authorized, in the City of Makati, Philippines on ____________.

EMPIRE EAST LAND HOLDINGS, INC.

By:

ANTHONY CHARLEMAGNE C. YU
President
(Principal Executive Officer
and Principal Operating Officer)

L. P. Victorioso, Jr.
LINO P. VICTORIOSO, JR.
Chief Financial Officer
(Principal Financial Officer,
Comptroller and Principal
Accounting Officer)

DENNIS S. EDAÑO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 15 day of APR 2026 ____________, affiants exhibiting to me their respective government issued identification cards, as follows;

NAMES	Identification Card Number
Anthony Charlemagne C. Yu	SSS Number: 0111-6964168-4
Lino P. Victorioso, Jr.	Passort Number: P1226841D Valid until January 8, 2036
Dennis S. Edaño	SSS Number: 33-6291897-6

Doc. No. 29;
Page No. 61;
Book No. VIII;
Series of 2026.

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 536461/01-05-2026/Pasig City
PTR NO. MKT 10764120/01-05-2026/Makati City
MCLE Compliance No. VIII-0012898/[illegible]

Exhibit 1

Audited Consolidated Financial Statements as of December 31, 2025 and 2024

Empire East

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Empire East Land Holdings, Inc. and Subsidiaries** (the Group), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **December 31, 2025 and 2024** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 to do so.

The Board of Directors is responsible for 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.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

ANDREW L. TAN
Chairman of the Board

ANTHONY CHARLEMAGNE C. YU
Chief Executive Officer

LINO P. VICTORIOSO JR.
Chief Financial Officer

Signed this 23rd day of February, 2026

SUBSCRIBED AND SWORN to me before this 23 FEB 2026 of 2026 affiant exhibiting to me their government issued ID as follows:

	Gov't ID	*ID No.*	*Exp. Date*
Andrew L. Tan	Senior Citizen ID	132 000 01580295	08/03/2035
Anthony Charlemagne C. Yu	Unified Multi-Purpose ID	0111-6964168-4	
Lino P. Victorioso Jr.	Passport	P1226841D	01/08/2036

Doc. No. 521
Page No. 106
Book No. III
Series of 2026

MARIA ISABELLA C. ABRILLO
NOTARY PUBLIC
ROLL NO. 78379
MANDALUYONG CITY, PHILIPPINES

MARIA ISABELLA C. ABRILLO
Notary Public for Mandaluyong City
Commission No. 0781-25 until December 31, 2026
IBP No. INV 577925; 12/30/2025; Quezon City Chapter
PTR No. 5925443; 01/05/2026; Mandaluyong City
Roll of Attorney No. 78379
MCLE Compliance No. VIII-0031404;05/16/2025;Pasig City
2/F The Paddington Place, 632 Shaw Boulevard,
Barangay Highway Hills, 1552 Mandaluyong City

P&A Grant Thornton

FOR SEC FILING

Consolidated Financial Statements and Independent Auditors' Report

Empire East Land Holdings, Inc. and Subsidiaries

December 31, 2025, 2024 and 2023
(With Corresponding Figures as of January 1, 2024)

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Empire East Land Holdings, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
2nd Floor, The Paddington Place
632 Shaw Boulevard, Barangay Highway Hills
Mandaluyong City, Metro Manila

Opinion

We have audited the consolidated financial statements of Empire East Land Holdings, Inc. 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 each of the three years in the period ended December 31, 2025, and notes to the consolidated financial statements, including 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 then ended in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). The consolidated financial performance and consolidated cash flow for the year ended December 31, 2023 are presented in accordance with PFRS Accounting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Philippine Securities and Exchange Commission (SEC) as described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the consolidated 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.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements, which discusses the adoption and impact of the previously deferred provisions of PFRS 15, *Revenue from Contracts with Customers,* and the related financing reporting interpretations affecting the real estate industry, using modified retrospective approach. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters are 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.

(a) Revenue Recognition on Real Estate Sales and Determination of Related Costs of Real Estate Sales

Description of the Matter

The Group's revenue recognition process, policies and procedures on real estate sales are significant to our audit because of the volume of transactions, the complexity in applying PFRS 15, and involvement of significant judgment and estimate. Moreover, real estate sales amounting to P3.3 billion and cost of real estate sales amounting to P2.1 billion account for 61.6% of consolidated Revenues and Income and 45.5% of consolidated Costs and Expenses, respectively, for the year ended December 31, 2025. The areas affected by revenue recognition and determination of related costs, which require significant judgments and estimates, include determining when a contract will qualify for revenue recognition, measuring the progress of the development of real estate projects that defines the amount of revenue to be recognized, and determining the amount of actual costs incurred as cost of real estate sales.

The Group's policy for revenue recognition on real estate sales are more fully described in Note 2 to the consolidated financial statements. The significant judgments applied and estimates used by management related to revenue recognition are more fully described in Note 3 to the consolidated financial statements. The breakdown of real estate sales and costs of real estate sales are also disclosed in Notes 19 and 20, respectively, to the consolidated financial statements.

How the Matter was Addressed in the Audit

We obtained an understanding of the revenue recognition policy regarding real estate sales transactions and the related significant business processes of the Group.

Our procedures in testing the appropriateness and proper application of the Group's revenue recognition policy and process include tests of design and operating effectiveness of relevant controls over revenue generation and recognition, as well as tests of information technology (IT) general and application controls. We also performed tests of details to ascertain accuracy and occurrence of revenue recognized on a sampling basis through examination of real estate sales contracts and other relevant supporting documents and performed overall analytical review of actual results.

As part of our test of compliance with revenue recognition criteria, we tested the reasonableness of management's judgment in determining the probability of collection of the consideration in a contract which involves a historical analysis of customer payment pattern and behavior.

Relative to the Group's measurement of progress towards complete satisfaction of performance obligation using the input method, we have tested the progress reported for the year in reference to the actual costs incurred relative to the total budgeted project development costs. Our procedures include test of controls over recognition and allocation of costs per project and direct examination of supporting documents. We have also performed physical inspection of selected projects under development to assess if the completion based on costs is not consistent with the physical completion of the project. In testing the reasonableness of budgetary estimates, we have ascertained the qualification of projects engineers who prepared the budgets and reviewed the actual performance of completed projects with reference
to their budgeted costs.

In relation to cost of real estate sales, we obtained an understanding of the Group's cost accumulation process and performed tests of design and operating effectiveness of controls over cost recognition and measurement, including IT general and application controls. On a sampling basis, we traced costs accumulated to supporting documents such as invoices and accomplishment reports from the contractors and official receipts.

(b) Net Realizable Value of Real Estate Inventories

Description of the Matter

Real estate inventories consist of raw land and residential real estate projects under development or construction. As of December 31, 2025, real estate inventories amounted to P21.4 billion, representing 42.9% of total consolidated assets of the Group. Inventory is measured at the lower of cost and net realizable value. The cost of inventory includes, among others, land, engineering and construction fees, professional fees directly attributable to the project, construction overheads and other directly related costs.

The Group assesses internally the net realizable value of the inventory and reduces the carrying amount when the net realizable value is lower than the cost. The net realizable value calculation is highly dependent on significant estimates, including the estimated sales prices per square meter, the estimated remaining construction costs and the expected timing of sale of the units. The Group's management performs the valuation and evaluates possible write-downs on an individual project basis.

The net realizable value of real estate inventories was considered as a key audit matter due to the significance of the balance of inventories over the total consolidated assets of the Group and the involvement of significant estimates and management judgments in determining the net realizable value of inventories.

The Group's policy on accounting for real estate inventories is disclosed in Notes 2 and 3 to the consolidated financial statements and an analysis of the asset's components is presented in Note 7.

How the Matter was Addressed in the Audit

We have obtained an understanding of and evaluated, the Group's processes for assessing the net realizable value of real estate inventories. We also assessed whether real estate inventories are periodically evaluated by the Group's management and whether estimated net realizable values are based on accurate and complete underlying data. Our procedures included performing substantive testing over the net realizable value method applied by the management and evaluating the key assumptions used in the calculations. Moreover, we performed test of reasonableness on the assumption used and obtained supporting documents on the samples selected for the data inputs.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this 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 the relevant accounting frameworks as discussed in Note 2 to the consolidated financial statements, 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, they 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 audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 audits resulting in this independent auditors' report is Edcel U. Costales.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10770757, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-045-2025 (until November 11, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

February 23, 2026

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024
(With Corresponding Figures as of January 1, 2024)
(Amounts in Philippine Pesos)

	Notes	December 31, 2025	December 31, 2024 (As Restated - see Note 2)	January 1, 2024 (As Restated - see Note 2)
CURRENT ASSETS				
Cash and cash equivalents	5	**P 2,282,600,494**	P 2,863,878,581	P 3,717,469,500
Trade and other receivables - net	6	**9,643,608,050**	9,254,431,239	9,697,626,445
Contract assets	19	**1,936,196,524**	2,498,252,566	2,534,011,730
Advances to related parties	25	**5,856,815,689**	5,965,760,162	5,467,534,052
Real estate inventories	7	**21,397,204,626**	20,922,248,973	20,625,100,501
Prepayments and other current assets	17, 19	**1,343,271,159**	1,059,149,844	1,001,425,543
Total Current Assets		**42,459,696,542**	42,563,721,365	43,043,167,771
NON-CURRENT ASSETS				
Trade and other receivables	6	**4,417,534,675**	3,516,695,723	3,411,569,342
Contract assets	19	**535,063,250**	768,746,952	207,184,338
Financial asset at fair value through other comprehensive income (FVOCI)	8	**922,194,000**	1,013,400,000	1,270,128,000
Advances to landowners and joint ventures	9	**258,051,592**	237,504,599	242,894,346
Investment in an associate	10	**281,162,021**	280,274,248	279,875,774
Property and equipment - net	11	**204,230,382**	146,640,719	160,858,357
Intangible assets - net	12	**21,837,719**	28,050,013	34,262,307
Investment properties - net	13	**552,825,110**	559,063,862	587,082,411
Other non-current assets		**277,066,140**	311,088,436	262,111,649
Total Non-current Assets		**7,469,964,889**	6,861,464,552	6,455,966,524
TOTAL ASSETS		**P 49,929,661,431**	P 49,425,185,917	P 49,499,134,295

	Notes	December 31, 2025	December 31, 2024 (As Restated - see Note 2)	January 1, 2024 (As Restated - see Note 2)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	14, 33	**P 200,000,000**	P 200,000,000	P 200,000,000
Trade and other payables	15	**2,348,398,452**	2,512,630,683	2,558,733,723
Customers' deposits	16	**4,605,930,366**	4,743,665,793	5,140,775,975
Advances from related parties	25	**6,421,831,110**	6,394,850,556	6,061,736,667
Contract liabilities	19	**164,617,092**	170,000,828	96,357,478
Other current liabilities	18	**1,646,637,403**	1,208,620,531	1,042,240,285
Total Current Liabilities		**15,387,414,423**	15,229,768,391	15,099,844,128
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	14, 33	**250,000,000**	450,000,000	650,000,000
Contract liabilities	19	**35,217,618**	112,633,789	160,409,459
Retirement benefit obligation	23	**233,179,174**	238,098,964	153,998,592
Deferred tax liabilities - net	24	**1,990,399,061**	2,062,813,578	2,071,285,858
Total Non-current Liabilities		**2,508,795,853**	2,863,546,331	3,035,693,909
Total Liabilities		**17,896,210,276**	18,093,314,722	18,135,538,037
EQUITY				
Attributable to the Parent Company's stockholders				
Capital stock	26	**14,803,455,238**	14,803,455,238	14,803,455,238
Additional paid-in capital	26	**4,307,887,996**	4,307,887,996	4,307,887,996
Treasury stock - at cost	26	**(102,106,658)**	(102,106,658)	(102,106,658)
Revaluation reserves	26	**164,529,788**	259,448,994	547,624,726
Other reserves	26	**(292,118,243)**	(292,118,243)	(292,118,243)
Retained earnings	26	**10,381,674,478**	9,577,871,830	9,314,581,026
Total equity attributable to the Parent Company's stockholders		**29,263,322,599**	28,554,439,157	28,579,324,085
Non-controlling interests	10	**2,770,128,556**	2,777,432,038	2,784,272,173
Total Equity		**32,033,451,155**	31,331,871,195	31,363,596,258
TOTAL LIABILITIES AND EQUITY		**P 49,929,661,431**	P 49,425,185,917	P 49,499,134,295

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2025	2024	2023
REVENUES AND INCOME				
Real estate sales	19	**P 3,323,820,889**	P 3,242,642,998	P 3,997,538,269
Finance income	22	**821,760,943**	913,658,775	587,439,873
Rental income	13, 28	**124,307,663**	134,162,268	107,466,532
Commission income	25	**38,771,246**	35,514,891	37,121,681
Equity share in net earnings of an associate	10	**887,773**	398,474	125,202
Other income	21	**1,087,275,065**	624,416,332	473,439,890
		5,396,823,579	4,950,793,738	5,203,131,447
COSTS AND EXPENSES				
Cost of real estate sales	20	**2,092,994,484**	2,053,715,778	2,497,388,384
Salaries and employee benefits	23	**494,378,069**	468,163,427	431,102,206
Finance costs	22	**380,628,493**	491,862,711	391,092,973
Commissions	19	**310,471,546**	240,443,765	224,455,776
Association dues		**307,462,481**	159,961,688	141,761,997
Taxes and licenses	13	**151,556,682**	150,401,638	89,199,114
Advertising and promotion		**109,714,254**	75,205,029	71,299,910
Travel and transportation		**64,381,954**	61,114,262	82,738,992
Depreciation and amortization	11, 12, 13	**37,056,912**	54,216,921	61,679,519
Other expenses	21	**532,046,670**	307,622,515	234,472,848
Tax expense	24	**119,632,868**	207,804,930	219,999,156
		4,600,324,413	4,270,512,664	4,445,190,875
NET PROFIT		**796,499,166**	680,281,074	757,940,572
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently through profit or loss:				
Fair value losses on financial assets at FVOCI	8	**(91,206,000)**	(256,728,000)	(69,812,000)
Remeasurements on retirement benefit obligation	23	**(4,950,942)**	(41,930,310)	(112,290,070)
Tax income	24	**1,237,736**	10,482,578	28,072,519
		(94,919,206)	(288,175,732)	(154,029,551)
TOTAL COMPREHENSIVE INCOME		**P 701,579,960**	P 392,105,342	P 603,911,021
Net profit (loss) attributable to:				
Parent Company's shareholders		**P 803,802,648**	P 687,121,209	P 765,784,371
Non-controlling interest	10	**(7,303,482)**	(6,840,135)	(7,843,799)
		P 796,499,166	P 680,281,074	P 757,940,572
Total comprehensive income (loss) attributable to:				
Parent Company's shareholders		**P 708,883,442**	P 398,945,477	P 611,754,820
Non-controlling interest	10	**(7,303,482)**	(6,840,135)	(7,843,799)
		P 701,579,960	P 392,105,342	P 603,911,021
EARNINGS PER SHARE - Basic and Diluted	27	**P 0.055**	P 0.047	P 0.052

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023
(Amounts in Philippine Pesos)

	Attributable to Parent Company's Shareholders								
	Capital Stock (see Note 26)	**Additional Paid-in Capital** (see Note 26)	**Treasury Stock** (see Note 26)	**Revaluation Reserves** (see Notes 8, 23 and 26)	**Other Reserves** (see Note 26)	**Retained Earnings** (see Note 26)	**Total**	**Non-controlling Interests**	**Total**
Balance at January 1, 2025	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 259,448,994	(P 292,118,243)	P 9,577,871,830	P 28,554,439,157	P 2,777,432,038	P 31,331,871,195
Total comprehensive income (loss) for the year	-	-	-	(94,919,206)	-	803,802,648	708,883,442	(7,303,482)	701,579,960
Balance at December 31, 2025	**P 14,803,455,238**	**P 4,307,887,996**	**(P 102,106,658)**	**P 164,529,788**	**(P 292,118,243)**	**P 10,381,674,478**	**P 29,263,322,599**	**P 2,770,128,556**	**P 32,033,451,155**
Balance at January 1, 2024	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 547,624,726	(P 292,118,243)	P 9,314,581,026	P 28,579,324,085	P 2,784,272,173	P 31,363,596,258
Effect of adoption of PFRS 15 and other related interpretations	-	-	-	-	-	(423,830,405)	(423,830,405)	-	(423,830,405)
Balance at January 1, 2024, as adjusted	14,803,455,238	4,307,887,996	(102,106,658)	547,624,726	(292,118,243)	8,890,750,621	28,155,493,680	2,784,272,173	30,939,765,853
Total comprehensive income (loss) for the year	-	-	-	(288,175,732)	-	687,121,209	398,945,477	(6,840,135)	392,105,342
Balance at December 31, 2024	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 259,448,994	(P 292,118,243)	P 9,577,871,830	P 28,554,439,157	P 2,777,432,038	P 31,331,871,195
Balance at January 1, 2023	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 701,654,277	(P 292,118,243)	P 8,548,796,655	P 27,967,569,265	P 2,792,115,972	P 30,759,685,237
Total comprehensive income (loss) for the year	-	-	-	(154,029,551)	-	765,784,371	611,754,820	(7,843,799)	603,911,021
Balance at December 31, 2023	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 547,624,726	(P 292,118,243)	P 9,314,581,026	P 28,579,324,085	P 2,784,272,173	P 31,363,596,258

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 916,132,034**	P 888,086,004	P 977,939,728
Adjustments for:				
Finance income	22	**(821,760,943)**	(913,658,775)	(587,439,873)
Finance costs	22	**380,628,493**	491,862,711	391,092,973
Gain on sale of investment properties	13	**(67,982,696)**	-	-
Depreciation and amortization	11, 12, 13	**37,056,912**	54,216,921	61,679,519
Impairment loss on related party advances	25	**25,000,000**	-	-
Equity share in net income of an associate	10	**(887,773)**	(398,474)	(125,202)
Gain on sale of property and equipment	11	**(620,394)**	(132,890)	-
Gain on lease credits	17, 25	-	-	(106,091,000)
Impairment loss on goodwill	12	-	-	77,347,634
Operating profit before working capital changes		**467,565,633**	519,975,497	814,403,779
Decrease (increase) in trade and other receivables		**(1,041,570,995)**	527,919,505	(1,572,900,204)
Decrease (increase) in contract assets		**1,082,535,934**	(572,668,404)	(158,082,689)
Decrease (increase) in real estate inventories		**(474,955,653)**	(553,518,846)	543,476,571
Increase in prepayments and other assets		**(232,599,160)**	(92,473,228)	(250,484,915)
Decrease (increase) in advances to landowners and joint ventures		**(20,546,993)**	5,389,747	(1,238,456)
Increase (decrease) in trade and other payables		**(160,677,553)**	(42,779,051)	544,026,857
Increase (decrease) in contract liabilities		**(95,141,991)**	526,987	(52,088,508)
Increase (decrease) in customers' deposits		**(137,735,427)**	(397,110,182)	655,071,477
Increase (decrease) in retirement benefit obligation		**(23,577,604)**	29,589,653	(29,411,976)
Increase in other current liabilities		**438,016,872**	166,380,246	150,516,990
Cash generated from (used in) operations		**(198,686,937)**	(408,768,076)	643,288,926
Interest received from receivables		**39,431,911**	30,387,934	22,589,169
Cash paid for income taxes		**(190,809,648)**	(153,191,036)	(108,892,140)
Net Cash From (Used in) Operating Activities		**(350,064,674)**	(531,571,178)	556,985,955
CASH FLOWS FROM INVESTING ACTIVITIES				
Collections of advances to related parties	25	**166,470,658**	3,480,018	-
Acquisitions of property and equipment	11	**(89,079,868)**	(6,065,687)	(13,732,576)
Interest received from cash and cash equivalents	22	**67,065,723**	91,440,493	80,949,550
Cash advances granted to related parties	25	**(42,760,352)**	(69,804,896)	(41,858,557)
Acquisitions of investment properties	13	**(15,140,394)**	-	-
Proceeds from the sale of property and equipment	11	**890,592**	430,137	-
Net Cash From Investing Activities		**87,446,359**	19,480,065	25,358,417
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of interest-bearing loans and borrowings	14, 33	**(200,000,000)**	(200,000,000)	(150,000,000)
Repayments of advances from related parties	25, 33	**(74,457,713)**	(72,427,181)	(73,278,886)
Interest paid	14, 33	**(46,016,125)**	(69,072,625)	(79,388,749)
Proceeds from additional advances from related parties	25, 33	**1,814,066**	-	5,759
Net Cash Used in Financing Activities		**(318,659,772)**	(341,499,806)	(302,661,876)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(581,278,087)**	(853,590,919)	279,682,496
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**2,863,878,581**	3,717,469,500	3,437,787,004
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 2,282,600,494**	P 2,863,878,581	P 3,717,469,500

**See Note 34 for the Supplementary Information on Non-cash Investing Activities.*

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Empire East Land Holdings, Inc. (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 1994, primarily to engage in the business of real estate development, mass community housing, townhouses, and row houses development. The Company is presently engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. The Company also leases out commercial and industrial properties.

The shares of common stock of the Company are listed at the Philippine Stock Exchange (PSE).

1.1 Composition of the Group

As of December 31, 2025 and 2024, the Company holds ownership interests in the following entities:

Subsidiaries/ Associates	Explanatory Notes	Percentage of Ownership
Subsidiaries:		
Eastwood Property Holdings, Inc. (EPHI)	(a)	100.00%
Valle Verde Properties, Inc. (VVPI)	(b)	100.00%
Sherman Oak Holdings, Inc. (SOHI)	(b)	100.00%
Empire East Communities, Inc. (EECI)	(c)	100.00%
20th Century Nylon Shirt Co., Inc. (20th Century)	(d)	100.00%
Laguna BelAir Science School, Inc. (LBASSI)	(e)	72.50%
Sonoma Premier Land, Inc. (SPLI)	(b)	60.00%
Pacific Coast Megacity, Inc. (PCMI)	(f)	40.00%
Associate –		
Gilmore Property Marketing Associate, Inc. (GPMAI)	(b)	47.37%

Explanatory Notes:

(a) Subsidiary incorporated to market real estate properties of the Group and other related parties.
(b) Subsidiaries/associate incorporated in prior years but have not yet started commercial operations as of December 31, 2025.
(c) Subsidiary incorporated in 2008 but ceased its operations as a marketing arm of real estate properties in 2014.
(d) Subsidiary acquired in 2015 which is yet to resume its operations, which is primarily to manufacture, distribute, and buy and sell wearing apparel and its accessories such as zipper, buttons, etc.
(e) Subsidiary primarily engaged in operating a school for primary and secondary education. In 2022, the subsidiary ceased its operations.
(f) Subsidiary of the Company starting 2018 when the Company obtained de facto control over the entity and was accounted for under the pooling-of-interest method [see Note 3.1(j)].

On April 28, 2025, the Board of Directors (BOD) approved the change of the Company's registered office address and principal place of business from 2nd Floor, Kasara Urban Resort Residences Tower 2, P. Antonio St., Brgy. Ugong, Pasig City to 2nd Floor, The Paddington Place, 632 Shaw Boulevard, Barangay Highway Hills, Mandaluyong City. The amendment was approved by the SEC and Bureau of Internal Revenue (BIR) on July 28, 2025, and September 11, 2025, respectively. The registered office address, which is also the principal place of the Company and its subsidiaries and associates, except for EPHI, LBASSI, and PCMI, is the Company's current registered office address.

Below is the summary of the registered office address of the other subsidiaries, which is also the principal place of business.

(a) EPHI – #188 EC Information Center, E. Rodriguez Jr. Ave., Eastwood CyberPark City, Bagumbayan, Quezon City
(b) LBASSI – Laguna Bel-Air Subdivision, Brgy. Don Jose, Sta. Rosa, Laguna
(c) PCMI – 7th Floor, 1880 Building Eastwood City Cyberpark, 188 E. Rodriguez Jr. Ave. Bagumbayan, Quezon City

In prior years, the Company increased its ownership interest in VVPI and LBASSI, resulting in 100.00% and 72.50% ownership interest, respectively, over the respective subsidiaries. This resulted in the recognition of goodwill which amounted to P78.3 million. In 2023, the Group has recognized an impairment loss on goodwill related to LBASSI amounting to P77.3 million [see Note 3.2(h)]. The remaining goodwill which arose from the acquisition of VVPI amounted to P1.0 million as of both December 31, 2025 and 2024, is shown as part of Intangible Assets – net account in the consolidated statements of financial position (see Note 12).

Megaworld Corporation (Megaworld or Parent Company) is the parent company of Empire East Land Holdings, Inc. and subsidiaries (the Group). Megaworld is presently engaged in property-related activities, such as, project design, construction and property management. Megaworld is 54.02% owned by Alliance Global Group, Inc. (AGI), the Company's Ultimate Parent Company. AGI is a holding company with diversified investments in food and beverage, real estate, tourism-entertainment and gaming and quick service restaurant businesses. The shares of common stock of both Megaworld and AGI are also listed at the PSE.

Megaworld's registered office address is located on 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriquez Jr. Avenue, Bagumbayan, Quezon City. These entities' registered office addresses are also their respective principal places of business.

1.2 Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2025 (including the comparative consolidated financial statements as of December 31, 2024 and for the years ended December 31, 2024 and 2023) were authorized for issue by the Group's BOD on February 23, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group as of and for the years ended December 31, 2025 and 2024 were prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). In 2023, the Group's consolidated financial statements were prepared in accordance with PFRS Accounting Standards, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 Pandemic [see Note 2.1(b)]. PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by the relevant accounting frameworks for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) SEC Financial Reporting Reliefs Availed and Adopted by the Group

In 2023 and prior years, the Group has availed of several financial reporting reliefs granted by the SEC relating to the number of implementation issues of PFRS 15, *Revenue from Contracts with Customers*, and the related financial reporting interpretations affecting the real estate industry. In 2024, the Group adopted the previously deferred provisions of PFRS 15 and the related issuances of the Philippine Interpretations Committee (PIC), and International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) using modified retrospective approach as allowed by SEC MC No. 08-2021, *Amendment to SEC MC No. 14-2018, MC No. 03-2019, MC No. 04-2020, and MC No. 34-2020 to clarify transitory provision*.

The adoption of these standards and interpretations has resulted in adjustments to the amounts recognized in the consolidated financial statements as at January 1, 2024, with the cumulative effect recognized in equity as an adjustment to the opening balance of Retained Earnings for 2024.

Discussed in the succeeding page is the relevant information about these standards and interpretations, and the resulting adjustments to the relevant consolidated financial statements accounts as at January 1, 2024.

(i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, in signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

As a result of the adoption of the IFRIC Agenda Decision, Real estate inventories decreased by P256.4 million and Deferred tax liabilities – net decreased by P52.6 million as of January 1, 2024.

(ii) PIC Q&A No. 2018-12-D, *Concept of the significant financing component in the contract to sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments*

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant.

As a result of the adoption of this interpretation, Contract assets as of January 1, 2024 decreased by P202.7 million, while Contract liabilities as at the said date increased by P17.3 million.

(c) *Presentation of Consolidated Financial Statements*

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements.* The Group presents all items of income, expenses, and other comprehensive income or loss in a single consolidated statement of comprehensive income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that have material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

In 2025, the Group reclassified deferred commission amounting to P305.9 million and P256.9 million, previously presented under Prepayments and Other Current Assets, to Other Non-current Assets in the 2024 and 2023 consolidated statements of financial position, respectively, to properly reflect the expected reversal of deferred commissions based on the percentage of completion (see Note 19.3). Accordingly, the Group presented a third consolidated statement of financial position as of January 1, 2024 in accordance with the requirement under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

The reclassification did not result in any adjustments to the Group's consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2024 and 2023.

(d) *Functional and Presentation Currency*

These consolidated financial statements are presented in Philippine pesos, the functional and presentation currency of the Group, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using the Group's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS Accounting Standards

(a) *Effective in 2025 that are Relevant to the Group*

The Group adopted for the first time amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, which are mandatorily effective for annual periods beginning on or after January 1, 2025. The amendments require entities to assess whether a currency is exchangeable and to determine a spot exchange rate when exchangeability is lacking. These amendments also mandate the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments had no significant impact on the consolidated financial statements of the Group.

(b) *Effective Subsequent to 2025 but not Adopted Early*

There are new standards and amendments to existing standards effective for annual periods subsequent to 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)

(ii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The new standard, however, does not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

(iii) PFRS 19, *Subsidiaries without Public Accountability: Disclosures* (effective from January 1, 2027). The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.

(iv) PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely)

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company, and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Acquired subsidiaries are subject to either of the following relevant policies:

(a) Business acquisitions of entities not under common control of a principal stockholder are accounted for using the acquisition method of accounting.

(b) Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of interests method. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method.

Acquired investment in associate is subject to the purchase method.

2.4 Financial Instruments

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset).

(i) Classification, Measurement and Reclassification of Financial Assets

The Group's financial assets include financial assets at amortized cost and financial assets at fair value through other comprehensive income (FVOCI).

Financial Assets at Amortized Cost

Where the business model is to hold assets to collect contractual cash flows, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with basic lending arrangements, i.e., interest includes only consideration for the time value of money, credit risk, or other basic lending risks and a profit margin. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangements, the related financial asset is classified and measured at fair value through profit or loss (FVTPL).

The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial Assets at FVOCI

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as FVTPL. The Group has designated certain equity instrument at FVOCI on initial recognition.

(ii) Impairment of Financial Assets

The expected credit losses (ECL) on trade and other receivables and contract assets are estimated by applying the simplified approach using a provision matrix developed based on the Group's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

The Group applies a general approach specifically in relation to receivables from related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date, taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

However, if the credit risk on a financial asset has not increased significantly since initial recognition, for debt instruments measured at amortized cost (except trade and other receivables where simplified approach is used) and at FVOCI, the Group measures and provides for credit losses that are expected to result from default events that are possible within 12 months after the end of the reporting period, except when there has been a significant increase in credit risk on the financial asset since initial recognition.

(b) Financial Liabilities

Financial liabilities include Interest-bearing Loans and Borrowings, Trade and Other Payables (except tax-related liabilities), Advances from Related Parties and Other Current Liabilities (excluding Miscellaneous). Refund liability is measured using the probability-weighted average amount approach similar to the expected value method under PFRS 15.

2.5 Prepayments and Other Assets

Prepayments and other current assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably.

Advances to suppliers and contractors represents advance payments made by the Group for construction services and materials. The classification is based on the nature and intended use of the underlying project to which the advances relate, consistent with the requirements of PFRS Accounting Standards. Advances related to the development of real estate inventories are presented as current assets, as they are expected to be utilized within the Group's normal operating cycle. Advances associated with the construction or improvement of investment properties and other long-term assets are presented as non-current assets (see Note 6).

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.13).

2.6 Real Estate Inventories

Costs of real estate inventories are assigned using specific identification of their individual costs.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate inventory is charged to operations during the period in which the loss is determined.

Repossessed property arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable or contract asset to be derecognized and the cost of the repossessed property is recognized in the consolidated statement of comprehensive income.

2.7 Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation, amortization and any impairment losses. As the land has no finite useful life, it's related carrying amount is not depreciated.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as presented below.

Building and other improvements	5 to 50 years
Office furniture and equipment	3 to 5 years
Transportation equipment	5 years

Leasehold improvements are amortized over the lease term or the estimated useful lives of the improvements, whichever is shorter.

2.8 Intangible Assets

Intangible assets include goodwill and acquired computer software license, which is capitalized on the basis of the costs incurred to acquire, install and service the specific software. Costs associated with maintaining computer software are expensed as incurred.

Capitalized costs of intangible assets are amortized on a straight-line basis over the estimated useful life (10 years) as the lives of these intangible assets are considered finite.

Goodwill is classified as intangible asset with infinite life; thus, not subject to amortization but requires an annual test for impairment. Goodwill is subsequently carried at cost less accumulated impairment losses.

2.9 Investment Properties

Properties held for lease under operating lease agreements, which comprise mainly of building, office and commercial units held for lease and a parcel of land held for capital appreciation, are classified as Investment Properties and carried at cost, net of accumulated depreciation and any impairment in value, except land for which is not subject to depreciation. Depreciation for building, office and commercial units classified as investment property is computed on a straight-line basis over the estimated useful life of 20 to 50 years.

2.10 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, leasing activities and rendering of services.

The Group develops real properties such as house and lot and condominium units. The Group often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell pre-completed real properties is disclosed in Note 3.1(c). Sales cancellations, which are accounted for as modification of contracts, are charged to profit or loss on the year of forfeiture.

The specific recognition criteria of various revenue streams of the Group are as follows:

(a) *Real estate sales on pre-completed real estate properties* – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized from real estate sales is presented as part of Real Estate Sales account in the consolidated statement of comprehensive income.

(b) *Real estate sales on completed real estate properties* – Revenue from real estate sales is recognized at point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales is presented as part of Real Estate Sales account in the consolidated statement of comprehensive income.

(c) *Marketing and management fees* – Revenue is recognized over time in the same amount to which the entity has the right of invoice to the customer. Any amounts remaining unbilled at the end of the reporting period are presented in the consolidated statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

(d) *Commission* – Revenue is recognized by the amount in which the Group has a right to invoice that corresponds directly with the value of services rendered to customers that are completed over time (i.e., end of each month).

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from real estate sales is used by the Group.

Incremental costs of obtaining a contract to sell real property to customers are recognized as part of Prepayments and Other Current Assets, and Other Non-current Assets and is subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis except capitalized borrowing costs.

In determining the transaction price, the Group adjusts the contract price for the effects of time value of money when the timing of payments agreed to with the customer provides either party with a significant benefit of financing the transfer of goods or services to the customer. In buyer financing arrangements where buyer payments are ahead of the development of the sold property, the Group recognizes interest expense which is presented as part of Finance Costs in the consolidated statement of comprehensive income. Conversely, in seller financing arrangements where the development of the sold property is ahead of buyer payment terms, the Group recognizes interest income which is presented as part of Finance Income in the consolidated statement of comprehensive income.

The Group applies the practical expedient under PFRS 15 where the promised amount of consideration is no longer adjusted for the effects of significant financing component when the Group expects, at contract inception, that the period between when the Group transfers the promised good or service to a customer and when the customer pays for such good or service will be one year or less. The significant judgment used in determining the existence of significant financing component in the contract is disclosed in Note 3.1(d).

Under its contracts with customers, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Group as it develops the property are presented as Contract Assets in the consolidated statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Group assesses impairment of its financial assets [see Note 2.4(a)(ii)].

Any consideration received by the Group in excess of the amount for which the Group is entitled is presented as Contract Liabilities in the consolidated statement of financial position.

2.11 Direct Contract Cost

Commissions represent a certain percentage of contract price given to the real estate brokers and/or agents who handle the sales and marketing of the Group's residential and high-rise projects. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission presented under Prepayments and Other Current Assets, and Other Non-current Assets in the consolidated statement of financial position (see Note 19.3).

Commissions are charged to profit or loss proportionate to the progress of the project development and are presented as Commissions under Costs and Expenses section in the consolidated statement of comprehensive income.

2.12 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

Subsequent to initial recognition, the Group amortizes the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is 3 to 5 years.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) Group as Lessor

The Group applies judgment in determining whether a lease contract is a finance or operating lease.

2.13 Impairment of Non-financial Assets

The Group's Advances to Landowners and Joint Ventures, Investment in an Associate, Property and Equipment, Intangible Assets, Investment Properties, goodwill and other non-financial assets are tested for impairment. Goodwill is tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.14 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits.

The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by trustees.

The defined benefit obligation (DBO) is calculated annually by an independent actuary using the projected unit credit method.

2.15 Earnings Per Share

The Group does not have potentially dilutive shares outstanding; hence, the diluted earnings per share is equal to the basic earnings per share.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

3.1 Critical Judgments in Applying Accounting Policies

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

(a) Determination of Lease Term of Contracts with Renewal and Termination Option

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.
The renewal and termination option for the lease of office space was not included as part of the lease term due to the provisions in its contract that require mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(b) Determining Existence of a Contract with Customer

In a sale of real estate properties, the Group's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as contract with the customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms).

Moreover, as part of the evaluation, the Group assesses the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer.

In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1(e)].

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(c) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

The Group exercises significant judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the factors enumerated below.

- any asset created or enhanced as the Group performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Group's enforceable right for payment for performance completed to date.

The Group determined that its performance obligation for pre-completed real estate inventories is satisfied over time since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Group has rights over payment for development completed to date as the Group can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments. On the other hand, performance obligation for completed real estate properties is satisfied at a point in time when the control over the real estate property is transferred to the buyer.

(ii) Marketing, Management Fees and Commission

The Group determines that its revenue from marketing, management fees and commission shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date i.e., generally when the customer has acknowledged the Group's right to invoice.

(d) Determination of the Existence of the Significant Financing Component in the Contract

The Group enters into real estate sales contracts offering various payment schemes to its customers. The timing of transaction price collection can significantly differ from the timing of the Group's fulfillment of its performance obligations. The Group exercises judgment in determining whether the contract terms provide a significant financing benefit to either the Group or its customers. This assessment is conducted at the inception of the contract, considering the contractual payment terms and the projected completion timeline of the related real estate development.

(e) Estimation of Collection Threshold for Revenue Recognition

The Group uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Group determines that collection of total contract price is reasonably assured. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer when reaching the set collection threshold would demonstrate the buyer's commitment to pay the total contract price.

(f) Determination of ECL on Trade and Other Receivables, Contract Assets and Advances to Related Parties

The Group uses a provision matrix to calculate ECL for Trade Receivables, Contract Assets and other receivables. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns (i.e., projects and customer type).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

With respect to Advances to Related Parties and other related party receivables, the Group uses the liquidity approach as the receivables are collectible on demand.

Details about the ECL on the Group's Trade and Other Receivables, Contract Assets and Advances to Related Parties are disclosed in Note 29.2.

(g) Distinction Among Investment Property and Owner-managed Properties

The Group determines whether a property qualifies as investment property or property and equipment. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process while land held for future development are properties intended solely for future development and sale.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Based on management's assessment, properties held for lease and for capital appreciation qualifies as investment property.

(h) *Distinction Between Real Estate Inventories and Investment Property*

Inventories comprise properties that are held for sale in the ordinary course of business. Meanwhile, investment properties comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Group considers management's use over these assets in making its judgment.

(i) *Distinction Between Operating and Finance Leases*

The Group has entered into various lease agreements as either a lessor or lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

Based on management's assessment, all of the Group's lease agreements are classified as operating leases.

Distinction between operating and finance leases is applicable only to lease agreements as a lessor. All leases entered into as a lessee, except for those qualified under the optional exemptions as provided by the standard, are required to be recognized on-balance sheet.

(j) *Consolidation of Entities in which the Group Holds 50% or Less*

Management considers that the Group has de facto control over PCMI even though it holds less than 50% of the ordinary shares and voting rights in that subsidiary. The Group considers its ability to exercise control over these entities through voting rights held by its subsidiaries or through interlocking directors.

(k) *Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 28.

3.2 Key Sources of Estimation Uncertainty

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

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Revenue Recognition for Performance Obligation Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligations. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and applies changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(c) Determination of Appropriate Discount Rate in Measuring Significant Financing Component

In the sale of real estate properties, the transaction price is recognized at the present value of the installment payments discounted to the date the entity expects to satisfy its performance obligation.

When adjusting the consideration for significant financing component, an entity shall use the discount rate that would be reflected in a separate financing transaction at contract inception. Management considers the discount rate which would reflect the credit characteristics of the party receiving financing in the contract as well as any collateral or security provided by the customer or entity.

Specifically, for contracts classified as 'seller financing,' the Group bases its lending rate on the rate extended to buyers who utilize its in-house financing. This lending rate is adjusted to reflect the specific circumstances of each financing transaction. For contracts classified as 'buyer financing,' the Group estimates the discount rate using a borrowing rate that would be consistent with a separate financing transaction where the Group is considered the borrower.

(d) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behaviour (e.g., likelihood of counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 29.2.

(e) *Determination of Net Realizable Value of Real Estate Inventories*

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of these assets is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's inventories within the next reporting period.

Considering the Group's pricing policy, the net realizable value of the Real Estate Inventories is higher than their related carrying values as of the end of the reporting periods.

(f) *Estimation of Useful Lives of Property and Equipment, Intangible Assets, and Investment Properties*

The Group estimates the useful lives of Property and Equipment, Intangible Assets, and Investment Properties based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of Property and Equipment, Intangible Assets, and Investment Properties are analysed in Notes 11, 12 and 13, respectively. Based on management's assessment as at December 31, 2025 and 2024, there is no change in estimated useful lives of Property and Equipment, Intangible Assets and Investment Properties during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(g) *Determination of Realizable Amount of Deferred Tax Assets*

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the balance of deferred tax assets recognized as at December 31, 2025 and 2024 will be utilized in the succeeding years.

The carrying values of the Group's deferred tax assets as of December 31, 2025 and 2024 are disclosed in Note 24.

(h) *Impairment of Goodwill and Other Non-financial Assets*

Goodwill is reviewed annually for impairment while other non-financial assets are tested whenever certain impairment indicators become present. In assessing impairment, the management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

On March 17, 2021, the Group submitted a letter to the Department of Education Sta. Rosa City Division Office regarding the cessation of the operations of LBASSI taking effect after school year 2021-2022. On October 20, 2022, LBASSI filed for the certificate of clearance with the BIR Revenue District Office No. 057, Biñan, West Laguna.

In 2023, LBASSI retracted its filed application for the certificate of clearance with BIR. LBASSI will remain as a non-operating entity until such time that it ventures again into business.

Based on management's assessment, impairment loss amounting to P77.3 million on goodwill has been recognized since the recoverable amount of the cash generating units is less than their carrying amount in 2023 (see Note 12). There was no similar impairment in 2025 and 2024.

No impairment losses were recognized on Advances to Landowners and Joint Ventures, Investment in an Associate, Property and Equipment, Investment Properties, and other non-financial assets in 2025, 2024 and 2023 (see Notes 9, 10, 11 and 13).

(i) Valuation of Post-employment Defined Benefit

The determination of the Group's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by an actuary in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the retirement benefit obligation in the next reporting period.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefits, as well as the significant assumptions used in estimating such obligation are presented in Note 23.2.

(j) Determination of Fair Value of Investment Properties

Investment properties are measured using the cost model. The Group determines the fair values of building and building improvements using either thru the discounted cash flows valuation technique (income approach) or market-based valuation technique (market approach). The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

For land, the Group determines the fair value using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Note 31.4.

4. SEGMENT INFORMATION

4.1 Business Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. It classifies and monitors its projects into high-rise and horizontal. High-rise projects refer to condominiums and other medium scale properties while the horizontal projects refer to house and lot packages, and subdivision lots. Both are intended for middle income market.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments,* are the same as those used in its consolidated financial statements, except that post-employment benefit expense is not included in arriving at the operating profit of the operating segments.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating receivables, Contract Assets and Real Estate Inventories. Excluded from segment assets are Cash and Cash Equivalents, Advances to Related Parties, Prepayments, Advances to Landowners and Joint Ventures, Investments in an Associate, Property and Equipment, Intangible Assets, Investment Properties and other assets which are considered corporate assets and are not allocated to any segment's assets.

Segment liabilities include all operating liabilities incurred by management in each particular segment and consist principally of Contract Liabilities and Customers' Deposits. Excluded from segment liabilities are Interest-bearing Loans and Borrowings, Trade and Other Payables, Advances from Related Parties, Deferred Tax Liabilities and Retirement Benefit Obligation as the Group's management determined that these accounts are not directly related to the Group's segment.

4.3 Intersegment Transactions

There are no intersegment transactions. In case of inter-segment sales and transfers, the Group generally accounts for them as if the sales or transfers were made to third parties at current market prices. Intersegment sales and transfers, if any, are eliminated in the preparation of the consolidated financial statements.

4.4 Analysis of Segment Information

The tables presented in the succeeding pages present the revenue and profit information for the years ended December 31, 2025, 2024 and 2023 and certain asset and liability information regarding segments as at December 31, 2025 and 2024.

(Amounts in PHP)	High Rise Projects			Horizontal Projects			Total		
	2025	2024	2023	**2025**	2024	2023	**2025**	2024	2023
REVENUES									
Real estate sales	**3,280,794,104**	3,136,454,171	3,651,882,437	**43,026,785**	106,188,827	345,655,832	**3,323,820,889**	3,242,642,998	3,997,538,269
Finance income	**471,719,480**	353,968,172	136,631,933	**18,740,958**	3,587,572	11,635,045	**490,460,438**	357,555,744	148,266,978
Rental income	**13,921,350**	12,495,355	14,677,006	**-**	-	-	**13,921,350**	12,495,355	14,677,006
Other income	**955,264,048**	541,813,821	277,426,111	**20,506,259**	27,673,152	9,399,769	**975,770,307**	569,486,973	286,825,880
	4,721,698,982	4,044,731,519	4,080,617,487	**82,274,002**	137,449,551	366,690,646	**4,803,972,984**	4,182,181,070	4,447,308,133
COSTS AND OTHER OPERATING EXPENSES									
Cost of real estate sales	**2,078,294,859**	1,991,192,143	2,310,566,542	**14,699,625**	62,523,635	186,821,842	**2,092,994,484**	2,053,715,778	2,497,388,384
Commissions	**289,347,792**	207,456,664	199,293,899	**7,050,590**	8,585,499	11,848,142	**296,398,382**	216,042,163	211,142,041
Association dues	**271,705,362**	146,717,756	131,765,698	**30,903,561**	8,622,422	6,237,793	**302,608,923**	155,340,178	138,003,491
Advertising and promotion	**98,912,968**	57,073,323	49,276,760	**169,696**	9,901,501	14,325,457	**99,082,664**	66,974,824	63,602,217
Taxes and licenses	**98,403,436**	89,206,859	49,575,127	**8,800,489**	9,890,989	8,940,581	**107,203,925**	99,097,848	58,515,708
Finance costs	**12,342,084**	7,992,596	-	**-**	-	-	**12,342,084**	7,992,596	-
Rentals	**7,631,785**	9,424,912	3,814,336	**-**	-	-	**7,631,785**	9,424,912	3,814,336
Salaries and employee benefits	**440,614**	607,416	799,383	**-**	37,347	113,256	**440,614**	644,763	912,639
Travel and transportation	**33,959**	134,509	105,978	**10,471**	14,116	28,118	**44,430**	148,625	134,096
Other expenses	**137,676,150**	149,803,793	63,000,076	**13,063,283**	10,004,394	5,163,020	**150,739,433**	159,808,187	68,163,096
	2,994,789,009	2,659,609,971	2,808,197,799	**74,697,715**	109,579,903	233,478,209	**3,069,486,724**	2,769,189,874	3,041,676,008
SEGMENT OPERATING PROFIT	**1,726,909,973**	1,385,121,548	1,272,419,688	**7,576,287**	27,869,648	133,212,437	**1,734,486,260**	1,412,991,196	1,405,632,125
SEGMENT ASSETS AND LIABILITIES									
Segment assets	**26,503,316,795**	25,439,444,587		**6,594,977,070**	6,807,674,065		**33,098,293,865**	32,247,118,652	
Segment liabilities	**4,675,451,346**	4,688,829,079		**365,201,361**	317,272,561		**5,040,652,707**	5,006,101,640	

There was no segment interest expense allocated in 2023.

4.5 Reconciliations

Presented below and in the succeeding page is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

(Amounts in PHP)	**2025**	2024	2023
Revenues			
Total segment revenues	**4,803,972,984**	4,182,181,070	4,447,308,133
Unallocated revenues:			
Finance income	**331,300,505**	556,103,031	439,172,895
Rental income from investment property	**110,386,313**	121,666,913	92,789,526
Commission income	**38,771,246**	35,514,891	37,121,681
Other income	**112,392,531**	55,327,833	186,739,212
	592,850,595	768,612,668	755,823,314
Revenues as reported in the consolidated statements of comprehensive income	**5,396,823,579**	4,950,793,738	5,203,131,447
Profit or loss			
Segment operating profit	**1,734,486,260**	1,412,991,196	1,405,632,125
Other unallocated income	**592,850,595**	768,612,668	755,823,314
Other unallocated expenses	**(1,530,837,689)**	(1,501,322,790)	(1,403,514,867)
Net profit as reported in the consolidated statements of comprehensive income	**796,499,166**	680,281,074	757,940,572

	2025	2024
Assets		
Segment assets	**33,098,293,865**	32,247,118,652
Unallocated assets:		
Cash and cash equivalents	**2,282,600,494**	2,863,878,581
Trade and other receivables - net	**4,831,313,260**	4,713,256,801
Advances to related parties	**5,856,815,689**	5,965,760,162
Prepayments and other current assets	**1,343,271,159**	1,059,149,844
Financial asset at FVOCI	**922,194,000**	1,013,400,000
Advances to landowners and joint ventures	**258,051,592**	237,504,599
Investment in an associate	**281,162,021**	280,274,248
Property and equipment - net	**204,230,382**	146,640,719
Investment properties - net	**552,825,110**	559,063,862
Intangible assets - net	**21,837,719**	28,050,013
Other non-current assets	**277,066,140**	311,088,436
	16,831,367,566	17,178,067,265
Total assets as reported in the consolidated statements of financial position	**49,929,661,431**	49,425,185,917

	2025	2024
Liabilities		
Segment liabilities	**5,040,652,707**	5,006,101,640
Unallocated liabilities:		
Interest-bearing loans and borrowings	**450,000,000**	650,000,000
Trade and other payables	**2,348,398,452**	2,512,630,683
Customers' deposits	**400,502,845**	416,417,484
Advances from related parties	**6,421,831,110**	6,394,850,556
Other current liabilities	**1,011,246,927**	812,401,817
Retirement benefit obligation	**233,179,174**	238,098,964
Deferred tax liabilities - net	**1,990,399,061**	2,062,813,578
	12,855,557,569	13,087,213,082
Total liabilities as reported in the consolidated statements of financial position	**17,896,210,276**	18,093,314,722

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of December 31:

(Amounts in PHP)	**2025**	2024
Cash on hand and in banks	**1,056,711,428**	1,510,537,269
Short-term placements	**1,225,889,066**	1,353,341,312
	2,282,600,494	2,863,878,581

Cash in banks generally earns interest based on the daily bank deposit rates.

Peso-denominated short-term placements are made for varying periods of up to 90 days in 2025, 72 days in 2024 and 76 days in 2023 and earn annual effective interest ranging from 3.60% to 5.95% in 2025, 4.50% to 6.25% in 2024, and 3.13% to 6.25% in 2023. Dollar-denominated short-term placements are made for varying periods of up to 90 days in 2025, 2024 and 2023 and earn annual effective interest ranging from 3.13% to 4.88% in 2025, 1.50% to 5.25% in 2024, and 1.50% to 5.00% in 2023 (see Note 22.1).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

(Amounts in PHP)	Notes	**2025**	2024
Current:			
Trade receivables	25.2	**5,589,088,979**	5,305,013,429
Advances to suppliers and contractors		**2,630,732,726**	2,591,659,737
Rent receivable	25.2	**400,503,041**	395,271,465
Advances to condominium associations		**303,001,734**	403,803,520
Interest receivable		**65,471,967**	94,773,830
Management fee receivable	25.2	**44,119**	44,119
Others	13	**654,899,190**	463,998,845
		9,643,741,756	9,254,564,945
Allowance for impairment		**(133,706)**	(133,706)
		9,643,608,050	9,254,431,239
Non-current:			
Trade receivables		**4,269,311,056**	3,377,226,648
Refundable security deposits		**148,223,619**	139,469,075
		4,417,534,675	3,516,695,723
		14,061,142,725	12,771,126,962

The Group's trade and other receivables (excluding advances to suppliers and contractors and advances to condominium associations) are subjected to credit risk. These receivables are evaluated by the Group for impairment and assessed that no ECL should be provided for the periods presented.

Trade receivables of the Group are either interest-bearing or noninterest-bearing. The installment period of interest-bearing sales contracts ranges from 2 to 10 years while interest ranges from 10% to 22%. The related interest earned on these sales contracts amounting to P10.1 million, P28.8 million, and P27.0 million in 2025, 2024 and 2023, respectively, are reported as part of Finance Income account in the consolidated statements of comprehensive income (see Note 22.1).

The installment period of noninterest-bearing sales contracts ranges from one to five years with imputed interest of 7.66% in 2025, 9.01% in 2024 and 7.33% in 2023. Noninterest-bearing trade receivables are measured at amortized cost using the effective interest method based on the interest rate of similar financial instruments in the market. Day-one loss amounting to P151.4 million, P193.5 million and P172.9 million in 2025, 2024 and 2023, respectively, are presented as a deduction against the Real Estate Sales account in the consolidated statements of comprehensive income. Amortization of day one loss amounting to P193.5 million, P172.9 million and P121.3 million in 2025, 2024 and 2023, respectively, are presented as Amortization of day-one loss on noninterest-bearing financial instruments under Finance Income account in the consolidated statements of comprehensive income (see Note 22.1).

Advances to suppliers and contractors represent down payments made by the Group to suppliers and contractors based on a certain percentage of the contract price, including construction materials purchased by the Group that are used by contractors, and utility charges that are attributable to contractors. These advances are primarily related to the Group's property development costs, which form part of its real estate inventories under development. A minimal portion pertains to operating expenses, which are recognized as expense when the related services are performed.

The initial advances are subsequently recouped or deducted from amounts payable to the suppliers and contractors, either on a pro-rated basis or in full, once progress billings or supplier invoices are received. Any unutilized advances are either refunded to the Group or offset against future billings.

Advances to condominium associations represent the Group's payment for the initial operations of the start-up association of a completed project. The purpose of these advances is mainly for the charges of utilities, real property taxes, licenses, and management fee.

Refundable security deposits include various deposits to third parties for electrical, internet subscription, exhibits and other utilities, and equipment needed in the development of the projects. All deposits, except for deposits to an electric Group, do not earn interest. Such deposits are only refundable upon completion of the projects or upon return of the equipment used. However, the exact date or period of completion of projects or return of equipment is indeterminable. Accordingly, refundable deposits are accounted for at cost.

Other receivables include advances to joint ventures for processing of business permits and licenses, and unliquidated advances to employees and real estate consultants.

All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regard to trade receivables from real estate sales as the amounts recognized consist of a large number of receivables from various customers. The Group considers the market value of properties sold held as collateral in assessing the expected credit loss on trade receivables and contract assets from real estate sales [see Note 29.2(b)].

In 2024, the Group wrote off certain receivables that are fully provided with allowance amounting to P52,496 as the management assessed that those receivables are no longer collectible. There was no similar transaction in 2025.

A reconciliation of the allowance for impairment at the beginning and end of the year is shown below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**133,706**	186,202
Write off	**-**	(52,496)
Balance at end of year	**133,706**	133,706

7. REAL ESTATE INVENTORIES

The Group's real estate inventories at the end of 2025 and 2024 were stated at cost. The composition of this account as at December 31 is shown below (see Note 20).

(Amounts in PHP)	**2025**	2024
Residential and condominium units for sale	**15,079,686,411**	14,605,650,957
Raw land inventory	**4,424,215,132**	4,424,215,132
Property development costs	**1,893,303,083**	1,892,382,884
	21,397,204,626	20,922,248,973

The summary of the movements in real estate inventories is presented below:

(Amounts in PHP)	Notes	**2025**	2024
Balance at beginning of year		**20,922,248,973**	20,625,100,501
Effect of adoption of PFRS 15	2.1(b)(i)	**-**	(256,370,374)
		20,922,248,973	20,368,730,127
Development costs incurred		**2,567,950,137**	2,607,234,624
Amount charged to cost of sales	20	**(2,092,994,484)**	(2,053,715,778)
		21,397,204,626	20,922,248,973

7.1 Residential and Condominium Units for Sale

This account represents the accumulated costs incurred, net of recognized Cost of Real Estate Sales in the consolidated statements of comprehensive income (see Note 20), on house and lots and condominium units available for sale. The subdivision houses include houses that are ready for occupancy, house models and units under construction.

No property is used as a security for the Group's interest-bearing loans and borrowings for the years ended December 31, 2025 and 2024.

7.2 Property Development Costs

This account pertains to accumulated costs incurred on projects which are not yet offered for sale as of the end of the reporting periods.

7.3 Net Realizable Value

Based on management assessment the net carrying amounts of these assets are lower than their net realizable values considering the present market rates; hence, no provisions for write-down of Real Estate Inventories have been recognized in the consolidated financial statements.

8. FINANCIAL ASSETS AT FVOCI

The movements in the carrying amounts of financial assets at FVOCI as of December 31 are as follows:

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**1,013,400,000**	1,270,128,000
Fair value losses	**(91,206,000)**	(256,728,000)
Balance at end of year	**922,194,000**	1,013,400,000
Cost	**832,950,000**	832,950,000
Accumulated fair value gains:		
Balance at beginning of year	**180,450,000**	437,178,000
Fair value losses for the year	**(91,206,000)**	(256,728,000)
	89,244,000	180,450,000
Balance at end of year	**922,194,000**	1,013,400,000

Financial assets at FVOCI pertain to investments held by EPHI in equity securities of the Ultimate Parent Company, whose shares are listed in the PSE. The fair value of these securities has been determined directly by reference to published prices in an active market. The fair value of these investments as of December 31, 2025 and 2024, is categorized as Level 1 in the fair value hierarchy (see Note 31.2).

The net accumulated fair value gains or losses in financial assets at FVOCI are shown as part of Revaluation Reserves account in the equity section of the consolidated statements of financial position (see Note 26.4).

Dividend income earned amounted to P11.3 million in 2025 and 2024, and P16.9 million in 2023, respectively, and is presented as Dividend income under Finance Income in the consolidated statements of comprehensive income (see Note 22.1).

9. ADVANCES TO LANDOWNERS AND JOINT VENTURES

The cash advances made by the Group relate to a number of joint venture agreements entered into with landowners covering the development of certain parcels of land. The joint venture agreements stipulate that the Group's joint venture partners shall contribute parcels of land and the Group shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing and marketing of condominium units to be constructed on the properties. Costs incurred by the Group for these projects are recognized as part of Real Estate Inventories account in the consolidated statements of financial position (see Note 7).

In addition to providing specified portion of the total project development costs, the Group also commits to advance mutually agreed-upon amounts to the landowners which will then be used for purposes such as reconsolidation/separation/subdivision of mother titles and relocation of existing occupants. Repayments of these advances may be made upon completion of the project development either in the form of residential condominium, commercial units or developed lots corresponding to the landowners' share in the projects or in the form of cash to be derived from the sales of the landowners' share in the saleable lots and residential condominium units.

The reconciliation of this account as of December 31 are as follows:

(Amounts in PHP)	**2025**	2024
Advances to landowners:		
Balance at beginning of year	**132,064,585**	137,457,632
Additional advances	**379,125**	387,833
Reclassification	**-**	(5,780,880)
Balance at end of year	**132,443,710**	132,064,585
Advances to joint ventures:		
Balance at beginning of year	**105,440,014**	105,436,714
Additional advances	**20,167,868**	13,200
Collections	**-**	(9,900)
Balance at end of year	**125,607,882**	105,440,014
	258,051,592	237,504,599

The Group commits to developing the properties based on the terms agreed with the joint venture partners. The Group has no existing commitment for cash advances under the joint venture agreements as this commitment has been fully complied with by the Group as of December 31, 2025 and 2024.

The net commitment for construction expenditures amounts to:

(Amounts in PHP)	**2025**	2024
Total commitment for construction expenditures	**11,205,054,936**	11,205,054,936
Total expenditures incurred	**(9,782,831,422)**	(9,436,413,353)
Net commitment	**1,422,223,514**	1,768,641,583

The Group's interest in jointly controlled operations and projects ranges from 55% to 82% in 2025 and 2024. The Group's jointly controlled projects are as follows:

- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and CALABARZON projects

The Group accounts for its 82% interest in Pioneer Woodlands as jointly controlled operations since the property where the project is situated is fully owned by the co-joint operator and the Group was engaged in the agreement for the purposes of providing financing, planning, designing, marketing, construction, monitoring, and supervision of all facets of the work on the project. Administrative and operational functions of the project are provided by the Group and bills the co-joint operator for related fees. Decisions related to the operations of the project are defined under an agreement between the Group and the co-joint operator. The Group recognizes in its consolidated financial statements its share of the related assets, liabilities, revenues and expenses arising from the arrangement.

As of December 31, 2025 and 2024, the Group has no other material contingent liabilities with regard to these joint ventures.

10. INVESTMENT IN AN ASSOCIATE AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The components of investment in an associate as of December 31 are as follows:

(Amounts in PHP)	**2025**	2024
Investments in associate at equity	**293,960,618**	293,960,618
Accumulated equity in net losses	**(13,686,370)**	(14,084,844)
Equity shares in net income for the year	**887,773**	398,474
Balance at end of year	**(12,798,597)**	(13,686,370)
	281,162,021	280,274,248

10.1 Summarized Financial Information

The aggregated amounts of assets, liabilities, revenues, and net profit of GPMAI as of December 31 are as follows:

(Amounts in PHP)	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Profit
2025	**576,938,958**	**18,310,651**	**12,270,312**	**-**	**10,078,402**	**2,598,002**
2024	573,829,498	18,669,885	12,118,088	-	10,319,433	3,878,617
2023					9,758,990	792,367

The associate has no non-controlling interests.

The reconciliation of the summarized information to the carrying amount of the interest in GPMAI is as follows:

(Amounts in PHP)	**2025**	2024
Net assets at end of year	**582,979,297**	580,381,295
Share of GPMAI in net asset of MCPI	**(56,939,375)**	(56,215,498)
	526,039,922	524,165,797
Equity ownership interest	**47.37%**	47.37%
	249,185,111	248,297,338
Nominal goodwill	**31,976,910**	31,976,910
Balance at end of year	**281,162,021**	280,274,248

As of December 31, 2025 and 2024, there are no available fair values for this investment in an associate as this is not listed in stock markets.

Based on the assessment of the management, the investment in an associate is not impaired due to the active efforts of the Group to raise funds to push through with the associate's projects.

10.2 Subsidiaries with Non-controlling Interest

The subsidiaries with non-controlling interest (NCI) are shown below.

(Amounts in PHP)	**Proportion of Ownership Interest and Voting Rights Held by NCI**		**Subsidiary's Consolidated Loss Allocated to NCI**		**Accumulated Equity of NCI**	
Name	**2025**	2024	**2025**	2024	**December 31, 2025**	December 31, 2024
LBASSI	**27.50%**	27.50%	**(1,113,169)**	(1,317,861)	**74,056,577**	75,169,746
SPLI	**40.00%**	40.00%	**(78,171)**	(76,946)	**542,065,735**	542,143,906
PCMI	**60.00%**	60.00%	**(6,112,142)**	(5,445,328)	**2,154,006,244**	2,160,118,386

The summarized financial information of LBASSI, SPLI, and PCMI before intragroup eliminations is shown below.

(Amounts in PHP)	**LBASSI**		**SPLI**		**PCMI**	
	2025	2024	**2025**	2024	**2025**	2024
Current assets	**1,358,255**	1,358,255	**512,124,942**	512,198,117	**2,782,259,776**	2,792,331,992
Non-current assets	**109,079,819**	111,957,079	**-**	-	**816,261,150**	816,261,150
Total assets	**110,438,074**	113,315,334	**512,124,942**	512,198,117	**3,598,520,926**	3,608,593,142
Current liabilities	**7,660,250**	5,973,065	**23,658,815**	23,536,563	**8,510,528**	8,395,840
Non-current liabilities	**5,739,497**	5,739,497	**-**	-	**-**	-
Total liabilities	**13,399,747**	11,712,562	**23,658,815**	23,536,563	**8,510,528**	8,395,840
Equity	**97,038,327**	101,602,772	**488,466,127**	488,661,554	**3,590,010,398**	3,600,197,302

	LBASSI 2025	LBASSI 2024	LBASSI 2023	**SPLI 2025**	SPLI 2024	SPLI 2023	**PCMI 2025**	PCMI 2024	PCMI 2023
Revenues	**-**	-	-	**-**	-	-	**674**	921	891
Net loss	**(4,564,445)**	(5,310,194)	(3,934,720)	**(195,427)**	(192,366)	(194,946)	**(10,186,904)**	(9,075,547)	(10,575,921)
Other Comprehensive Loss	-	-	-	**-**	-	-	**-**	-	-
Total Comprehensive Loss	**(4,564,445)**	**(5,310,194)**	**(3,934,720)**	**(195,427)**	**(192,366)**	**(194,946)**	**(10,186,904)**	**(9,075,547)**	**(10,575,921)**
Net cash used in operating activities	**-**	-	-	**(109,724)**	(202,234)	(299,740)	**(107,310)**	(195,084)	(263,551)
Net cash from investing activities	**-**	-	-	**-**	-	-	**-**	-	-
Net cash from financing activities	**-**	-	-	**3,756**	205,411	376,996	**-**	-	-
Net cash inflow (outflow)	**-**	-	-	**(105,968)**	3,177	77,256	**(107,310)**	(195,084)	(263,551)

In 2025, 2024 and 2023, LBASSI, SPLI and PCMI have not declared nor paid any dividends.

10.3 Contingent Liabilities

As of December 31, 2025 and 2024, the Group has no contingent liabilities for subsidiaries with significant non-controlling interest and associate which were incurred jointly with other investors and the Group is not severally liable for all or part of the contingent liabilities of the subsidiaries and associate.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of items of property and equipment at the beginning and end of 2025 and 2024 are shown below.

(Amounts in PHP)	Land	Building and Other Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Right-of-use Assets	Total
December 31, 2025							
Cost	81,095,000	172,122,782	97,269,393	59,997,698	136,372,108	-	546,856,981
Accumulated depreciation and amortization	-	(65,897,029)	(94,431,274)	(51,954,394)	(130,343,902)	-	(342,626,599)
Net carrying amount	**81,095,000**	**106,225,753**	**2,838,119**	**8,043,304**	**6,028,206**	**-**	**204,230,382**
December 31, 2024							
Cost	81,095,000	92,376,453	97,269,393	56,290,358	134,461,386	42,663,054	504,155,644
Accumulated depreciation and amortization	-	(61,862,822)	(91,360,395)	(50,649,121)	(129,493,574)	(24,149,013)	(357,514,925)
Net carrying amount	81,095,000	30,513,631	5,908,998	5,641,237	4,967,812	18,514,041	146,640,719
January 1, 2024							
Cost	81,095,000	92,376,453	96,912,251	56,926,304	131,770,269	42,663,054	501,743,331
Accumulated depreciation and amortization	-	(59,024,808)	(88,110,105)	(52,516,699)	(126,832,381)	(14,400,981)	(340,884,974)
Net carrying amount	81,095,000	33,351,645	8,802,146	4,409,605	4,937,888	28,262,073	160,858,357

A reconciliation of the carrying amounts at the beginning and end of 2025, 2024 and 2023 is shown as follows:

(Amounts in PHP)	Land	Building and Other Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Right-of-use Assets	Total
Balance at January 1, 2025, net of accumulated depreciation, amortization, and impairment	81,095,000	30,513,631	5,908,998	5,641,237	4,967,812	18,514,041	146,640,719
Additions	-	79,746,329	-	4,664,268	4,669,271	-	89,079,868
Disposal	-	-	-	(252,381)	(17,817)	-	(270,198)
Derecognition	-	-	-	-	-	(17,499,860)	(17,499,860)
Depreciation and amortization charges for the year	-	(4,034,207)	(3,070,879)	(2,009,820)	(3,591,060)	(1,014,181)	(13,720,147)
Net carrying amount at December 31, 2025	**81,095,000**	**106,225,753**	**2,838,119**	**8,043,304**	**6,028,206**	**-**	**204,230,382**
Balance at January 1, 2024, net of accumulated depreciation, amortization, and impairment	81,095,000	33,351,645	8,802,146	4,409,605	4,937,888	28,262,073	160,858,357
Additions	-	-	357,142	2,983,518	2,725,027	-	6,065,687
Disposal	-	-	-	(297,247)	-	-	(297,247)
Depreciation and amortization charges for the year	-	(2,838,014)	(3,250,290)	(1,454,639)	(2,695,103)	(9,748,032)	(19,986,078)
Net carrying amount at December 31, 2024	81,095,000	30,513,631	5,908,998	5,641,237	4,967,812	18,514,041	146,640,719
Balance at January 1, 2023, net of accumulated depreciation, amortization, and impairment	81,095,000	37,316,082	9,770,824	1,743,214	2,219,049	-	132,144,169
Additions	-	-	4,770,951	4,173,679	4,787,946	42,663,054	56,395,630
Write-off	-	-	-	-	(232,766)	-	(232,766)
Depreciation and amortization charges for the year	-	(3,964,437)	(5,739,629)	(1,507,288)	(1,836,341)	(14,400,981)	(27,448,676)
Net carrying amount at December 31, 2023	81,095,000	33,351,645	8,802,146	4,409,605	4,937,888	28,262,073	160,858,357

The amount of depreciation and amortization of property and equipment is presented as part of Depreciation and Amortization account under Costs and Expenses section of the consolidated statements of comprehensive income.

The Group derecognized certain fully depreciated transportation equipment with a cost of P3.2 million in 2024 and P2.1 million in 2023 and certain furniture and fixtures with a carrying value of P0.2 million in 2023. There were no similar transactions in 2025.

In 2021, certain leasehold improvements amounting to P78.5 million were derecognized due to termination of related lease. In 2023, such cost of leasehold improvements were considered as part of lease credits in the Group's new lease agreement with Megaworld (see Note 17). There were no similar transactions in 2025 and 2024.

In 2025, the Group derecognized right-of-use assets arising from (a) the end of a lease contract, resulting in the derecognition of a right-of-use asset with a cost of P14.2 million, and (b) the pre-termination of another lease contract, which resulted in the derecognition of a right-of-use asset with a cost of P28.5 million and a carrying amount of P17.5 and was reclassified to lease credits to be applied to future lease arrangements (see Note 17). There were no similar transactions in 2024 and 2023.

The Group sold fully depreciated transportation equipment for P0.2 million and various fixed assets with a net carrying value of P0.3 million for P0.7 million in 2025. In 2024, the Group disposed of fixed assets with a net carrying value of P0.3 million for P0.4 million. The resulting gains of P0.6 million in 2025 and P0.1 million in 2024 were recognized as part of Gain on asset disposal under Other Income in the consolidated statements of comprehensive (see Note 21.1).

Property and equipment are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2025, 2024 and 2023 as the recoverable amount of these assets determined by management is higher than its carrying value.

The cost of fully depreciated assets still used in business amounted to P265.6 million and P254.6 million as of December 31, 2025 and 2024, respectively.

12. INTANGIBLE ASSETS

This account is composed of the following:

(Amounts in PHP)	**2025**	2024
Software licenses	**20,858,596**	27,070,890
Goodwill	**979,123**	979,123
	21,837,719	28,050,013

In 2023, the Group has recognized an impairment loss on goodwill related to LBASSI amounting to P77.3 million (see Note 3.2). There were no similar transactions in both 2025 and 2024. The remaining goodwill arose from the acquisition of VVPI.

Goodwill arising from the acquisition of subsidiaries mentioned above were recognized based on management's expected future economic benefit and synergies that will result from combining the operation of the acquired subsidiaries.

The gross carrying amounts and allowance for impairment of goodwill at the beginning and end of 2025 and 2024 are shown below. *(Amounts in PHP)*

Cost	78,326,757
Allowance for impairment	(77,347,634)
Net carrying amount	**979,123**

The gross carrying amounts and accumulated amortization of software licenses at the beginning and end of 2025 and 2024 are shown below.

(Amounts in PHP)	**2025**	2024
Cost	**62,122,935**	62,122,935
Accumulated amortization	**(41,264,339)**	(35,052,045)
Net carrying amount	**20,858,596**	27,070,890

A reconciliation of the carrying amounts of intangible assets for the beginning and end of 2025, 2024 and 2023 is shown below.

(Amounts in PHP)	**2025**	2024	2023
Balance at beginning of year	**28,050,013**	34,262,307	117,822,235
Amortization expense for the year	**(6,212,294)**	(6,212,294)	(6,212,294)
Impairment loss on goodwill	**-**	-	(77,347,634)
Balance at end of year	**21,837,719**	28,050,013	34,262,307

The impairment loss on goodwill is presented as part of Other Expenses account, while the amount of amortization charges is presented as part of Depreciation and Amortization account under Costs and Expenses section of the consolidated statements of comprehensive income.

Intangible assets are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was required to be recognized in 2025 and 2024 as the recoverable amount of intangible assets determined by management is higher than its carrying value.

13. INVESTMENT PROPERTIES

The Group's investment properties pertain to building and office and commercial units held for lease and a parcel of land held for capital appreciation. Rental income arising from the Group's operating leases recognized for the years ended December 31, 2025, 2024 and 2023 amounted to P110.4 million, P121.7 million, and P92.8 million, respectively, and are presented as part of Rental Income in the consolidated statements of comprehensive income. There is no rental income arising from finance lease in 2025, 2024 and 2023. Real estate taxes and depreciation substantially represent direct costs incurred related to these properties. Since all recorded investment properties earned rental income during the year, there were no direct operating expenses pertaining to investment properties not generating rental income. Real estate tax amounting to P2.5 million in 2025, P2.3 million in 2024, and P1.5 million in 2023 and repairs and maintenance amounting to P1.3 million, P1.8 million, and P2.6 million, in 2025, 2024 and 2023, respectively, were recognized as related expense in those years, and were presented as part of Taxes and Licenses, and Repairs and maintenance under Other Expenses account in the consolidated statements of comprehensive income (see Note 21.2).

The rental income from the operating leases of the Group is composed of the following:

(Amounts in PHP)	**2025**	2024	2023
Fixed	**75,325,585**	82,709,280	81,021,234
Variable	**35,060,728**	38,957,633	11,768,292
	110,386,313	121,666,913	92,789,526

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2025 and 2024 are shown below.

(Amounts in PHP)		**Held for Lease**		
	Land	**Building**	**Other Properties**	**Total**
December 31, 2025				
Cost	1,040,000	-	940,600,790	941,640,790
Accumulated depreciation	-	-	(388,815,680)	(388,815,680)
Net carrying value	**1,040,000**	**-**	**551,785,110**	**552,825,110**
December 31, 2024				
Cost	1,040,000	47,274,140	925,460,396	973,774,536
Accumulated depreciation	-	(40,892,129)	(373,818,545)	(414,710,674)
Net carrying value	1,040,000	6,382,011	551,641,851	559,063,862
January 1, 2024				
Cost	1,040,000	47,274,140	925,460,396	973,774,536
Accumulated depreciation	-	(38,764,793)	(347,927,332)	(386,692,125)
Net carrying value	1,040,000	8,509,347	577,533,064	587,082,411

A reconciliation of the carrying amount of investment properties at the beginning and end of 2025, 2024, and 2023 is shown below.

		Held for Lease		
(Amounts in PHP)	**Land**	**Building**	**Other Properties**	**Total**
Balance at January 1, 2025, net of accumulated depreciation	1,040,000	6,382,011	551,641,851	559,063,862
Additions	-	-	15,140,394	15,140,394
Disposal	-	(4,254,675)	-	(4,254,675)
Depreciation charges for the year	-	(2,127,336)	(14,997,135)	(17,124,471)
Balance at December 31, 2025, net of accumulated depreciation	**1,040,000**	**-**	**551,785,110**	**552,825,110**
Balance at January 1, 2024, net of accumulated depreciation	1,040,000	8,509,347	577,533,064	587,082,411
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2024, net of accumulated depreciation	1,040,000	6,382,011	551,641,851	559,063,862
Balance at January 1, 2023, net of accumulated depreciation	1,040,000	10,636,683	603,424,277	615,100,960
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2023, net of accumulated depreciation	1,040,000	8,509,347	577,533,064	587,082,411

In 2025, the Group sold certain investment property with a carrying value of P4.3 million. The Group recognized a gain of P68.0 million, which is presented as part of Gain on asset disposal under Other Income in the 2025 consolidated statement of comprehensive income (see Note 20.1). The P72.2 million proceeds from the sale is still receivable as of December 31, 2025 and is presented as part of Others under Trade and Other Receivables in the 2025 consolidated statement of financial position (see Note 6). There were no similar transactions in 2024 and 2023.

The amount of depreciation on investment properties is presented as part of Depreciation and Amortization account under Costs and Expenses section in the consolidated statements of comprehensive income.

Investment properties are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2025, 2024 and 2023 as the recoverable amount of these assets determined by management is higher than its carrying value.

Other information relating to fair value measurements and disclosures of investment properties are disclosed in Note 31.4.

14. INTEREST-BEARING LOANS AND BORROWINGS

The details of interest-bearing loans and borrowings from local bank is discussed below.

(Amounts in PHP)				
2025	2024	Interest Rate	Interest Rate	Maturity
450,000,000	650,000,000	Floating rate at 7.2% subject to quarterly repricing	Unsecured	Up to 2028

In 2021, the Group obtained an interest-bearing, unsecured seven-year P1.0 billion loan from a local bank. The loan was released in full in February 2021 and bears a floating interest rate per annum. The proceeds were used to fund the development of the Group's various real estate projects and its working capital requirements. The principal of the loan is payable in 20 equal quarterly payments starting on May 5, 2023, with two-year grace period and interest is payable quarterly in arrears.

The bank loan requires the Group to maintain a debt-to-equity ratio of not more than 1:1, a debt service coverage ratio of not less than 1.25:1, and a current ratio of not less than 2:1. As of December 31, 2025 and 2024, the Group is in compliance with such financial covenant obligations.

The total interest on these interest-bearing loans and borrowings in 2025, 2024, and 2023 amounted to P42.5 million, P65.7 million, and P80.4 million, respectively (see Note 22.2). The related interest amounting to P63.0 million in 2023 is capitalized as part of Real Estate Inventories account in the 2023 consolidated statement of financial position. Unpaid interest as of December 31, 2025 and 2024 amounted to P5.1 million, and P8.6 million, respectively, and is presented as Interest payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

There were no loan issuance costs incurred as all loans are directly availed from banks.

Interest-bearing loans and borrowings are presented in the consolidated statements of financial position as follows:

(Amounts in PHP)	**2025**	2024
Current	**200,000,000**	200,000,000
Non-current	**250,000,000**	450,000,000
	450,000,000	650,000,000

15. TRADE AND OTHER PAYABLES

This account consists of:

(Amounts in PHP)	Note	**2025**	2024
Trade payable		**2,018,080,276**	2,158,166,886
Accrued expenses		**199,824,492**	179,767,902
Taxes payable		**125,232,684**	165,880,217
Interest payable	14	**5,061,000**	8,615,678
Miscellaneous		**200,000**	200,000
		2,348,398,452	2,512,630,683

Accrued expenses include the Group's obligations to its suppliers that are expected to be settled within 12 months from the end of the reporting period. These liabilities arise mainly from accrual of construction expenditures incurred during the year.

Taxes payable pertains to withholding taxes payable and other statutory payables such as Social Security System, Philippine Health Insurance Corporation and Home Development Mutual Fund contribution.

16. CUSTOMERS' DEPOSITS

Presented below are the details of this account.

(Amounts in PHP)	**2025**	2024
Advances from customers	**3,412,273,750**	3,567,815,251
Other deposits	**1,193,656,616**	1,175,850,542
	4,605,930,366	4,743,665,793

Advances from customers represent cash received from customers for real estate property purchases which have not yet complied with the sales recognition criteria of the Group. The advances are deducted from the contract price once the related real estate sales are recognized by the Group.

Other deposits mainly pertain to cash received from customers for miscellaneous fees and other related expenses to process the transfer of title to customers.

17. LEASES

In 2023, the Group entered into a lease agreement for its office spaces with remaining lease terms of three years. No lease liabilities were recognized due to lease credits granted to the Group amounting to P106.1 million, which is presented as part of Income from lease credits under Other Income in the 2023 consolidated statement of comprehensive income (see Note 21.1). These lease credits represent the cost of leasehold improvements and expenses incurred by the Group in its previously pre-terminated lease agreement with Megaworld, which was later reimbursed by way of application to the Group's future lease payments to Megaworld (see Note 11).

In 2025 and 2024, portions of the lease credits amounting to P15.3 million and P51.4 million, respectively, were applied as payment for the lease agreement with Megaworld. The remaining lease credits amounting to P14.3 million and P12.0 million in 2025 and 2024, respectively, were presented as part of Prepayments and Other Current Assets in the consolidated statements of financial position.

In 2025, the Group derecognized two right-of-use assets related to lease arrangements with Megaworld. A right-of-use asset with a cost of P14.2 million was derecognized following the end of a lease contract. In addition, a right-of-use asset with a cost of P28.5 million and a carrying amount of P17.5 million was derecognized due to pre-termination of another lease agreement. No actual lease payments were made during the term since the expected lease payments had already been fully applied against the lease credit balance. As a result, the excess arising from the early termination, representing the net carrying amount of P17.5 million, was reclassified back to lease credits as this amount will be applied to future lease arrangements with Megaworld and is presented as part of Prepayments and Other Current Assets in the 2025 consolidated statement of financial position (see Note 11). There were no similar transactions in 2024.

The lease does not have variable lease payments which depend on an index or a rate. The lease is non-cancellable and does not contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term without mutual agreement on both parties. The Group is prohibited from selling or pledging the underlying leased assets as security. The Group must also keep the property in a good state of repair and return the property in its original condition at the end of the lease. Further, the Group must incur maintenance fees on such items in accordance with the lease contracts.

The Group has elected not to recognize lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis. The expenses relating short-term leases amounted to P19.8 million for both 2025 and 2024, and P13.0 million for 2023 are presented as Rentals under Other Expenses account in the consolidated statements of comprehensive income (see Notes 21.2).

18. OTHER CURRENT LIABILITIES

As of December 31, other current liabilities include the following:

(Amounts in PHP)	Notes	**2025**	2024
Retention payable		**942,487,071**	749,941,703
Refund liability	21.2	**635,390,476**	396,218,713
Refundable deposits	28.1	**56,998,338**	50,913,269
Miscellaneous		**11,761,518**	11,546,846
		1,646,637,403	1,208,620,531

Retention payable pertains to amounts withheld from payments made to contractors to ensure compliance and completion of contracted projects, which ranges from 5% to 10% of every billing made by the contractor. Upon completion of the contracted projects, submission of required bonds and final acceptance of works, the amounts are returned to contractors.

Refund liability pertains to the amount due to buyers of real estate properties which is the cash surrender value of the payments made by them on the cancelled real estate contracts as required by Republic Act (R.A.) 6552, *Realty Installment Buyer Act*. The amount of provision for the years ended 2025, 2024, and 2023 amounted to P253.1 million, P111.7 million, and P57.8 million, respectively, and is presented as Provision for refund liability under Other Expenses account in the consolidated statement of comprehensive income (see Note 21.2).

A reconciliation of the refund liability at beginning and end of the year is shown below.

(Amounts in PHP)	Note	**2025**	2024
Balance at beginning of year		**396,218,713**	287,636,550
Provision during the year	21.2	**253,140,939**	111,670,352
Refunds during the year		**(13,969,176)**	(3,088,189)
Balance at end of year		**635,390,476**	396,218,713

19. REAL ESTATE SALES

19.1 Disaggregation of Revenues

The Group derives revenues from sale of real properties and other income. An analysis of the Group's real estate sales is presented below.

(Amounts in PHP)	**2025**	2024	2023
Geographical areas			
Within Metro Manila	**3,313,305,519**	3,004,498,017	3,439,460,043
Outside Metro Manila	**10,515,370**	238,144,981	558,078,226
	3,323,820,889	3,242,642,998	3,997,538,269
Types of product or services			
Residential condominium	**3,280,794,104**	3,136,454,171	3,651,882,437
Residential lots and house and lots	**43,026,785**	106,188,827	345,655,832
	3,323,820,889	3,242,642,998	3,997,538,269

19.2 Contract Accounts

a. Contract Assets

The Group's contract assets as of December 31 are classified as follows:

(Amounts in PHP)	**2025**	2024
Current	**1,936,196,524**	2,498,252,566
Non-current	**535,063,250**	768,746,952
	2,471,259,774	3,266,999,518

The significant changes in the contract assets balances as of December 31 are as follows:

(Amounts in PHP)	Notes	**2025**	2024
Balance at beginning of year		**3,266,999,518**	2,741,196,068
Effect of adoption of PFRS 15	2.1(b)(ii)	**-**	(202,715,531)
		3,266,999,518	2,538,480,537
Increase as a result of changes in measurement of progress		**1,518,603,001**	572,668,405
Accretion of interest income from significant financing component	22.1	**286,796,190**	155,850,576
Transfers from contract assets recognized at the beginning of year to trade receivables		**(2,601,138,935)**	-
Balance at end of year		**2,471,259,774**	3,266,999,518

b. *Contract Liabilities*

The Group's contract liabilities as of December 31 are classified as follows:

(Amounts in PHP)	**2025**	2024
Current	**164,617,092**	170,000,828
Non-current	**35,217,618**	112,633,789
	199,834,710	282,634,617

The significant changes in the contract liabilities balances as of December 31 are as follows:

(Amounts in PHP)	Notes	**2025**	2024
Balance at beginning of year		**282,634,617**	256,766,937
Effect of adoption of PFRS 15	2.1(b)(ii)	**-**	17,348,096
		282,634,617	274,115,033
Net change arising from timing differences between cash receipts and performance obligations		**(80,574,527)**	23,177,108
Revenue recognized that was included in contract liabilities at the beginning of year		**(14,567,464)**	(22,650,120)
Accretion of interest expense from significant financing component	22.2	**12,342,084**	7,992,596
Balance at end of year		**199,834,710**	282,634,617

19.3 Direct Contract Costs

The Group incurs sales commissions upon execution of contracts to sell real properties to customers. These are amortized over the expected construction period on the same basis as how the Group measures progress towards complete satisfaction of its performance obligation in its revenue contracts. The total amount of amortization for 2025, 2024, and 2023 is presented as part of Commissions account under Cost and Expenses section of the consolidated statements of comprehensive income.

The movements in balances of deferred commission in 2025 and 2024 are presented below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**469,205,382**	353,313,187
Additional capitalized cost	**132,495,993**	156,217,463
Amortization for the year	**(90,118,216)**	(40,325,268)
Balance at end of year	**511,583,159**	469,205,382

Incremental costs of commission incurred to obtain contracts are capitalized and are presented as part of Prepayments and Other Current Assets, and Other Non-current Asset accounts in the consolidated statements of financial position as shown below.

(Amounts in PHP)	**2025**	2024 (As restated - see Note 2)
Current	**239,707,912**	163,307,839
Non-current	**271,875,247**	305,897,543
	511,583,159	469,205,382

19.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2025 and 2024 is P8.5 billion and P6.1 billion, respectively. As of December 31, 2025 and 2024, the Group expects to recognize revenue from unsatisfied contracts as presented below.

(Amounts in PHP)	**2025**	2024
Within a year	**5,718,542,331**	2,913,019,941
More than one year to three years	**2,741,868,283**	3,008,620,097
More than three years to five years	-	228,062,716
	8,460,410,614	6,149,702,754

20. COST OF REAL ESTATE SALES

The breakdown of the cost of real estate sales are as follows (see Note 7):

(Amounts in PHP)	**2025**	2024	2023
Contracted services	**1,849,120,576**	1,800,065,159	2,097,483,149
Land cost	**196,916,123**	224,542,314	286,217,315
Borrowing cost	**-**	-	75,798,696
Other costs	**46,957,785**	29,108,305	37,889,224
	2,092,994,484	2,053,715,778	2,497,388,384

21. OTHER INCOME AND EXPENSES

21.1 Other Income

The details of this account are shown below.

(Amounts in PHP)	Notes	**2025**	2024	2023
Forfeited collections and deposits		**936,503,543**	522,563,375	247,937,294
Marketing and management fees	25.2	**80,801,806**	91,611,260	115,119,420
Gain on asset disposal	11, 13	**68,603,090**	132,890	-
Income from lease credits	17	**-**	-	106,091,000
Miscellaneous		**1,366,626**	10,108,807	4,292,176
		1,087,275,065	624,416,332	473,439,890

Forfeited collections and deposits include reservation fees and all payments made by delinquent buyers, net of any loss on cancellations. This also includes portion of payments received by the Group upon approval of buyer's request to transfer to other units.

Miscellaneous fees include manning charges.

21.2 Other Expenses

The breakdown of this account is shown below.

(Amounts in PHP)	Notes	**2025**	2024	2023
Provision for refund liability	18	**253,140,939**	111,670,352	57,795,155
Repairs and maintenance	13	**52,886,778**	35,036,943	10,152,921
Utilities		**30,958,774**	16,911,713	15,360,839
Computer license subscription		**26,386,127**	13,333,781	4,413,127
Impairment loss on related party advances	25.1	**25,000,000**	-	-
Rentals	17	**19,763,607**	19,782,740	12,955,227
Professional fees	25.3	**17,319,685**	26,769,046	12,093,101
Outside services		**17,110,424**	12,558,756	1,256,786
Security services		**15,836,958**	18,943,242	11,099,402
Janitorial services		**14,947,913**	12,144,154	5,525,555
Insurance		**13,497,947**	11,413,934	6,674,259
Office supplies		**11,684,909**	8,416,762	2,189,651
Training, seminars and other benefits		**8,227,611**	5,637,172	6,915,628
Marketing events and awards		**6,518,594**	3,938,543	4,827,844
Documentation		**3,592,382**	2,346,785	1,620,282
Representation		**933,644**	446,082	208,212
Impairment loss on goodwill	12	**-**	-	77,347,634
Miscellaneous		**14,240,378**	8,272,510	4,037,225
		532,046,670	307,622,515	234,472,848

Miscellaneous expenses include bank charges, motor vehicle registration and others.

22. FINANCE INCOME AND FINANCE COSTS

22.1 Finance Income

The breakdown of this account is shown below.

(Amounts in PHP)	Notes	**2025**	2024	2023
Interest income:				
Significant financing component	19.2(a)	**286,796,190**	155,850,576	-
Advances to related parties	25.1	**252,259,722**	446,129,092	341,017,636
Amortization of day-one loss on noninterest-bearing financial instruments	6	**193,534,198**	172,877,182	121,259,226
Cash and cash equivalents	5	**67,065,723**	91,440,493	80,949,550
Trade and other receivables	6	**10,130,050**	28,827,986	27,007,752
Dividend income	8	**11,260,000**	11,260,000	16,890,000
Foreign currency gain - net		**715,060**	7,273,446	315,709
		821,760,943	913,658,775	587,439,873

22.2 Finance Costs

The breakdown of finance costs is shown below.

(Amounts in PHP)	Notes	**2025**	2024	2023
Interest expense on advances from related parties	25.1	**312,118,090**	405,541,070	370,332,612
Bank loans	14	**42,461,447**	65,748,636	17,360,365
Net interest expense on post-employment defined benefit obligation	23.2	**13,706,872**	12,580,409	3,399,996
Significant financing component	19.2(b)	**12,342,084**	7,992,596	-
		380,628,493	491,862,711	391,092,973

23. SALARIES AND EMPLOYEE BENEFITS

23.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

(Amounts in PHP)	Note	**2025**	2024	2023
Short-term benefits		**464,955,673**	435,323,774	407,014,182
Post-employment benefits	23.2	**29,422,396**	32,839,653	24,088,024
		494,378,069	468,163,427	431,102,206

23.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

The Group maintains a partially funded, tax qualified, non-contributory, post-employment defined benefit plan that is being administered by a trustee bank that is legally separated from the Group. The post-employment defined benefit plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The post-employment defined benefit plan provides for retirement ranging from 60% to 200% of final monthly salary for every year of credited service but shall not be less than the regulatory benefit under the R.A. 7641, *The Retirement Pay Law*, or the applicable retirement law at the time of the member's retirement.

(b) Explanation of the Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made regularly to update the retirement benefit costs and the amount of contributions. All amounts are presented below and in the succeeding pages are based on the latest actuarial valuation reports obtained from independent actuaries.

The amounts of post-employment benefit recognized in the consolidated statements of financial position are determined as follow:

(Amounts in PHP)	**2025**	2024
Present value of the obligation	**635,897,119**	602,557,070
Fair value of the assets	**(402,717,945)**	(364,458,106)
	233,179,174	238,098,964

The movements in the present value of the post-employment DBO recognized in the books are as follows:

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**602,557,070**	577,559,995
Interest expense	**37,018,243**	37,402,074
Current service cost	**29,422,396**	32,839,653
Remeasurements —		
Actuarial losses (gains) arising from:		
Experience adjustments	**26,657,572**	18,437,581
Changes in financial assumptions	**(12,526,654)**	13,305,192
Changes in demographic assumptions	**(11,158,308)**	8,309,751
Benefits paid	**(36,073,200)**	(85,297,176)
Balance at end of year	**635,897,119**	602,557,070

The movements in the fair value of plan assets are presented below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**364,458,106**	423,561,403
Benefits paid	**(36,073,200)**	(85,297,176)
Interest income	**23,311,371**	24,821,665
Actual contribution	**53,000,000**	3,250,000
Loss on plan assets (excluding amounts included in net interest)	**(1,978,332)**	(1,877,786)
Balance at end of year	**402,717,945**	364,458,106

The fair value of plan assets is composed of the following (in millions):

(Amounts in PHP)	**2025**	2024
Cash and cash equivalents	**231.9**	231.4
Investment in government issued debt securities	**170.8**	133.1
	402.7	364.5

The plan assets earned a return of P21.3 million, P22.9 million and P18.4 million in 2025, 2024 and 2023, respectively.

As of December 31, 2025 and 2024, the Group's retirement fund does not include any investments in any equity securities issued by the Group or any of its related parties.

The components of amounts recognized in the consolidated statements of comprehensive income in respect of the post-employment defined benefit plan are as follows:

(Amounts in PHP)	Notes	**2025**	2024	2023
Reported in profit or loss:				
Current service cost	23.1	**29,422,396**	32,839,653	24,088,024
Net interest expense	22.2	**13,706,872**	12,580,409	3,399,996
		43,129,268	45,420,062	27,488,020
Reported in other comprehensive income (loss):				
Actuarial gains (losses) arising from:				
- experience adjustments		**(26,657,572)**	(18,437,581)	1,680,455
- changes in financial assumptions		**12,526,654**	(13,305,192)	(99,593,708)
- demographic assumptions		**11,158,308**	(8,309,751)	(4,141,883)
Loss on plan assets (excluding amounts included in net interest)		**(1,978,332)**	(1,877,786)	(10,234,934)
		(4,950,942)	(41,930,310)	(112,290,070)

Current service cost is presented as part of Salaries and Employee Benefits under Costs and Expenses section in the consolidated statements of comprehensive income (see Note 23.1) while the amounts of net interest expense are included under Finance Costs under Costs and Expenses section in the consolidated statements of comprehensive income (see Note 22.2).

The amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	2025	2024	2023
EELHI:			
Discount rates	**6.39%**	6.11%	6.56%
Expected rate of salary increases	**6.00%**	6.00%	6.00%
EPHI:			
Discount rates	**6.21%**	6.15%	6.04%
Expected rate of salary increases	**5.53%**	6.32%	6.81%

The other subsidiaries currently do not have employees and their accounting and other administrative functions are being handled by the Company; hence, there was no cost of retirement benefits recognized.

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 for both males and females is shown below.

	Retirement Age	Average Remaining Working Life
EELHI	60	27
EPHI	60	16

These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Group to actuarial risks such as investment and interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Rate Risks

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents and debt securities. Due to the long-term nature of the plan obligation, a level of continuing debt investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding pages.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the DBO as of December 31:

	Impact on Post-employment Benefit Obligation		
(Amounts in PHP)	**Change in Assumption**	**Increase in Assumption**	**Decrease in Assumption**
2025			
EELHI			
Discount rate	**+7.5%/-8.7%**	**(40,899,583)**	**47,176,200**
Salary increase rate	**+8.6%/-7.6%**	**46,887,183**	**(41,403,803)**
EPHI			
Discount rate	**+/-0.5%**	**(2,656,367)**	**2,868,607**
Salary increase rate	**+/-1.0%**	**5,672,172**	**(4,919,330)**
2024			
EELHI			
Discount rate	+7.3%/-8.3%	(36,603,911)	41,895,892
Salary increase rate	+8.3%/-7.4%	41,522,960	(36,965,740)
EPHI			
Discount rate	+/-0.5%	(2,991,909)	3,272,690
Salary increase rate	+/-1.0%	6,377,735	(5,490,264)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the DBO recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Group through its BOD, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve those long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in debt securities and maintaining cash and cash equivalents that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

There has been no change in the Group's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The plans are currently underfunded by P233.2 million based on the latest actuarial valuation. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 10 to 20 years' time when a significant number of employees is expected to retire.

The Group expects to make a contribution of at least P53.3 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan for the next 20 years follows:

(Amounts in PHP)	**2025**	2024
Within one year	**210,107,059**	202,205,422
More than one year to five years	**61,262,307**	65,488,416
More than five years to 10 years	**361,517,846**	389,468,040
More than 10 years to 15 years	**67,818,227**	45,425,892
More than 15 years to 20 years	**54,915,543**	89,200,000
More than 20 years	**140,956,061**	133,162,434
	896,577,043	924,950,204

The weighted average duration of the DBO at the end of the reporting period is 8.10 to 14 years.

24. TAX EXPENSE

The components of tax expense reported in the consolidated statements of comprehensive income for the years ended December 31 are presented below.

(Amounts in PHP)	**2025**	2024	2023
Reported in profit or loss:			
Current tax expense:			
Regular corporate income tax (RCIT) at 25% and 20%	**176,171,587**	133,993,061	92,737,922
Final tax at 20%, 15% and 7.5%	**13,327,985**	18,185,780	16,154,222
Minimum corporate income tax (MCIT) at 2%	**1,310,077**	1,012,195	-
	190,809,649	153,191,036	108,892,144
Deferred tax expense (income) relating to origination and reversal of temporary differences	**(71,176,781)**	54,613,894	111,107,012
	119,632,868	207,804,930	219,999,156
Reported in other comprehensive income or loss			
Deferred tax income relating relating to –			
Origination and reversal of temporary differences	**(1,237,736)**	(10,482,578)	(28,072,519)

The reconciliation of tax on pre-tax profit computed at the applicable statutory rates to tax expense as reported in the profit or loss section of the consolidated statements of comprehensive income is as follows:

(Amounts in PHP)	**2025**	2024	2023
Tax on pre-tax profit at 25%	**229,033,009**	222,021,501	244,484,932
Adjustment for income subjected to lower income tax rates	**(2,904,025)**	(3,936,944)	(3,879,132)
Tax effects of:			
Non-taxable income on forfeited collections	**(36,015,249)**	(32,186,712)	(48,230,566)
Non-deductible interest expense	**6,431,941**	6,569,144	4,046,398
Non-deductible taxes and licenses	**4,920,506**	7,996,056	3,292,722
Others – net	**(81,833,314)**	7,341,885	20,284,802
	119,632,868	207,804,930	219,999,156

The net deferred tax liabilities as of December 31 relate to the following:

(Amounts in PHP)	Consolidated Statements of Financial Position 2025	2024	Consolidated Statement of Profit or Loss 2025	2024	2023
Deferred tax assets:					
Provision for refund liability	**158,847,618**	99,054,677	**(59,792,941)**	(27,145,540)	(13,983,010)
Retirement benefit obligation	**58,442,153**	59,524,741	**2,320,324**	(10,542,515)	6,502,996
Allowance for impairment	**6,250,000**	-	**(6,250,000)**	-	-
	223,539,771	158,579,418	**(63,722,617)**	(37,688,055)	(7,480,014)
Deferred tax liabilities:					
Uncollected realized gross profit	**(2,084,429,077)**	(2,096,466,090)	**(12,037,013)**	62,847,789	127,381,806
Deferred commission	**(127,895,791)**	(117,301,347)	**10,594,444**	28,973,048	16,643,766
Rental income recognized based on PFRS 16	**(1,435,198)**	(1,178,685)	**256,512**	1,178,685	-
Unrealized foreign exchange loss - net	**(178,766)**	(1,818,363)	**(1,639,596)**	1,739,435	36,675
Right of use assets – net	**-**	(4,628,511)	**(4,628,511)**	(2,437,008)	7,065,519
Capitalized borrowing cost	**-**	-	**-**	-	(32,540,740)
	(2,213,938,832)	(2,221,392,996)	**(7,454,164)**	92,301,949	118,587,026
Deferred tax expense (income)			**(71,176,781)**	54,613,894	111,107,012
Net deferred tax liabilities	**(1,990,399,061)**	(2,062,813,578)			

The deferred tax income presented in Other Comprehensive Income (Loss) section in the consolidated statements of comprehensive income pertains to the tax effect of remeasurements of retirement benefit obligation which resulted to a tax income amounting to P1.2 million in 2025, P10.5 million in 2024, and P28.1 million in 2023.

In 2025 and 2024, the Group is subject to the MCIT, which is computed at 2% of gross income net of allowable deductions, as defined under the tax regulations, or RCIT, whichever is higher.

Presented below are the details of the Group's remaining net operating loss carry over (NOLCO), which can be claimed as deductions from future taxable profit within three to five years from the year the tax loss was incurred. NOLCO incurred for the taxable year can be claimed as a deduction from the future taxable income until 2026, in accordance with R.A. 11494, *Bayanihan to Recover as One Act.*

(Amounts in PHP)

Year	Original Amount	Expired Amount	Remaining Balance	Valid Until
2025	15,765,258	-	15,765,258	2028
2024	15,093,219	-	15,093,219	2027
2023	15,512,903	-	15,512,903	2026
2022	9,319,501	(9,319,501)	-	
2021	28,708,937	-	28,708,937	2026
2020	11,885,277	(11,885,277)	-	
	96,285,095	**(21,204,778)**	**75,080,317**	

PCMI, LBASSI, EECI, SPLI, SOHI, VVPI and 20th Century did not recognize deferred tax assets on their respective NOLCO as management believes that the related deferred tax assets may not be recovered within the prescriptive period. The amount of NOLCO for the year ended 2025 for which the related deferred tax asset has not been recognized amounted to a total of P15.8 million with a total tax effect of P3.2 million.

In 2025, 2024 and 2023, the Group opted to claim itemized deductions in computing for its income tax due.

25. RELATED PARTY TRANSACTIONS

The Group's related parties include the Ultimate Parent Company, the Parent Company, related parties under common ownership, associate, key management personnel, and the Group's retirement plan as described in the succeeding pages.

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions amounting to 10% or more of the total consolidated assets based on its latest consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Parent Company's board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Group's consolidated total assets based on the latest consolidated financial statements, the same board approval would be required for the transactions that meet and exceeds the materiality threshold covering the same related party.

The summary of the Group's significant transactions and outstanding balances with its related parties are as follows:

(Amounts in PHP) Related Party Category	Notes	Amount of Transactions 2025	2024	2023	Outstanding Balance 2025	2024
Ultimate Parent:						
Financial assets at FVOCI	8	**(91,206,000)**	(256,728,000)	(69,812,000)	**922,194,000**	1,013,400,000
Dividend income	8, 22.1	**11,260,000**	11,260,000	16,890,000	**11,260,000**	11,260,000
Parent:						
Right-of-use assets	11	**18,514,041**	9,748,032	14,400,981	**-**	18,514,041
Lease credits	17	**2,235,140**	(51,385,426)	106,091,000	**14,277,660**	12,042,520
Repayment of advances - net	25.1, 25.4	**221,713,034**	4,891,885	4,513,635	**(5,812,936,324)**	(5,737,525,504)
Interest expense	22.2, 25.1	**(297,123,854)**	(387,523,611)	(349,390,876)	**-**	-
Commission income	25.2	**38,771,246**	35,514,891	37,121,681	**704,853,180**	685,207,769
Obtaining of services	25.3	**1,244,880**	1,141,140	1,244,880	**-**	-
Associate –						
Repayment of advances	25.1	**5,244,332**	4,517,837	2,817,756	**(369,099,030)**	(374,343,362)
Under common ownership:						
Granting (collection) of advances	25.1	**(336,204,195)**	52,097,018	41,858,557	**5,856,815,689**	5,965,760,162
Interest income	22.1, 25.1	**252,259,722**	446,129,092	341,017,636	**-**	-
Repayment of advances	25.1	**58,180,170**	63,017,459	65,941,736	**(239,795,756)**	(282,981,690)
Interest expense	22.2, 25.1	**(14,994,236)**	(18,017,459)	(20,941,736)	**-**	-
Management services	25.2	**42,699,368**	47,344,889	80,287,703	**44,119**	44,119
Lease of property	25.2	**39,267,361**	41,135,041	34,201,327	**9,233,804**	4,714,741
Obtaining of services	25.3	**10,523,694**	21,569,706	-	**-**	-
Key management personnel						
Compensation	25.5	**77,256,335**	76,595,422	84,889,579	**-**	-

Unless otherwise stated, the Group's outstanding receivables from and payables to related parties arising from interest-bearing and noninterest-bearing advances, joint venture agreements, lease of property and cash advances to related party are unsecured, collectible, or payable on demand, and are generally settled in cash or through offsetting arrangements with the related parties (see Note 30.2).

In 2025, the Group offset a total of P212.5 million of outstanding balances between its receivables from and payables to related parties. The offsetting represents reciprocal advances and other intercompany charges between Group. The offsetting reduced both the Advances to Related Parties and Advances from Related Parties by P212.5 million, as shown in the related rollforward schedules. There were no similar transactions in 2024 and 2023.

25.1 Advances to and from Related Parties

The Group grants to and obtains unsecured advances from its Parent Company, associate and other related parties for working capital purposes.

The Advances to Related Parties account represents the outstanding balances arising from cash advances granted by the Group to certain related parties under common ownership. Some of the advances to related parties with outstanding balance of P4.1 billion are interest-bearing with interest rates ranging from 7.13% to 15.00% in 2025 and from 12.00% to 15.00% in 2024. The interest income arising from these interest-bearing advances is presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 22.1). The change in the Advances to Related Parties account are shown below.

(Amounts in PHP)	Notes	**2025**	2024
Balance at beginning of year		**5,965,760,162**	5,467,534,052
Interest income	22.1	**252,259,722**	446,129,092
Offsetting		**(212,493,889)**	-
Reclassification		**-**	(14,227,860)
Additional advances		**42,760,352**	69,804,896
Collection		**(166,470,658)**	(3,480,018)
		5,881,815,689	5,965,760,162
Allowance for impairment	21.2	**(25,000,000)**	-
Balance at end of year		**5,856,815,689**	5,965,760,162

In 2025, the Group recognized impairment loss in relation to the Advances to Related Parties, amounting to P25.0 million, presented under Other Expenses in the 2025 consolidated statement of comprehensive income (see Note 21.2). There were no impairment losses recognized on the outstanding receivables from related parties in 2024 and 2023 based on management's ECL assessment.

The Advances from Related Parties account represents the outstanding balances arising from cash advances obtained by the Group from its Parent Company, associate, and certain related parties under common ownership. Some of the advances from related parties are interest-bearing with interest rates ranging from 7.00% to 7.13% in 2025 and 7.00% to 12.00% in 2024 and 2023. Interest expense related to these advances is presented as part of Finance Costs account in the consolidated statements of comprehensive income (see Note 22.2). The details as of December 31 are as follows:

(Amounts in PHP)	**2025**	2024
Parent	**5,812,936,324**	5,737,525,504
Associate	**369,099,030**	374,343,362
Related parties under common ownership	**239,795,756**	282,981,690
	6,421,831,110	6,394,850,556

The movements in the Advances from Related Parties account is shown below.

(Amounts in PHP)	Note	**2025**	2024
Parent:			
Balance at beginning of year		**5,737,525,504**	5,354,893,778
Accrued interests	22.2	**297,123,854**	387,523,611
Offsetting		**(212,493,889)**	-
Repayments		**(9,219,145)**	(4,891,885)
Balance at end of year		**5,812,936,324**	5,737,525,504
Associate:			
Balance at beginning of year		**374,343,362**	378,861,199
Repayments		**(5,244,332)**	(4,517,837)
Balance at end of year		**369,099,030**	374,343,362
Other related parties under common ownership:			
Balance at beginning of year		**282,981,690**	327,981,690
Repayments		**(59,994,236)**	(63,017,459)
Accrued interests	22.2	**14,994,236**	18,017,459
Additional advances		**1,814,066**	-
Balance at end of year		**239,795,756**	282,981,690

25.2 Rendering of Services

The summary of services offered by the Group is presented below.

	Amount of Transactions		
(Amounts in PHP)	**2025**	2024	2023
Parent –			
Commission income	**38,771,246**	35,514,891	37,121,681
Other related parties under common ownership:			
Management services	**42,699,368**	47,344,889	80,287,703
Lease of property	**39,267,361**	41,135,041	34,201,327
	81,966,729	88,479,930	114,489,030
	120,737,975	123,994,821	151,610,711

The Group handled the administrative functions of certain related parties under common ownership for the latter's ongoing construction and development activities. The amount of revenue earned from such transaction is recognized as part of Marketing and management fees under Other Income account in the consolidated statements of comprehensive income (see Note 21.1) while the outstanding balances are presented as Management fee receivable under Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Group earns marketing fees from the sale of Megaworld's real estate properties. The marketing fee recognized is presented as Commission Income under Revenues and Income section in the consolidated statements of comprehensive income. The outstanding receivables related to these transactions are presented as part of Trade receivables under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Group leases certain investment property to a related party under common ownership in 2025, 2024, and 2023. The revenues earned from the lease are included as part of Rental Income account under Revenues and Income section in the consolidated statements of comprehensive income (see Note 28.1). The related outstanding receivables from these transactions are presented as part of Rent receivable under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

25.3 Obtaining of Services

The Group incurred management fees for accounting and marketing services obtained from its Parent Company and a related party under common ownership amounting to P11.8 million, P22.7 million and P1.2 million in 2025, 2024, and 2023, respectively, and is presented as part of Professional Fees under Other Expenses in the consolidated statements of comprehensive income (see Note 21.2). There was no outstanding payable from this transaction as of December 31, 2025 and 2024.

25.4 Joint Development Agreement with Parent Company

The Group, together with Megaworld, executed a joint development agreement for the development of a mixed-use condominium project; whereby the Group shall contribute land and the Parent Company shall develop and sell the property. The entities shall be entitled to a certain percentage of the total saleable area based on the agreed sharing. The land contributed to the joint venture is presented as part of the Real Estate Inventories under Property development cost in the consolidated statements of financial position (see Note 7). As of the end of the reporting period, the property is still being developed and there are no profits received yet from this agreement.

25.5 Key Management Personnel Compensation

The compensation of the Group's key management personnel are as follows:

(Amounts in PHP)	**2025**	2024	2023
Short-term benefits	**66,443,424**	64,642,439	64,860,294
Post-employment benefits	**10,812,911**	11,952,983	20,029,285
	77,256,335	76,595,422	84,889,579

These are presented as part of Salaries and Employee Benefits account under Cost and Expenses section in the consolidated statements of comprehensive income for the years ended December 31, 2025, 2024, and 2023 (see Note 23.1).

25.6 Retirement Plan

The Group has a formal retirement plan established separately for EELHI and EPHI. The Group's retirement fund for its post-employment defined benefit plan is administered and managed by trustee banks. The fair value and the composition of the plan assets as of December 31, 2025 and 2024 are presented in Note 23.2. As of December 31, 2025 and 2024, the Group's retirement fund does not include any investments in any equity securities issued by the Group or any of its related parties.

The Group's transactions with the fund mainly pertain to contributions, benefit payments and interest income.

The retirement fund neither provides any guarantees or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

26. EQUITY

26.1 Capital Stock

Capital stock as of December 31, 2025 and 2024 consists of:

	No. of Shares	Amounts in PHP
Common shares – P1 par value		
Authorized	31,495,200,000	31,495,200,000
Issued	14,803,455,238	14,803,455,238
Treasury shares – at cost	(127,256,071)	(102,106,658)
Total outstanding	14,676,199,167	14,701,348,580
Preferred shares – P1 par value		
Authorized	2,000,000,000	2,000,000,000

Megaworld has 81.73% ownership interest in the Group as of December 31, 2025 and 2024, respectively.

The Series B preferred shares are nonredeemable, convertible into common shares and are nonvoting. The shares have zero coupon rates and shall not be entitled to dividends. The Series B preferred shares shall be convertible to common shares any time after the end of the 18 months from the implementation date, May 29, 1998, as defined in the subscription agreements. There are no subscribed and issued preferred shares as of December 31, 2025 and 2024.

On April 24, 1996, the SEC approved the listing of the Group's shares totaling 425,000,000. The shares were issued at an offer price of P12.90 per share. As of December 31, 2025, 2024, and 2023, there are 12,228, 12,252 and 12,297 shareholders of the listed shares, respectively. The shares were listed and closed at a price of P0.10, P0.12 and P0.13 per share as of December 29, 2025, and December 27, 2024 and 2023, respectively.

26.2 Additional Paid-in Capital

The additional paid-in capital (APIC) pertains to the excess of the total proceeds received from the Group's shareholders over the total par value of the common shares. There were no movements in the Group's APIC accounts in 2025 and 2024.

26.3 Treasury Stock

On March 23, 2006, the Group's BOD authorized the buy-back of up to P1.0 billion worth of Group's shares of common stock within a 24-month period under certain terms and conditions as the Group's senior management may deem beneficial to the Group and its stockholders.

As of December 31, 2025 and 2024, the Group's treasury shares amounted to P102.1 million, representing the cost of 127,256,071 shares reacquired by the Group.

26.4 Revaluation Reserves

Revaluation reserves of the Group are composed of re-measurements on its retirement benefit obligation and fair value movements of the Group's financial assets at FVOCI (see Notes 8 and 23.2).

The components and reconciliation of items of other comprehensive income presented in the consolidated statement of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below.

(Amounts in PHP)	Financial Assets at FVOCI (see Note 8)	Retirement Benefit Obligation (see Note 23.2)	Total
Balance as of January 1, 2025	180,450,000	78,998,994	259,448,994
Remeasurement of retirement benefit obligation	-	(4,950,942)	(4,950,942)
Fair value losses on FVOCI	(91,206,000)	-	(91,206,000)
Other comprehensive loss before tax for the year	(91,206,000)	(4,950,942)	(96,156,942)
Tax income	-	1,237,736	1,237,736
Other comprehensive loss after tax for the year	(91,206,000)	(3,713,206)	(94,919,206)
Balance as of December 31, 2025	**89,244,000**	**75,285,788**	**164,529,788**

(Amounts in PHP)	Financial Assets at FVOCI (see Note 8)	Retirement Benefit Obligation (see Note 23.2)	Total
Balance as of January 1, 2024	437,178,000	110,446,726	547,624,726
Remeasurement of retirement benefit obligation	-	(41,930,310)	(41,930,310)
Fair value losses on FVOCI	(256,728,000)	-	(256,728,000)
Other comprehensive loss before tax for the year	(256,728,000)	(41,930,310)	(298,658,310)
Tax income	-	10,482,578	10,482,578
Other comprehensive loss after tax for the year	(256,728,000)	(31,447,732)	(288,175,732)
Balance as of December 31, 2024	180,450,000	78,998,994	259,448,994
Balance as of January 1, 2023	506,990,000	194,664,277	701,654,277
Remeasurement of retirement benefit obligation	-	(112,290,070)	(112,290,070)
Fair value losses on FVOCI	(69,812,000)	-	(69,812,000)
Other comprehensive loss before tax for the year	(69,812,000)	(112,290,070)	(182,102,070)
Tax income	-	28,072,519	28,072,519
Other comprehensive loss after tax for the year	(69,812,000)	(84,217,551)	(154,029,551)
Balance as of December 31, 2023	437,178,000	110,446,726	547,624,726

26.5 Other Reserves

Other reserves of the Group pertains to the difference between the fair value of consideration paid and the relevant share in the carrying value of the net assets of PCMI as a result of obtaining de facto control over PCMI in 2018 and any subsequent change in ownership interest in the subsidiary (see Note 1.1).

26.6 Retained Earnings

Retained earnings are restricted in the amount of P102.1 million representing the cost of 127,256,071 shares held in treasury as of the end of the reporting periods.

27. EARNINGS PER SHARE

Basic and diluted earnings per share amounts were computed as follows:

(Amounts in PHP, except shares data)	**2025**	2024	2023
Net profit attributable to parent Group's shareholders	**803,802,648**	687,121,209	765,784,371
Number of issued and outstanding common shares	**14,676,199,167**	14,676,199,167	14,676,199,167
Basic and diluted earnings per share	**0.055**	0.047	0.052

Diluted earnings per share equal the basic earnings per share since the Group does not have dilutive shares as of December 31, 2025, 2024 and 2023.

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

28.1 Operating Lease Commitments – Group as Lessor

The Group is subject to risk incidental to the operation of its office and commercial properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. Majority of the Group's revenue from rental properties are derived from commercial and parking spaces.

To mitigate these risks, tenants pay security deposits and advance rent equal to three to six months' rent, which are forfeited in case a tenant pre-terminates without prior notice or before the expiry of lease term without cause. In addition, tenants are usually required to pay the monthly rent in advance on a monthly basis, without need of further demand. Security deposits and advance rent are presented as part of Refundable deposits under Other Current Liabilities in the consolidated statements of financial position (see Note 18).

The Group is a lessor under various non-cancellable operating lease agreements covering real estate properties for commercial use. This consists of fixed lease payments with terms ranging from one to 10 years, with renewal options, and include annual escalation rates of 3% to 10%.

The future minimum rental receivable under these non-cancellable operating leases are as follows as of December 31:

(Amounts in PHP)	**2025**	2024	2023
Within one year	**107,633,586**	92,465,532	87,091,504
After one year but not more than two years	**73,513,463**	77,502,033	66,419,329
After two years but not more than three years	**26,142,118**	56,244,394	57,583,883
After three years but not more than four years	**-**	22,599,392	48,775,972
After four years but not more than five years	**-**	-	22,599,392
	207,289,167	248,811,351	282,470,080

The total rentals from these operating leases amounted to about P124.3 million, P134.2 million, and P107.5 million in 2025, 2024, and 2023, respectively, which are recognized as Rental Income account under Revenues and Income section in the consolidated statements of comprehensive income.

28.2 Legal Claims

As of December 31, 2025, and 2024, the Group does not have any litigations within and outside the normal course of its business.

28.3 Credit Lines

The Group has existing credit lines with local banks for a maximum amount of P1,520.0 million as of December 31, 2025 and 2024. The Group has unused lines of credit amounting to P520.0 million as of December 31, 2025 and 2024.

28.4 Capital Commitments

As of December 31, 2025, and 2024, the Group has commitments amounting to P1.4 billion and P1.8 billion for the construction expenditures in relation to the Group's joint venture (see Note 9).

28.5 Others

There are other commitments and contingent liabilities that may arise in the normal course of operations of the Group which is not reflected in the consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on its consolidated financial statements, taken as a whole.

29. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from its operating, investing, and financing activities. Risk management is carried out by a central treasury department under policies approved by the BOD and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. The Group does not engage in the trading of financial assets for speculative purposes, nor does it write options. The financial risks to which the Group is exposed to are described below and in the succeeding pages.

29.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, and interest rate risk which results from both its operating, investing and financing activities.

(a) Foreign Currency Risk

There is no significant exposure to foreign currency risks since most of the Group's transactions are denominated in Philippine peso, which is its functional currency. The Group's financial asset denominated in foreign currency only pertains to cash and cash equivalents. However, the amount is insignificant to the consolidated financial statements as of December 31, 2025 and 2024 (see Note 22.1). The Group has no financial liabilities denominated in foreign currency.

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually obtained and negotiated at fixed rates. However, as of December 31, 2025 and 2024, the Group has an outstanding long-term loan with a variable interest rate (see Note 14).

There is no fixed rate debt in 2025, 2024 and 2023.

As of December 31, 2025 and 2024, the Group is exposed to other changes in market interest through its cash and cash equivalents and other fixed rate long-term borrowings, which are deemed by management to be not significant.

All other financial assets and liabilities have either short-term maturity, noninterest-bearing or are subject to fixed rates (e.g., related party advances).

(c) Other Price Risk

The Group's market price risk arises from its investments carried at fair value (classified as financial assets at FVOCI). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investment held at fair value is determined based on the average market volatility in quoted prices, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. An average volatility 8.14% and 4.8% has been observed during 2025 and 2024, respectively. The impact on the Group's consolidated other comprehensive income and consolidated equity would have increased or decreased by P56.3 million and P36.7 million in 2025 and 2024, respectively.

The investments in quoted equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor. The Group is not subject to commodity price risk.

29.2 Credit Risk

The maximum credit risk exposure of the Group is the carrying amount of the financial assets and contract assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements), as summarized below.

(Amounts in PHP)	Notes	**2025**	2024
Cash and cash equivalents	5	**2,282,600,494**	2,863,878,581
Trade and other receivables - net (excluding advances to suppliers and contractors, and advances to condominium associations)	6	**11,127,408,265**	9,775,663,705
Contract assets	19.2	**2,471,259,774**	3,266,999,518
Advances to related parties	25.1	**5,856,815,689**	5,965,760,162
		21,738,084,222	21,872,301,966

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents, and trade receivables, as described below and in the succeeding pages.

(a) *Cash and Cash Equivalents*

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1.0 million for every depositor per banking institution.

(b) *Trade and Other Receivables and Contract Assets*

Trade and other receivables (excluding advances to suppliers and contractors and advances to condominium associations) and contract assets are subject to credit risk exposure. The Group, however, does not identify specific concentrations of credit risk with regard to trade receivables and contract assets, as the amounts recognized resemble a large number of receivables from various customers. The Group also retains the titles to the property until such time that the trade receivables are fully collected. Repossessed properties are offered for sale to other customers.

Credit risk of receivables from sale of real estate properties is managed primarily through credit reviews and analyses of receivables on a regular basis. The Group undertakes credit review procedures for all installment payment terms. Customer payments are facilitated through the use of post-dated checks. Exposure to doubtful accounts is not substantial as title to real estate properties are not transferred to the buyers until full payment of the amortization has been made and the requirement for remedial procedures is negligible considering the Group's buyers' profile.

The Group has used the simplified approach in measuring ECL and has calculated ECL based on lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rate is based on days past due of all customers as they have similar loss patterns. The credit enhancements such as advance payment and value of the real estate for sale are considered in the calculation of impairment as recoveries.

The Group considers trade receivables in default when contractual payments are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. Furthermore, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The management determined that there is no required ECL to be recognized since the real estate sold is collateralized to the related receivable arising from real estate sales. Therefore, expected loss given default is nil as the recoverable amount from subsequent resale of the real estate is sufficient.

The estimated fair value of the security enhancements held against contract receivables and contract assets arising from real estate sales are presented below.

(Amounts in PHP)	**Gross Maximum Exposure**	**Fair Value of Collaterals**	**Net Exposure**	**Financial Effect of Collaterals**
2025				
Contract assets	2,471,259,774	12,297,496,910	-	2,471,259,774
Contract receivables	9,157,722,233	26,128,121,722	-	9,157,722,233
	11,628,982,007	38,425,618,632	**-**	**11,628,982,007**
2024				
Contract assets	3,266,999,518	17,357,759,211	-	3,266,999,518
Contract receivables	7,966,247,858	27,721,663,399	-	7,966,247,858
	11,233,247,376	45,079,422,610	-	11,233,247,376

Other components of receivables such as rental receivables and others are also evaluated by the Group for impairment and assessed that no ECL should be provided. A significant portion of the Group's rental receivables are from Megaworld, wherein the impairment of receivables is assessed using the latter's ability to pay [see Note 29.2(c)]. The remaining rental receivables are secured to the extent of advance rental and rental deposit received from the lessees, which are on average equivalent to six months.

Some of the unimpaired trade receivables and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period. The trade receivables that are past due but not impaired are as follows:

(Amounts in PHP)	**2025**	2024
Not more than three months	**407,112,189**	267,859,203
More than three months but not more than six months	**522,837,348**	381,995,646
More than six months but not more than one year	**751,324,807**	458,683,713
More than one year	**290,480,861**	195,219,873
	1,971,755,205	1,303,758,435

(c) *Advances to Related Parties and Rent Receivable and Management Fee Receivable from Related Parties*

ECL for receivables from related parties, including advances, rent and management fee receivables, are measured and recognized using the liquidity approach. Management determines possible impairment based on the related parties' ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

The Group does not consider any significant risks in the advances to other related parties with financial difficulty since Megaworld, whose credit risk for liquid funds is considered negligible, have committed to financially support these related parties as part of AGI and its long-term corporate strategy. As of December 31, 2025 and 2024, the aggregate impairment allowance on balances from Megaworld and other related parties is identified to be not material.

The table below shows the credit quality by class of financial assets and contract assets as of December 31, 2025 and 2024.

(Amounts in PHP)	**Neither Past Due nor Specifically Impaired**			**Past Due but Not Impaired**	**Total**
	High Grade	**Standard Grade**	**Substandard Grade**		
2025					
Cash and cash equivalents	2,282,600,494	-	-	-	2,282,600,494
Trade and other receivables	-	9,155,653,060	-	1,971,755,205	11,127,408,265
Contract assets	-	2,471,259,774	-	-	2,471,259,774
Advances to related parties	-	5,856,815,689	-	-	5,856,815,689
	2,282,600,494	**17,483,728,523**	**-**	**1,971,755,205**	**21,738,084,222**
2024					
Cash and cash equivalents	2,863,878,581	-	-	-	2,863,878,581
Trade and other receivables	-	8,471,905,270	-	1,303,758,435	9,775,663,705
Contract assets	-	3,266,999,518	-	-	3,266,999,518
Advances to related parties	-	5,965,760,162	-	-	5,965,760,162
	2,863,878,581	17,704,664,950	-	1,303,758,435	21,872,301,966

The Group uses an internal credit rating concept based on the counterparties' overall credit worthiness as follows:

High Grade – Rating given to counterparties who have very strong capacity to meet their obligations.

Standard Grade – Rating given to counterparties whose outstanding obligation is within the acceptable age of group.

Substandard Grade – Rating given counterparties whose outstanding obligation is nearing to be past due or impaired.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates are of good credit quality, including those that are past due.

29.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for 6-month and one-year periods are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2025 and 2024, the Group's financial liabilities have contractual maturities which are presented below.

(Amounts in PHP)	**Within One Year**	**One to Five Year**	**More than Five Years**	**Total**
2025				
Interest-bearing loans and borrowings	227,112,500	263,556,250	-	490,668,750
Trade and other payables	2,223,165,768	-	-	2,223,165,768
Advances from related parties	6,575,514,789	-	-	6,575,514,789
Other current liabilities	1,634,875,885	-	-	1,634,875,885
	10,660,668,942	**263,556,250**	**-**	**10,924,225,192**
2024				
Interest-bearing loans and borrowings	252,191,125	494,735,250	-	746,926,375
Trade and other payables	2,346,750,466	-	-	2,346,750,466
Advances from related parties	6,591,745,091	-	-	6,591,745,091
Other current liabilities	1,197,073,685	-	-	1,197,073,685
	10,387,760,367	494,735,250	-	10,882,495,617

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of each reporting period.

30. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

30.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

(Amounts in PHP)	Notes	**2025** Carrying Amounts	**2025** Fair Values	2024 Carrying Amounts	2024 Fair Values
Financial asset					
Financial assets at amortized cost					
Cash and cash equivalents	5	**2,282,600,494**	**2,282,600,494**	2,863,878,581	2,863,878,581
Trade and other receivables - net	6	**11,127,408,265**	**11,278,803,218**	9,775,663,705	9,969,197,903
Contract assets	19.2	**2,471,259,774**	**2,471,259,774**	3,266,999,518	3,266,999,518
Advances to related parties	25.1	**5,856,815,689**	**5,856,815,689**	5,965,760,162	5,965,760,162
		21,738,084,222	**21,889,479,175**	21,872,301,966	22,065,836,164
Financial assets at FVOCI	8	**922,194,000**	**922,194,000**	1,013,400,000	1,013,400,000
		22,660,278,222	**22,811,673,175**	22,885,701,966	23,079,236,164
Financial Liabilities at amortized cost					
Interest-bearing loans and borrowings	14	**450,000,000**	**363,266,867**	650,000,000	559,048,102
Trade and other payables	15	**2,223,165,768**	**2,223,165,768**	2,346,750,466	2,346,750,466
Advances from related parties	25.1	**6,421,831,110**	**6,421,831,110**	6,394,850,556	6,394,850,556
Other current liabilities	18	**1,634,875,885**	**1,634,875,885**	1,197,073,685	1,197,073,685
		10,729,872,763	**10,643,139,630**	10,588,674,707	10,497,722,809

Management considers that the fair values of the above enumerated financial assets and financial liabilities measured at amortized costs approximate their carrying values either because these instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material (except for interest-bearing loans and borrowings).

A description of the Group's risk management objectives and policies for financial instruments is provided in Note 29.

30.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

(Amounts in PHP)	**Gross amounts Recognized in the consolidated statement of financial position** Financial assets	Financial liabilities set-off	**Net amount presented in the consolidated statement of financial position**	**Related amounts not set-off in the consolidated statement of financial position** Financial instruments	Collateral received	**Net amount**
December 31, 2025						
Advances to related parties	**6,069,309,578**	**(212,493,889)**	**5,856,815,689**	**-**	**-**	**5,856,815,689**
December 31, 2024						
Advances to related parties	5,965,760,162	-	5,965,760,162	-	-	5,965,760,162

The following financial liabilities with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the consolidated statement of financial position		**Net amount presented in the consolidated**	**Related amounts not set-off in the consolidated statement of financial position**		
(Amounts in PHP)	**Financial liabilities**	**Financial assets set-off**	**statement of financial position**	**Financial instruments**	**Collateral provided**	**Net amount**
December 31, 2025						
Interest-bearing loans and borrowings	**450,000,000**	**-**	**450,000,000**	**(121,671,238)**	**-**	**328,328,762**
Advances from related parties	**6,634,324,999**	**(212,493,889)**	**6,421,831,110**	**-**	**-**	**6,421,831,110**
	7,084,324,999	**(212,493,889)**	**6,871,831,110**	**(121,671,238)**	**-**	**6,750,159,872**
December 31, 2024						
Interest-bearing loans and borrowings	650,000,000	-	650,000,000	(215,741,362)	-	434,258,638
Advances from related parties	6,394,850,556	-	6,394,850,556	-	(15,045)	6,394,835,511
	7,044,850,556	-	7,044,850,556	(215,741,362)	(15,045)	6,829,094,149

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements, each agreement between the Group and counterparties (i.e., related parties including subsidiaries and associates) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

The Group has cash in a local bank to which it has an outstanding loan (see Note 14). In case of the Group's default on loan amortization, cash in bank amounting to P121.7 million and P215.7 million can be applied against its outstanding loans from the bank amounting to P450.0 million and P650.0 million as of December 31, 2025 and 2024, respectively.

31. FAIR VALUE MEASUREMENT AND DISCLOSURES

31.1 Fair Value Hierarchy

In accordance with PFRS 13*, Fair Value Measurement,* the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy is shown below.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

31.2 Financial Instruments Measured at Fair Value

As of December 31, 2025 and 2024, only the equity securities classified as financial assets at FVOCI in the consolidated statements of financial position is classified as Level 1. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period (see Note 8). There were no other financial assets measured at fair value on these dates. Further, the Group has no financial liabilities measured at fair value as of December 31, 2025 and 2024. There were no transfers between Levels 1 and 2 in both years.

31.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

Management considers that due to the short duration of these financial assets (except long-term receivables) and financial liabilities (except long-term interest-bearing loans) measured at amortized cost, their carrying amounts as of December 31, 2025 and 2024 approximate their fair value. Except for cash and cash equivalents which are classified under Level 1, all other financial instruments are classified under Level 3 wherein inputs are not based on observable data.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

31.4 Fair Value Measurement of Non-Financial Assets

The table below shows the Levels within the hierarchy of investment properties for which fair value is disclosed as of December 31, 2025 and 2024.

(Amounts in PHP)	Level 1	Level 2	Level 3	Total
December 31, 2025				
Land	-	-	40,828,184	40,828,184
Buildings and office/commercial units	-	-	4,049,963,019	4,049,963,019
	-	**-**	**4,090,791,203**	**4,090,791,203**
December 31, 2024				
Land				
Buildings and office/commercial units	-	-	40,828,184	40,828,184
	-	-	4,110,981,492	4,110,981,492
	-	-	4,151,809,676	4,151,809,676

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique done by a professionally qualified independent appraiser for one of the properties, and by management for the rest of the other investment properties. The Group uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are based on current market rentals for similar properties in the same location and condition.

As at December 31, 2025 and 2024, the fair values of the Group's investment properties are classified within Level 3 of the fair value hierarchy. The Group determines the fair values using market-based approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. On the other hand, if the observable recent prices of the reference properties were not adjusted, the fair value is included in Level 2. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2025 and 2024.

32. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital components for cost of capital purposes include loans and borrowings, preferred stock, common equity and retained earnings. The Group may issue new shares and may prepay some of its interest-bearing loans. Further, it intends to allocate its earnings and available cash in the acquisition and development of new/existing properties to ensure continuous business activities.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loans and borrowings to total capital. As of December 31, the Group's ratio of interest-bearing loans and borrowings to equity is as follows:

(Amounts in PHP)	**2025**	2024
Interest-bearing loans and borrowings	**450,000,000**	650,000,000
Total equity	**32,033,451,155**	31,331,871,195
	0.01 : 1.00	0.02 : 1.00

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years (see Note 14).

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

(Amounts in PHP)	**Interest-bearing Loans and Borrowings** (See Note 14)	**Advances from Related Parties** (See Note 25.1)	**Interest Payable** (See Note 15)	**Total**
Balance as of January 1, 2025	650,000,000	6,394,850,556	8,615,678	7,053,466,234
Cash flows from financing activities:				
Repayment of loans and borrowings	(200,000,000)	(74,457,713)	(46,016,125)	(320,473,838)
Additional advances from related parties	-	1,814,066	-	1,814,066
Non-cash financing activities:				
Offsetting	-	(212,493,889)	-	(212,493,889)
Accrual of interest	-	312,118,090	42,461,447	354,579,537
Balance as of December 31, 2025	**450,000,000**	**6,421,831,110**	**5,061,000**	**6,876,892,110**
Balance as of January 1, 2024	850,000,000	6,061,736,667	11,939,667	6,923,676,334
Cash flows from financing activity –				
Repayment of loans and borrowings	(200,000,000)	(72,427,181)	(69,072,625)	(341,499,806)
Non-cash financing activity –				
Accrual of interest	-	405,541,070	65,748,636	471,289,706
Balance as of December 31, 2024	650,000,000	6,394,850,556	8,615,678	7,053,466,234
Balance as of January 1, 2023	1,000,000,000	5,764,677,182	10,948,000	6,775,625,182
Cash flows from financing activities:				
Repayment of loans and borrowings	(150,000,000)	(73,278,886)	(79,388,750)	(302,667,636)
Additional advances from related parties	-	5,759	-	5,759
Non-cash financing activity –				
Accrual of interest	-	370,332,612	80,380,417	450,713,029
Balance as of December 31, 2023	850,000,000	6,061,736,667	11,939,667	6,923,676,334

34. SUPPLEMENTAL INFORMATION ON NON-CASH INVESTING ACTIVITIES

In 2025, the Group sold certain investment property with a carrying amount of P4.3 million. The Group recognized a gain of P68.0 million, which was presented as part of Gain on asset disposal under Other Income in the 2025 consolidated statement of comprehensive income. The P72.2 million proceeds from the sale is still receivable as of December 31, 2025 and is presented as part of Others under Trade and Other Receivables in the 2025 consolidated statement of financial position (see Notes 6 and 13). There were no similar transactions in 2024 and 2023.

In 2023, additional right-of-use assets amounting to P42.7 million was recognized (see Note 11). No lease liabilities were recognized since the Group has been granted with lease credits amounting to P106.1 million, which was presented as part of Other Income in the 2023 consolidated statement of comprehensive income (see Notes 21 and 25). The outstanding balance of lease credits amounting to P63.4 million is presented as part of Prepayments and Other Current Assets in the 2023 consolidated statement of financial position.

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
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The Board of Directors and Stockholders
Empire East Land Holdings, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
2nd Floor, The Paddington Place
632 Shaw Boulevard, Barangay Highway Hills
Mandaluyong City, 1552 Metro Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group) for the year ended December 31, 2025, on which we have rendered our report dated February 23, 2026. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Revised Securities Regulation Code Rule 68 and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10770757, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-045-2025 (until November 11, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

February 23, 2026

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
List of Supplementary Information
December 31, 2025

Schedule	Content	Page No.
Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68		
A	Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	2
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	3
D	Long-term Debt	4
E	Indebtedness to Related Parties	5
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	6
Others		
	Reconciliation of Retained Earnings Available for Dividend Declaration*	7
	Supplementary Schedule of External Auditor Fee-Related Information	9
	Map Showing the Relationship Between the Company and its Related Entities	10

**Information therein are based on the separate financial statements of the Parent Company*

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule A - Financial Assets
December 31, 2025

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown on the balance sheet*	*Valued based on the market quotation at balance sheet date*	*Income received and accrued*
Financial Asset at Fair Value Through OCI				
Alliance Global Group, Inc.	**112,600,000**	**P 922,194,000**	**P 922,194,000**	**P 11,260,000**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

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

December 31, 2025

			Deductions		Ending Balance		
Name and designation of debtor	**Balance at Beginning of period**	**Additions/ Transfer 2025**	**Amounts collected**	**Amounts written off**	**Current**	**Not current**	**Balance at end of period**
Advances to Officers and Employees:*							
Dizon, Don Tipper B.	P 336,892	P -	(P 336,892)	P -	-	P -	-
Edaño, Dennis E.	-	1,223,000	(411,336)	-	811,664	-	811,664
Jacobe, Elmer Y.	406,634	-	(76,274)	-	330,360	-	330,360
Llaga, Jhoanna Lyndelou T.	823,197	-	(187,708)	-	635,489	-	635,489
Manansala, Kim Camille B.	405,309	-	(118,090)	-	287,219	-	287,219
Ramos, Franemil T.	-	1,029,785	(256,888)	-	772,897	-	772,897
	-	1,289,000	(620,951)		668,049		668,049
Sawali, Fernando D.	588,751	-	(588,751)	-	-	-	-
Sioson-Bumatay, Celeste Z.	608,233	-	-	-	608,233	-	608,233
Sison, Maylene N.	290,477	-	(83,438)	-	207,039	-	207,039
Tuason, Cosca Camille M.	290,477	-	(83,438)	-	207,039	-	207,039
Victorioso, Lino P. Jr.	370,178	-	(105,488)	-	264,690	-	264,690
	P 4,120,148	**P 3,541,785**	**(P 2,869,254)**	**P -**	**P 4,792,679**	**P -**	**P 4,792,679**

**The amount in the schedule forms part of the Trade and other receivables - net in the statements of financial position.*

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

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 of beginning period		Balance at the end of period
Eastwood Properties Holdings, Inc.	P	861,523,289	**P**	**861,523,289**
Empire East Communities, Inc.		233,684,714		**233,688,030**
Valle Verde Properties, Inc.		65,169,673		**65,203,605**
Sonoma Premier Land, Inc.		23,248,083		**23,251,839**
Sherman Oak Holdings, Inc.		21,176,934		**21,180,691**
Laguna Bel-Air Science School, Inc.		3,842,710		**4,950,620**
20th Century Nylon Shirt Co., Inc.		2,077,635		**2,224,226**
TOTAL	P	1,210,723,038	**P**	**1,212,022,300**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

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" in Related Statement of Financial Position	Amount Shown Under Caption"Long-term Debt" in related Statement of Financial Position
Unsecured floating-interest Loan	P 1,520,000,000	P 200,000,000	P 250,000,000

Unsecured floating-interest Loan are payable up to 2028 and bears floating interest rates subject to quarterly repricing

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule E - Indebtedness to Related Parties (Other than Affiliates)
December 31, 2025

Name of Related Party	Balance at Beginning of Year		Balance at End of Year	
Megaworld Corporation	P	5,737,525,504	**P**	**5,812,936,324**
Gilmore Property Marketing Association		374,343,362		**369,099,030**
McKester Piknik International Ltd.		229,000,000		**184,000,000**
Others		53,981,690		**55,795,756**
	P	6,394,850,556	**P**	**6,421,831,110**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule G - Capital Stock
December 31, 2025

				Number of Shares Held by		
Title of Issue	**Number of Shares Authorized**	**Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Position Caption**	**Number of Shares Reserved for Options, Warrants, Conversion and Other Rights**	**Related Parties**	**Directors, Officers and Employees**	**Others**
Preferred shares	**2,000,000,000**	**-**	**-**	**-**	**-**	**-**
Common shares	**31,495,200,000**	**14,676,199,167**	**-**	**11,994,426,438**	**24,289,674**	**2,657,483,055**

** Number of shares issued and outstanding net of 127,256,071 Treasury Shares.*

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
2nd Floor, The Paddington Place 632 Shaw Boulevard, Barangay Highway Hills Mandaluyong City, 1552 Metro Manila
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2025

Unappropriated Retained Earnings at Beginning of Year		P	8,965,360,681
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings			
Reversal of Retained Earning Appropriation/s	P -		
Effect of restatements or prior-period adjustments	-		
Others	-		-
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings			
Dividend declaration during the reporting period	-		
Retained Earnings appropriated during the reporting period	-		
Effect of restatements or prior-period adjustments	-		
Others	-		-
Unappropriated Retained Earnings at Beginning of Year, as adjusted			8,965,360,681
Add/Less: Net Income (Loss) for the Current Year			799,105,804
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)			
Equity in net income of associate/joint venture, net of dividends declared	-		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-		
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-		
Unrealized fair value gain of investment property	-		
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS	-		
Sub-total			-
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)			
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-		
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	-		
Realized fair value gain of investment property	-		
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-		
Sub-total			-
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)			
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-		
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instrument at FVTPL	-		
Reversal of previously recorded fair value gain of investment property	-		
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-		
Sub-total			-

Balance carried forward

Adjusted Net Income/Loss		P	799,105,804

Balance brought forward

Adjusted Net Income/Loss		P	799,105,804
Add: Category D: Non-actual lossess recognized in profit or loss during the reporting period (net of tax)			
Depreciation on revaluation increment (after tax)	P -		
Sub-total			-
Add/ Less: Category E: Adjustments related to relief granted by the SEC and BSP			
Amortization of the effect of reporting relief	-		
Total amount of reporting relief granted during the year	-		
Others	-		
Sub-total			-
Add/ Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution			
Net movement of treasury shares (except for reacquisition of redeemable shares)	-		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(62,745,503)		
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(4,628,510)		
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-		
Others	-		
Sub-total			(67,374,013)
Unappropriated Retained Earnings Available for Dividend Distribution at End of Year		**P**	**9,697,092,472**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Summary of Application of SRO Proceeds
December 31, 2025

	BASED ON IPO PROSPECTUS	BASED ON ACTUAL
SRO Proceeds	**P 2,695,239,834**	**P 2,695,239,834**
Less: SRO related expenses	**5,239,834**	**5,239,834**
Net proceeds	**2,690,000,000**	**2,690,000,000**
Less: Disbursements		
Construction Site Development	**1,800,000,000**	**1,885,000,000**
Pioneer Woodlands	800,000,000	350,000,000
San Lorenzo Place	700,000,000	532,081,376
The Rochester	300,000,000	275,267,709
Kasara Urban Resort Residences	-	140,479,357
The Sonoma	-	70,000,000
Little Baguio Terraces	-	314,520,643
South Science Park	-	202,650,915
Landbanking	**890,000,000**	**805,000,000**
Total Disbursements	**2,690,000,000**	**2,690,000,000**
Remaining Balance of Proceeds, as at December 31, 2025		**P -**

Supplementary information on the Summary of Application of SRO Proceeds –

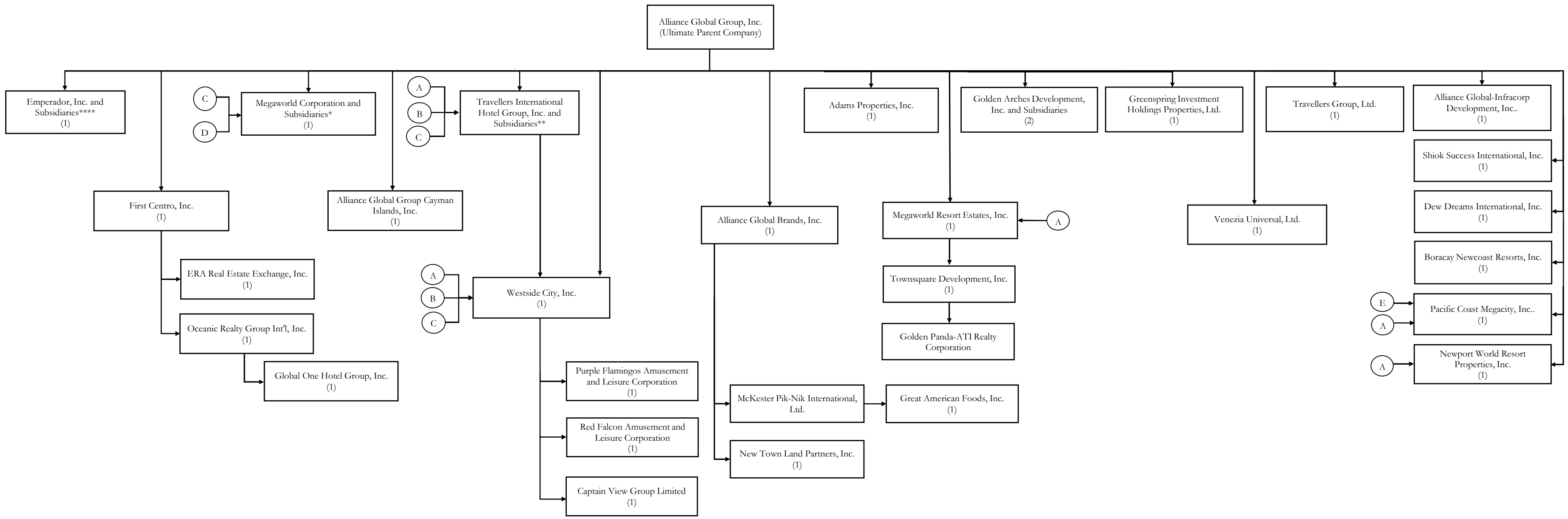
The proceeds were subsequently reallocated and transferred to fund the urgent construction of other projects that have exceeded their respective allocations.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Supplementary Schedule of External Auditor Fee-Related Information
For the Years Ended December 31, 2025 and 2024
(Amounts in Philippine Pesos)

	2025	2024
Total Audit Fees	**P 4,142,500**	P 3,918,000
Non-audit service fees:		
Other assurance service	**-**	-
Tax service	**-**	-
All other service	**-**	-
	-	-
Total Audit and Non-audit Fees	**P 4,142,500**	P 3,918,000

Audit and Non-audit fees of other related entities	2025	2024
Audit fees	**P -**	P -
Non-audit service fees:		
Other assurance service	**-**	-
Tax service	**-**	-
All other service	**-**	-
Total Audit and Non-audit Fees of other related entities	**P -**	P -

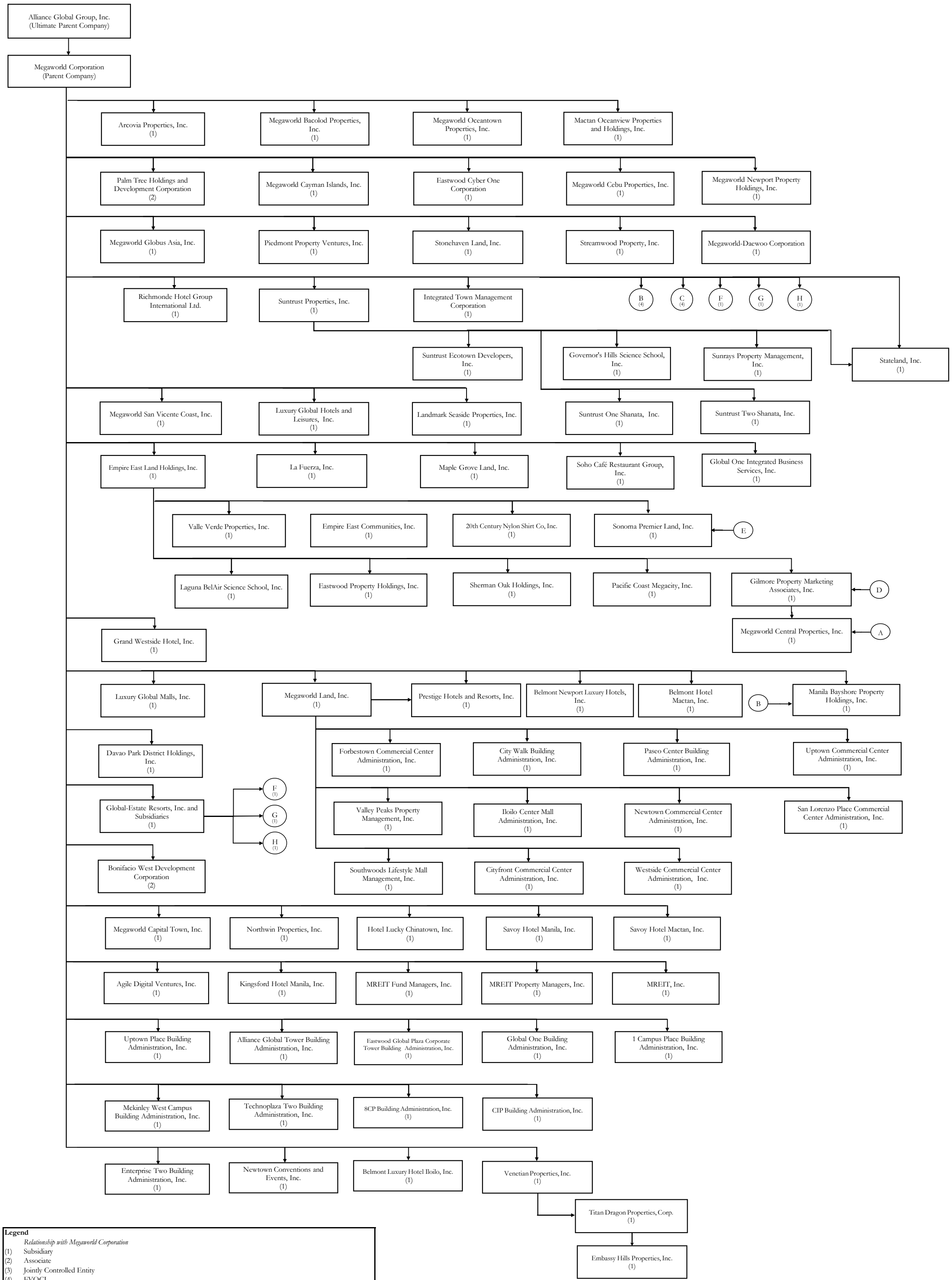
ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and its Related Parties
December 31, 2025



Legend

(1)	Subsidiary	A	Megaworld Corporation
(2)	Associate	B	Adams Properties, Inc.
(3)	Jointly Controlled Entity	C	First Centro, Inc.
		D	Newtown Land Partners, Inc.
		E	Empire East Land Holdings, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Megaworld Corporation Group
December 31, 2025



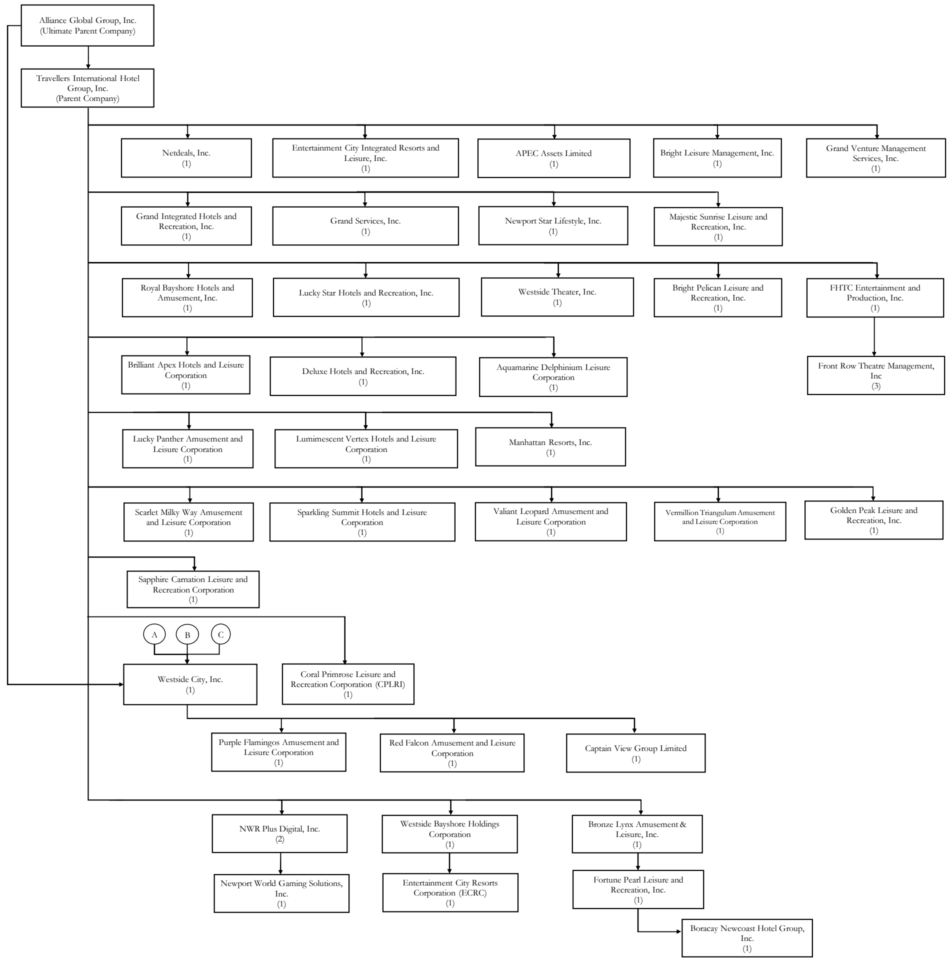
Legend

Relationship with Megaworld Corporation

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	Megaworld Corporation	F	Twin Lakes Corporation
B	Travellers International Hotel Group, Inc.	G	Megaworld Global Estates, Inc.
C	Westside City Resorts World, Inc.	H	Southwoods Mall, Inc.
D	Townsquare Development, Inc.	I	Empire East Land Holdings, Inc.
E	First Centro, Inc.		

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Travellers Group
December 31, 2025

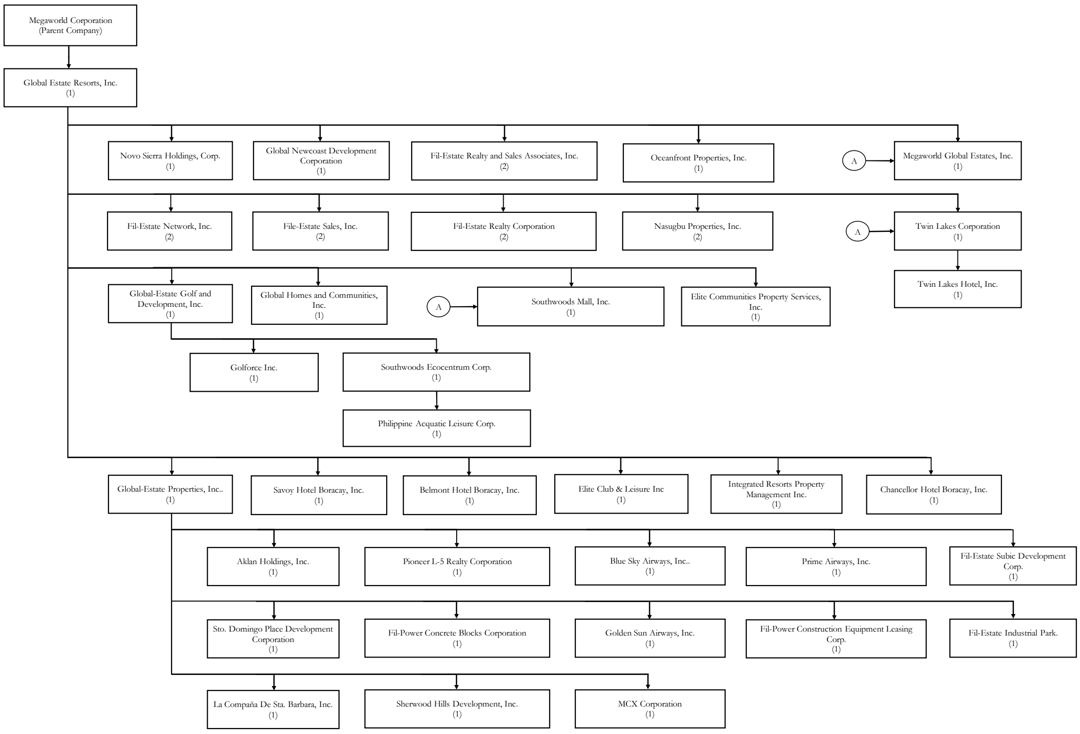


Legend

Relationship with Travellers International Hotel Group, Inc.

(1)	Subsidiary		
(2)	Associate		
(3)	Jointly Controlled Entity		
(4)	FVOCI		
A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

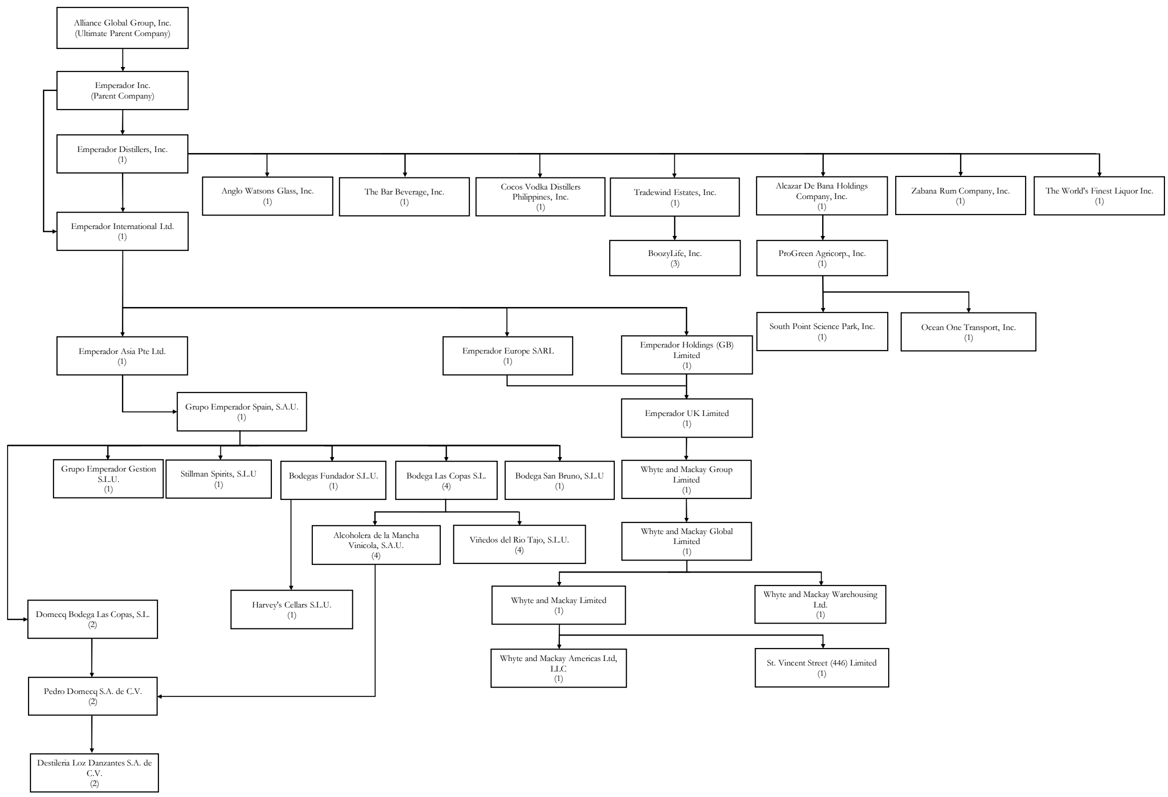
ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between and
Among Megaworld and Global Estate Resorts Inc. Group
December 31, 2025



Legend

(1)	Subsidiary		
(2)	Associate		
(3)	Jointly Controlled Entity		
(4)	FVOCI		
A	Megaworld Corporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Emperador Group
December 31, 2025



Legend
Relationship with Emperador Inc.
(1) Subsidiary (100%)
(2) Subsidiary (50%)
(3) Subsidiary (87%)
(4) Jointly Controlled Entity

P&A Grant Thornton

Report of Independent Auditors on Components of Financial Soundness Indicators

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors and Stockholders
Empire East Land Holdings, Inc.
(A Subsidiary of Megaworld Corporation)
2nd Floor, The Paddington Place
632 Shaw Boulevard, Barangay Highway Hills
Mandaluyong City, Metro Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group) for the years ended December 31, 2025 and 2024, on which we have rendered our report dated February 23, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, is the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS Accounting Standards) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024 and for the years then ended and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10770757, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-045-2025 (until November 11, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

February 23, 2026

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Supplemental Schedule of Financial Soundness Indicators
December 31, 2025 and 2024

Ratio	Formula		2025	Formula		2024
Current ratio	Total Current Assets divided by Total Current Liabilities		2.76	Total Current Assets divided by Total Current Liabilities		2.79
	Total Current Assets	P 42,459,696,542		Total Current Assets	P 42,563,721,365	
	Divided by: Total Current Liabilities	15,387,414,423		Divided by: Total Current Liabilities	15,229,768,391	
		2.76			**2.79**	
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities		0.90	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities		0.96
	Total Current Assets	P 42,459,696,542		Total Current Assets	P 42,563,721,365	
	Less:			Less:		
	Inventories	21,397,204,626		Inventories	20,922,248,973	
	Other Current Assets	7,200,086,848		Other Current Assets	7,330,807,549	
	Quick Assets	13,862,405,068		Quick Assets	14,616,562,386	
	Divided by: Total Current Liabilities	15,387,414,423		Divided by: Total Current Liabilities	15,229,768,391	
		0.90			**0.96**	
Solvency ratio	Total Assets divided by Total Liabilities		2.79	Total Assets divided by Total Liabilities		2.73
	Total Assets	P 49,929,661,431		Total Assets	P 49,425,185,917	
	Divided by: Total Liabilities	17,896,210,276		Divided by: Total Liabilities	18,093,314,722	
		2.79			**2.73**	
Debt-to-equity ratio	Total Liabilities divided by Total Equity		0.56	Total Liabilities divided by Total Equity		0.58
	Total Liabilities	P 17,896,210,276		Total Liabilities	P 18,093,314,722	
	Divided by: Total Equity	32,033,451,155		Divided by: Total Equity	31,331,871,195	
		0.56			0.58	
Assets-to-equity ratio	Total Assets divided by Total Equity		1.56	Total Assets divided by Total Equity		1.58
	Total Assets	P 49,929,661,431		Total Assets	P 49,425,185,917	
	Divided by: Total Equity	32,033,451,155		Divided by: Total Equity	31,331,871,195	
		1.56			1.58	
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense		3.50	Earnings before interest and taxes (EBIT) divided by Interest expense		2.85
	EBIT:			EBIT:		
	Net Profit	P 796,499,166		Net Profit	P 680,281,074	
	Tax expense	119,632,868		Tax Income	207,804,930	
	Finance Cost*	366,921,621		Finance Cost*	479,282,302	
		1,283,053,655			1,367,368,306	
	Divided by: Interest expense	366,921,621		Divided by: Interest expense	479,282,302	
		3.50			2.85	
Return on equity	Net Profit divided by Average Total Equity		0.03	Net Profit divided by Average Total Equity		0.02
	Net Profit	P 796,499,166		Net Profit	P 680,281,074	
	Divided by: Average Total Equity	31,682,661,175		Divided by: Average Total Equity	31,061,640,748	
		0.03			0.02	
Return on assets	Net Profit divided by Average Total Assets		0.02	Net Profit divided by Average Total Assets		0.01
	Net Profit	P 796,499,166		Net Profit	P 680,281,074	
	Dividen by: Average Total Assets	49,677,423,674		Dividen by: Average Total Assets	49,462,160,106	
		0.02			0.01	
Net profit margin	Net Profit divided by Total Revenue		0.15	Net Profit divided by Total Revenue		0.14
	Net Profit	P 796,499,166		Net Profit	P 680,281,074	
	Divided by: Total Revenue	5,396,823,579		Divided by: Total Revenue	4,950,793,738	
		0.15			0.14	

**The amount of finance costs excludes net interest expense on post-employment defined benefit obligation.*

Exhibit 1-A

Audited Financial Statements of Empire East Land Holdings, Inc. as of December 31, 2025 and 2024

Empire East

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Empire East Land Holdings, Inc.** (the Company), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **December 31, 2025 and 2024** in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.

ANDREW L. TAN
Chairman of the Board

ANTHONY CHARLEMAGNE C. YU
Chief Executive Officer

LINO P. VICTORIOSO JR.
Chief Financial Officer

Signed this 23rd day of February, 2026.

SUBSCRIBED AND SWORN to me before this 23 FEB 2026 of 2026 affiant exhibiting to me their government issued ID as follows:

	Gov't ID	*ID No.*	*Exp. Date*
Andrew L. Tan	Senior Citizen ID	132 000 01580295	08/03/2035
Anthony Charlemagne C. Yu	Unified Multi-Purpose ID	0111-6964168-4	
Lino P. Victorioso Jr.	Passport	P1226841D	01/08/2036

Doc. No. 522
Page No. 106
Book No. III
Series of 2026

MARIA ISABELLA C. ABRILLO
NOTARY PUBLIC
ROLL NO. 78379
MANDALUYONG CITY, PHILIPPINES

MARIA ISABELLA C. ABRILLO
Notary Public for Mandaluyong City
Commission No. 0781-25 until December 31, 2026
IBP No. INV 577925; 12/30/2025; Quezon City Chapter
PTR No. 5925443; 01/05/2026; Mandaluyong City
Roll of Attorney No. 78379
MCLE Compliance No. VIII-0031404;05/16/2025;Pasig City
2/F The Paddington Place, 632 Shaw Boulevard,
Barangay Highway Hills, 1552 Mandaluyong City

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Submission Date/Time: **Mar 26, 2026 09:29 AM**
Company TIN: **003-942-108**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
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eafs@bir.gov.ph <eafs@bir.gov.ph> Thu, Mar 26, 2026 at 9:43 AM
To: eelhi.bir@empire-east.com

Hi EMPIRE EAST LAND HOLDINGS INC,

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Transaction Code: **AFS-0-4YX4NQNM04XVMVTZ2PTYPW2YM0QPMPYZ2M**
Submission Date/Time: **Mar 26, 2026 09:43 AM**
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P&A Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Empire East Land Holdings, Inc.

December 31, 2025, 2024 and 2023
(With Corresponding Figures as of January 1, 2024)

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Empire East Land Holdings, Inc.
(A Subsidiary of Megaworld Corporation)
2nd Floor, The Paddington Place
632 Shaw Boulevard, Barangay Highway Hills
Mandaluyong City, 1552 Metro Manila

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Empire East Land Holdings, Inc. (the Company), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). The financial performance and cash flow for the period ended December 31, 2023 are presented in accordance with PFRS Accounting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Philippine Securities and Exchange Commission (SEC) as described in Note 2 to the financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which discusses the adoption and impact of the previously deferred provisions of PFRS 15, *Revenue from Contracts with Customers* and the related financing reporting interpretations affecting the real estate industry, using modified retrospective approach. Our conclusion is not modified in respect of this matter.

Other Information

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

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

In connection with our audits of the 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 financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the relevant accounting frameworks as discussed in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2025 required by the Bureau of Internal Revenue as disclosed in Note 34 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audits resulting in this independent auditors' report is Edcel U. Costales.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10770757, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-045-2025 (until November 11, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

February 23, 2026

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024
(With Corresponding Figures as of January 1, 2024)
(Amounts in Philippine Pesos)

	Notes	**December 31, 2025**	December 31, 2024 (As Restated - see Note 2)	January 1, 2024 (As Restated - see Note 2)
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	5	**P 2,272,839,465**	P 2,854,673,852	P 3,709,338,325
Trade and other receivables	6	**8,586,446,015**	8,139,941,723	8,519,221,502
Contract assets	18	**1,936,196,524**	2,498,252,566	2,534,011,730
Advances to related parties - net	24	**5,968,391,750**	6,118,735,999	5,688,189,234
Real estate inventories	7	**17,517,091,456**	17,042,135,802	16,744,987,330
Prepayments and other current assets	15, 18	**1,271,487,501**	1,001,789,919	935,952,308
Total Current Assets		**37,552,452,711**	37,655,529,861	38,131,700,429
NON-CURRENT ASSETS				
Trade and other receivables	6	**4,417,534,675**	3,516,695,723	3,411,569,342
Contract assets	18	**535,063,250**	768,746,952	207,184,338
Advances to landowners and joint ventures	8	**258,051,592**	237,504,599	242,894,346
Investments in subsidiaries and an associate	9	**4,171,212,032**	4,171,212,032	4,171,212,032
Property and equipment - net	10	**90,944,157**	31,894,808	44,581,323
Intangible assets - net	11	**20,858,596**	27,070,890	33,283,184
Investment properties - net	12	**552,825,110**	559,063,862	587,082,411
Other non-current assets		**275,096,459**	309,118,755	260,141,968
Total Non-current Assets		**10,321,585,871**	9,621,307,621	8,957,948,944
TOTAL ASSETS		**P 47,874,038,582**	P 47,276,837,482	P 47,089,649,373

	Notes	December 31, 2025	December 31, 2024 (As Restated - see Note 2)	January 1, 2024 (As Restated - see Note 2)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	13, 32	**P 200,000,000**	P 200,000,000	P 200,000,000
Trade and other payables	14	**2,196,599,264**	2,347,809,533	2,395,315,556
Contract liabilities	18	**164,617,092**	170,000,828	96,357,478
Advances from related parties	24	**6,868,746,500**	6,853,240,834	6,515,240,711
Customers' deposits	16	**4,605,930,366**	4,743,665,793	5,140,775,975
Other current liabilities	17	**1,646,280,797**	1,208,556,146	1,042,175,900
Total Current Liabilities		**15,682,174,019**	15,523,273,134	15,389,865,620
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	13, 32	**250,000,000**	450,000,000	650,000,000
Contract liabilities	18	**35,217,618**	112,633,789	160,409,459
Stock subscriptions payable	9	**95,662,500**	95,662,500	95,662,500
Retirement benefit obligation - net	22	**166,899,885**	175,138,695	92,528,372
Deferred tax liabilities - net	23	**1,998,241,877**	2,069,679,279	2,077,779,047
Other non-current liabilities		**511,648,598**	511,648,598	511,648,598
Total Non-current Liabilities		**3,057,670,478**	3,414,762,861	3,588,027,976
Total Liabilities		**18,739,844,497**	18,938,035,995	18,977,893,596
EQUITY				
Capital stock	25	**14,803,455,238**	14,803,455,238	14,803,455,238
Additional paid-in capital	25	**4,307,887,996**	4,307,887,996	4,307,887,996
Treasury stocks – at cost	25	**(102,106,658)**	(102,106,658)	(102,106,658)
Revaluation reserves	22	**72,289,534**	76,002,740	110,942,778
Retained earnings	25	**10,052,667,975**	9,253,562,171	8,991,576,423
Net Equity		**29,134,194,085**	28,338,801,487	28,111,755,777
TOTAL LIABILITIES AND EQUITY		**P 47,874,038,582**	P 47,276,837,482	P 47,089,649,373

See Notes to Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2025	2024	2023
REVENUES AND INCOME				
Real estate sales	18	**P 3,323,820,889**	P 3,242,642,998	P 3,997,538,269
Finance income	21	**810,880,167**	902,896,156	571,212,268
Rental income	12, 27	**124,307,663**	134,162,268	107,466,532
Other income	20	**1,043,929,435**	572,329,041	409,693,152
		5,302,938,154	4,852,030,463	5,085,910,221
COSTS AND EXPENSES				
Cost of real estate sales	19	**2,092,994,484**	2,053,715,778	2,497,388,384
Salaries and employee benefits	22	**453,882,944**	424,788,965	390,805,298
Finance costs	21	**376,654,540**	488,149,910	387,692,977
Association dues		**307,224,213**	158,470,718	140,248,089
Commissions	18	**298,859,204**	217,094,131	211,295,414
Taxes and licenses	12	**136,336,256**	138,556,912	76,065,550
Advertising and promotion		**109,570,366**	75,162,890	67,838,818
Travel and transportation		**59,608,101**	56,277,224	77,538,737
Depreciation and amortization	10, 11, 12	**33,106,710**	50,788,106	57,005,892
Rentals	15	**19,763,607**	19,782,740	12,948,560
Other expenses	12, 20	**496,535,011**	275,101,704	132,440,310
Tax expense	23	**119,296,914**	208,325,232	214,744,466
		4,503,832,350	4,166,214,310	4,266,012,495
NET PROFIT		**799,105,804**	685,816,153	819,897,726
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently through profit or loss:				
Remeasurements of retirement benefit obligation	22	**(4,950,942)**	(46,586,718)	(103,761,915)
Tax income	23	**1,237,736**	11,646,680	25,940,480
		(3,713,206)	(34,940,038)	(77,821,435)
		P 795,392,598	P 650,876,115	P 742,076,291
EARNINGS PER SHARE – Basic and Diluted	26	**P 0.054**	P 0.047	P 0.056

See Notes to Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Capital Stock (see Note 25)	**Additional Paid-in Capital** (see Note 25)	**Treasury Stocks** (see Note 25)	**Revaluation Reserves** (see Note 22)	**Retained Earnings** (see Note 25)	**Total**
Balance at January 1, 2025	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 76,002,740	P 9,253,562,171	P 28,338,801,487
Total comprehensive income (loss) for the year	-	-	-	(3,713,206)	799,105,804	795,392,598
Balance at December 31, 2025	**P 14,803,455,238**	**P 4,307,887,996**	**(P 102,106,658)**	**P 72,289,534**	**P 10,052,667,975**	**P 29,134,194,085**
Balance at January 1, 2024	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 110,942,778	P 8,991,576,423	P 28,111,755,777
Effect of adoption of PFRS 15 and other related interpretations	-	-	-	-	(423,830,405)	(423,830,405)
Balance at January 1, 2024, as adjusted	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	110,942,778	8,567,746,018	27,687,925,372
Total comprehensive income (loss) for the year	-	-	-	(34,940,038)	685,816,153	650,876,115
Balance at December 31, 2024	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 76,002,740	P 9,253,562,171	P 28,338,801,487
Balance at January 1, 2023	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 188,764,213	P 8,171,678,697	P 27,369,679,486
Total comprehensive income (loss) for the year	-	-	-	(77,821,435)	819,897,726	742,076,291
Balance at December 31, 2023	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 110,942,778	P 8,991,576,423	P 28,111,755,777

See Notes to Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(Amounts in Philippine Pesos)

	Notes	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 918,402,718**	P 894,141,385	P 1,034,642,192
Adjustments for:				
Finance income	21	**(810,880,167)**	(902,896,156)	(571,212,268)
Finance costs	21	**376,654,540**	488,149,910	387,692,977
Gain on sale of investment properties	12, 20	**(67,982,696)**	-	-
Depreciation and amortization	10, 11, 12	**33,106,710**	50,788,106	57,005,892
Impairment loss	24	**25,000,000**	-	-
Gain on sale of property and equipment	10, 20	**(176,429)**	-	-
Operating profit before working capital changes		**474,124,676**	530,183,245	802,037,793
Decrease (increase) in trade and other receivables		**(1,109,641,924)**	453,262,049	(1,519,547,027)
Decrease (increase) in contract assets		**1,082,535,934**	(572,668,404)	(158,082,689)
Decrease (increase) in real estate inventories		**(474,955,654)**	(553,518,846)	543,476,571
Increase in prepayments and other assets		**(218,175,425)**	(100,586,539)	(247,593,036)
Decrease (increase) in advances to landowners and joint ventures		**(20,546,993)**	5,389,747	(1,238,456)
Increase (decrease) in trade and other payables		**(147,655,591)**	(44,182,034)	541,482,045
Increase (decrease) in contract liabilities		**(95,141,991)**	526,987	(52,088,508)
Increase (decrease) in customers' deposits		**(137,735,427)**	(397,110,182)	655,071,477
Increase in other current liabilities		**437,724,651**	166,380,246	150,516,989
Increased (decrease) in retirement benefit obligation		**(22,922,671)**	27,155,997	(30,505,127)
Cash generated from (used in) operations		**(232,390,415)**	(485,167,734)	683,530,032
Interest received from receivables		**39,431,914**	29,869,962	5,126,863
Cash paid for income taxes		**(189,496,581)**	(152,174,723)	(102,504,859)
Net Cash From (Used in) Operating Activities		**(382,455,082)**	(607,472,495)	586,152,036
CASH FLOWS FROM INVESTING ACTIVITIES				
Collections of advances to related parties	24	**166,787,658**	6,977,607	400,696
Acquisitions of property and equipment	10	**(86,319,154)**	(3,870,748)	(12,246,836)
Interest received from cash and cash equivalents	21	**66,928,392**	91,419,904	80,927,956
Acquisitions of investment properties	12	**(15,140,394)**	-	-
Cash advances granted to related parties	24	**(1,677,576)**	(5,105,169)	(43,203,588)
Proceeds from sale of property and equipment	10	**176,429**	-	-
Net Cash From (Used in) Investing Activities		**130,755,355**	89,421,594	25,878,228
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of interest-bearing loans and borrowings	13, 32	**(200,000,000)**	(200,000,000)	(150,000,000)
Repayments of advances from related parties	24, 32	**(84,118,535)**	(67,540,947)	(88,054,590)
Interest paid	13, 32	**(46,016,125)**	(69,072,625)	(79,388,749)
Proceeds from additional advances from related parties	24, 32	**-**	-	5,759
Net Cash Used in Financing Activities		**(330,134,660)**	(336,613,572)	(317,437,580)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(581,834,387)**	(854,664,473)	294,592,684
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**2,854,673,852**	3,709,338,325	3,414,745,641
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 2,272,839,465**	P 2,854,673,852	P 3,709,338,325

Supplemental Information on Non-cash Investing Activities –

**See Note 33 for the Supplementary Information on Non-cash Investing Activities.*

See Notes to Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

Empire East Land Holdings, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 1994. The Company is presently engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. The Company also leases out commercial and industrial properties and holds ownership interests in certain subsidiaries and an associate that are all incorporated in the Philippines and are engaged in businesses related to the main business of the Company (see Note 9).

The Company is a subsidiary of Megaworld Corporation (Megaworld or the Parent Company). The Parent Company is engaged in the development of large scale mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. Megaworld is presently engaged in property-related activities, such as project design, construction, and property management. Alliance Global Group, Inc. (AGI) is the Company's Ultimate Parent Company. AGI is a holding company with diversified investments in food and beverage, real estate, tourism-entertainment and gaming, and quick service restaurant businesses.

The shares of stock of the Company, Megaworld and AGI are listed at the Philippine Stock Exchange.

On April 28, 2025, the Board of Directors (BOD) had approved the change of the Company's registered office and principal place of business from 2nd Floor Tower 2, Kasara Urban Resort Residences, P.E. Antonio St., Barangay Ugong, Pasig City to 2nd Floor, The Paddington Place, 632 Shaw Boulevard, Barangay Highway Hills, Mandaluyong City. The amendment was approved by the SEC and Bureau of Internal Revenue (BIR) on July 28, 2025 and September 11, 2025, respectively.

Megaworld's registered office address is located at the 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office address is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriquez Jr. Avenue, Bagumbayan, Quezon City. These entities' registered offices are also their respective principal places of business.

1.2 Approval of the Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2025 (including the comparative financial statements as of December 31, 2024 and for the years ended December 31, 2024 and 2023) were authorized for issue by the Company's BOD on February 23, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company as of and for the years ended December 31, 2025 and 2024 were prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). In 2023, the Company's financial statements were prepared in accordance with PFRS Accounting Standards as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 Pandemic [see Note 2.1(b)]. PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by the relevant accounting frameworks for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) SEC Financial Reporting Reliefs Availed by the Company

In 2023 and prior years, the Company has availed of several financial reporting reliefs granted by the SEC relating to the number of implementation issues of PFRS 15, *Revenue from Contracts with Customers*, and the related financial reporting interpretations affecting the real estate industry. In 2024, the Company adopted the previously deferred provisions of PFRS 15, and the related issuances of the Philippine Interpretations Committee (PIC), and International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) using modified retrospective approach as allowed by SEC MC No. 08-2021, *Amendment to SEC MC No. 14-2018, MC No. 03-2019, MC No. 04-2020, and MC No. 34-2020 to clarify transitory provision.*

The adoption of these standards and interpretations has resulted to adjustments to the amounts recognized in the financial statements as at January 1, 2024, with the cumulative effect recognized in equity as an adjustment to the opening balance of Retained Earnings for 2024.

Discussed in the succeeding pages are the relevant information about these standards and interpretations, and the resulting adjustments to the relevant financial statements accounts as at January 1, 2024.

(i) IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, in signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

As a result of the adoption of the IFRIC Agenda Decision, Real estate inventories decreased by P256.4 million and Deferred tax liabilities – net decreased by P52.6 million as of January 1, 2024.

(ii) PIC Q&A No. 2018-12-D, *Concept of the Significant Financing Component in the Contract to Sell* and PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments*

PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Company does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant.

As a result of the adoption of this interpretation, Contract assets as of January 1, 2024 decreased by P202.7 million. Contract liabilities as at the said date increased by P17.3 million.

(c) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income, expense and other comprehensive income or loss in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

In 2025, the Company reclassified deferred commission amounting to P305.9 million and P256.9 million, previously presented under Prepayments and Other Current Assets, to Other Non-current Assets in the 2024 and 2023 statements of financial position, respectively, to properly reflect the expected reversal of deferred commissions based on the percentage of completion (see Note 18.3). Accordingly, the Company presented a third statement of financial position as of January 1, 2024 in accordance with the requirement under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

The reclassification did not result in any adjustments to the Company's statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2024 and 2023.

(d) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the functional and presentation currency of the Company, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using the Company's functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of New and Amended PFRS Accounting Standards

(a) Effective in 2025 that are Relevant to the Company

The Company adopted for the first time amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, which are mandatorily effective for annual periods beginning on or after January 1, 2025. The amendments require entities to assess whether a currency is exchangeable and to determine a spot exchange rate when exchangeability is lacking. These amendments also mandate the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments had no significant impact on the financial statements of the Company.

(b) Effective Subsequent to 2025 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and none of these are expected to have significant impact on the Company's financial statements:

(i) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)

(ii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The new standard, however, does not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

(iii) PFRS 19, *Subsidiaries without Public Accountability: Disclosures* (effective from January 1, 2027). The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.

(iv) PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely)

2.3 Separate Financial Statements and Investments in Subsidiaries and an Associate and Interests in Jointly Controlled Operations

These financial statements are prepared as the Company's separate financial statements. The Company also prepares consolidated financial statements which comprise the financial statements of the Company and its subsidiaries.

The Company reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls.

Associates are those entities over which the Company can exert significant influence, but which are neither subsidiaries nor interests in a joint venture.

The Company's investments in subsidiaries and an associate are accounted for in these separate financial statements at cost, less any impairment loss.

For interests in jointly controlled operations, the Company recognizes in its financial statements the assets that it controls, the liabilities and the expenses that it incurs and its share in the income from the sale of goods or services by the joint venture. The related amounts are presented as part of the regular asset and liability accounts and income and expenses account of the Company. No adjustment or other consolidation procedures are required for the assets, liabilities, income, and expenses of the joint venture that are recognized in the separate financial statements of the joint operators.

2.4 Financial Instruments

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

(i) Classification, Measurement and Reclassification of Financial Assets

The Company's financial assets include only financial assets at amortized cost.

(ii) Impairment of Financial Assets

The expected credit losses (ECL) on trade and other receivables and contract assets are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

The Company applies a general approach specifically, in relation to receivables from related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Company's receivables if demanded at the reporting date, taking into consideration the historical defaults of the related parties. If the Company cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

However, if the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures and provides for credit losses that are expected to result from default events that are possible within 12 months after the end of the reporting period, except when there has been a significant increase in credit risk on the financial asset since initial recognition.

(b) *Financial Liabilities*

Financial liabilities include Interest-bearing Loans and Borrowings, Trade and Other Payables (except tax-related liabilities), Advances from Related Parties, Stock Subscription Payable and Other Current Liabilities (excluding Miscellaneous). Refund liability is measured using the probability-weighted average amount approach similar to the expected value method under PFRS 15.

2.5 Prepayments and Other Assets

Prepayments and other current assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably.

Advances to suppliers and contractors represents advance payments made by the Company for construction services and materials. The classification is based on the nature and intended use of the underlying project to which the advances relate, consistent with the requirements of PFRS Accounting Standards. Advances related to the development of real estate inventories are presented as current assets, as they are expected to be utilized within the Company's normal operating cycle. Advances associated with the construction or improvement of investment properties and other long-term assets are presented as non-current assets (see Note 6).

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.13).

2.6 Real Estate Inventories

Costs of real estate inventories are assigned using specific identification of their individual costs.

The Company recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate inventory is charged to operations during the period in which the loss is determined.

Repossessed property arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable or contract asset to be derecognized and the cost of the repossessed property is recognized in the statement of comprehensive income.

2.7 Property and Equipment

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

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as presented below.

Office building and improvements	5 to 50 years
Transportation equipment	5 years
Office and other equipment	3 to 5 years
Office furniture and fixtures	3 years

Leasehold improvements are amortized over the lease term or the estimated useful lives of the improvements, whichever is shorter.

2.8 Intangible Asset

Intangible asset pertains to acquired computer software license, which is capitalized on the basis of the costs incurred to acquire, install and service the specific software. Costs associated with maintaining computer software are expensed as incurred.

Capitalized costs of intangible assets are amortized on a straight-line basis over the estimated useful life (10 years) as the lives of these intangible assets are considered finite.

2.9 Investment Properties

Properties held for lease under operating lease agreements, which comprise mainly of building and office and commercial units held for lease and a parcel of land held for capital appreciation, are classified as Investment Properties and carried at cost, net of accumulated depreciation and any impairment in value, except land for which is not subject to depreciation. Depreciation for building and office and commercial units classified as investment property is computed on a straight-line basis over the estimated useful life of 20 to 50 years.

2.10 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, leasing activities, and rendering of services.

The Company develops real properties such as house and lot and condominium units. The Company often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Company's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(c). Sales cancellations, which are accounted for as modification of contracts, are charged to profit or loss on the year of forfeiture.

The specific recognition criteria of various revenue streams of the Company are as follows:

(a) *Real estate sales on pre-completed real estate properties* – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Company measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized from real estate sales is presented as part of Real Estate Sales account under the Revenues and Income section of the statement of comprehensive income.

(b) *Real estate sales on completed real estate properties* – Revenue from real estate sales is recognized at a point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales is presented as part of Real Estate Sales account under the Revenues and Income section of the statement of comprehensive income.

For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from sales is used by the Company.

(c) *Marketing and management fees* – Revenue is recognized over time in the same amount to which the entity has the right of invoice to the customer. Any amounts remaining unbilled at the end of the reporting period are presented in the statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

Incremental costs of obtaining a contract to sell real property to customers are recognized as part of Prepayments and Other Current Assets, and Other Non-current Assets and is subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis except capitalized borrowing costs.

In determining the transaction price, the Company adjusts the contract price for the effects of time value of money when the timing of payments agreed to with the customer provides either party with a significant benefit of financing the transfer of goods or services to the customer. In buyer financing arrangements where buyer payments are ahead of the development of the sold property, the Company recognizes interest expense which is presented as part of Finance Costs in the statement of comprehensive income. Conversely, in seller financing arrangements where the development of the sold property is ahead of buyer payment terms, the Company recognizes interest income which is presented as part of Finance Income in the statement of comprehensive income.

The Company applies the practical expedient under PFRS 15 where the promised amount of consideration is no longer adjusted for the effects of significant financing component when the Company expects, at contract inception, that the period between when the Company transfers the promised good or service to a customer and when the customer pays for such good or service will be one year or less. The significant judgment used in determining the existence of significant financing component in the contract is disclosed in Note 3.1(d).

Under its contracts with customers, the Company will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Company as it develops the property are presented as Contract Assets in the statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Company assesses impairment of its financial assets [see Note 2.4(a)(ii)].

Any consideration received by the Company in excess of the amount for which the Company is entitled is presented as Contract Liabilities in the statement of financial position.

2.11 Direct Contract Costs

Commissions represent a certain percentage of contract price given to the real estate brokers and/or agents who handle the sales and marketing of the Company's residential and high-rise projects. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission under Prepayments and Other Current Assets, and Other Non-current Assets account in the statement of financial position (see Note 18.3).

Commissions are charged to profit or loss proportionate to the progress of the project development and are presented as Commissions under Costs and Expenses section in the statement of comprehensive income.

2.12 Leases

The Company accounts for its leases as follows:

(a) Company as Lessee

Subsequent to initial recognition, the Company amortizes the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is 3 to 5 years.

The Company has elected to account for short-term leases using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) Company as Lessor

The Company applies judgment in determining whether a lease contract is a finance or operating lease.

2.13 Impairment of Non-financial Assets

The Company's Advances to Landowners and Joint Ventures, Investment in Subsidiaries and an Associate, Property and Equipment, Intangible Asset, Investment Properties and other non-financial assets are tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.14 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits.

The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by trustees.

The defined benefit obligation (DBO) is calculated annually by an independent actuary using the projected unit credit method.

2.15 Earnings Per Share

The Company does not have potential dilutive shares outstanding; hence, the diluted earnings per share is equal to the basic earnings per share.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments mentioned below and in the succeeding pages, apart from those involving estimation, which has the most significant effect on the amounts recognized in the financial statements:

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

The renewal and termination option for the lease of office space was not included as part of the lease term due to the provisions in its contract that require mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

The lease term is reassessed if an option is exercised or not exercised, or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

(b) Determining Existence of a Contract with Customer

In a sale of real estate properties, the Company's primary document for a contract with a customer is a signed contract to sell which is executed when the real estate property sold is completed and ready for use by customer. In rare cases wherein contract to sell are not executed by both parties, management has determined that the combination of other signed documentations with the customers such as reservation agreement, official receipts, computation sheets and invoices, would contain all the elements to qualify as contract with the customer (i.e., approval of the contract by the parties, which has commercial substance, identification of each party's rights regarding the goods or services and the related payment terms).

Moreover, as part of the evaluation, the Company assesses the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer.

In evaluating whether collectability of an amount of consideration is probable, the Company considers the significance of the customer's downpayment in relation to the total contract price [see Note 3.1(e)].

Collectability is also assessed by considering factors such as past history with the customer and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

(c) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

The Company exercises significant judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Company considers the factors enumerated below.

- any asset created or enhanced as the Company performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Company's enforceable right for payment for performance completed to date.

The Company determined that its performance obligation for pre-completed real estate inventories is satisfied over time since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Company has rights over payment for development completed to date as the Company can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments. On the other hand, performance obligation for completed real estate properties is satisfied at a point in time when the control over the real estate property is transferred to the buyer.

(ii) Marketing and Management fees

The Company determines that its revenue from marketing and management fees shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date, i.e., generally when the customer has acknowledged the Company's right to invoice.

(d) Determination of the Existence of the Significant Financing Component in the Contract

The Company enters into real estate sales contracts offering various payment schemes to its customers. The timing of transaction price collection can significantly differ from the timing of the Company's fulfillment of its performance obligations. The Company exercises judgment in determining whether the contract terms provide a significant financing benefit to either the Company or its customers. This assessment is conducted at the inception of the contract, considering the contractual payment terms and the projected completion timeline of the related real estate development.

(e) Estimation of Collection Threshold for Revenue Recognition

The Company uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Company uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Company determines that collection of total contract price is reasonably assured. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Company. The Company considers that the initial and continuing investments by the buyer when reaching the set collection threshold would demonstrate the buyer's commitment to pay the total contract price.

(f) Determination of ECL on Trade and Other Receivables, Contract Assets and Advances to Related Parties

The Company uses a provision matrix to calculate ECL for trade receivables, contract assets, and other receivables. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

With respect to advances to related parties and other related party receivables, the Company uses the liquidity approach as the receivables are collectible on demand.

Details about the ECL on the Company's trade and other receivables, contract assets and advances to related parties are disclosed in Note 28.2.

(g) Distinction Among Investment Property and Owner-managed Properties

The Company determines whether a property qualifies as investment property or property and equipment. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process while land held for future development are properties intended solely for future development and sale.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Company accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

Based on management's assessment, properties held for lease and for capital appreciation qualifies as investment property.

(h) Distinction Between Real Estate Inventories and Investment Property

Residential and condominium units for sale, included under real estate inventories, comprise properties that are held for sale in the ordinary course of business. Meanwhile, investment properties comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Company considers management's use over these assets in making its judgment.

(i) Distinction Between Operating and Finance Leases

The Company has entered into various lease agreements as either a lessor or lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

Based on management's assessment, all of the Company's current lease agreements are classified as operating leases.

Distinction between operating and finance leases is applicable only to lease agreements as a lessor. All leases entered into as a lessee, except for those qualified under the optional exemptions as provided by the standard, are required to be recognized on-balance sheet.

(j) Recognition of Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 27.

3.2 Key Sources of Estimation Uncertainty

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

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Revenue Recognition for Performance Obligations Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Company measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Company estimates the total development costs with reference to the project development plan and any agreement with customers.

Management regularly monitors its estimates and applies changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(c) Determination of Appropriate Discount Rate in Measuring Significant Financing Component

In the sale of real estate properties, the transaction price is recognized at the present value of the installment payments discounted to the date the entity expects to satisfy its performance obligation.

When adjusting the consideration for significant financing component, an entity shall use the discount rate that would be reflected in a separate financing transaction at contract inception. Management considers the discount rate which would reflect the credit characteristics of the party receiving financing in the contract as well as any collateral or security provided by the customer or entity.

Specifically, for contracts classified as 'seller financing,' the Company bases its lending rate on the rate extended to buyers who utilize its in-house financing. This lending rate is adjusted to reflect the specific circumstances of each financing transaction. For contracts classified as 'buyer financing,' the Company estimates the discount rate using a borrowing rate that would be consistent with a separate financing transaction where the Company is considered the borrower.

(d) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behaviour (e.g., likelihood of counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 28.2.

(e) Determination of Net Realizable Value of Real Estate Inventories

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of these assets is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation and uncertainty and may cause significant adjustments to the Company's inventories within the next reporting period.

Considering the Company's pricing policy, the net realizable values of real estate inventories are higher than their related carrying values as of the end of the reporting periods.

(f) Estimation of Useful Lives of Property and Equipment, Intangible Asset and Investment Properties

The Company estimates the useful lives of Property and Equipment, Intangible Assets, and Investment Properties based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of Property and Equipment, Intangible Assets, and Investment Properties are analysed in Notes 10, 11 and 12, respectively. Based on management's assessment as at December 31, 2025 and 2024, there is no change in estimated useful lives of Property and Equipment, Intangible Assets and Investment Properties during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(g) Determination of Fair Value of Investment Properties

Investment property is measured using the cost model. The Company determines the fair values of building and building improvements using either thru the discounted cash flows valuation technique (income approach) or market-based valuation technique (market approach). The Company uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and, appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Company and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

For land, the Company determines the fair value using market-based valuation approach where prices of comparable properties are adequate for specific market factors, such as location and condition of the property.

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Note 30.3.

(h) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the balance of deferred tax assets recognized as at December 31, 2025 and 2024 will be utilized in the succeeding years.

The carrying value of deferred tax assets as of those dates is disclosed in Note 23.

(i) Impairment of Non-financial Assets

PFRS Accounting Standards requires that an impairment review be performed when certain impairment indicators are present. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment losses were recognized on advances to landowners and joint ventures, investments in subsidiaries and an associate, property and equipment, intangible asset, investment properties and other non-financial assets for the years ended December 31, 2025, 2024, and 2023 (see Notes 8, 9, 10, 11 and 12).

(j) Valuation of Post-employment Defined Benefit Obligation

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the retirement benefit obligation in the next reporting period.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefits, as well as the significant assumptions used in estimating such obligation are presented in Note 22.2.

4. SEGMENT REPORTING

4.1 Business Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Company is engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. It classifies and monitors its projects into high-rise and horizontal. High-rise projects refer to condominiums and other medium scale properties while the horizontal projects refer to house and lot packages and subdivision lots. Both are intended for middle income market.

The measurement policies the Company uses for segment reporting under PFRS 8, *Operating Segments,* are the same as those used in its financial statements, except that post-employment benefit expense is not included in arriving at the operating profit of the operating segments.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

4.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating receivables, Contract Assets and Real Estate Inventories. Excluded from segment assets are Cash and Cash Equivalents, Advances to Related Parties, Prepayments, Advances to Landowners and Joint Venturers, Investments in Subsidiaries and an Associate, Property and Equipment, Intangible Asset, Investment Properties and other assets which are considered corporate assets and are not allocated to any segment's assets.

Segment liabilities include all operating liabilities incurred by management in each particular segment and consist principally of Contract Liabilities and Customer Deposits. Excluded from segment liabilities are Interest-bearing Loans and Borrowings, Trade and Other Payables, Advances from Related Parties, Stock Subscriptions Payable, Deferred Tax Liabilities and Retirement Benefit Obligation as the Company's management determined that these accounts are not directly related to the Company's segment.

4.3 Intersegment Transactions

There are no intersegment transactions. In case of intersegment sales and transfers, the Company generally accounts for them as if the sales or transfers were made to third parties at current market prices. Intersegment sales and transfers, if any, are eliminated in the preparation of the financial statements.

4.4 Analysis of Segment Information

The tables presented in the succeeding pages present the revenue and profit information for the years ended December 31, 2025, 2024 and 2023 and certain asset and liability information regarding segments as at December 31, 2025, and 2024.

(Amounts in PHP)	High Rise Projects			Horizontal Projects			Total		
	2025	2024	2023	**2025**	2024	2023	**2025**	2024	2023
REVENUES									
Real estate sales	**3,280,794,104**	3,136,454,171	3,651,882,437	**43,026,785**	106,188,827	345,655,832	**3,323,820,889**	3,242,642,998	3,997,538,269
Finance income	**471,719,480**	353,968,172	136,631,933	**18,740,958**	3,587,572	11,635,045	**490,460,438**	357,555,744	148,266,978
Rental income	**13,921,350**	12,495,355	14,677,006	**-**	-	-	**13,921,350**	12,495,355	14,677,006
Other income	**955,264,048**	541,813,821	277,426,111	**20,506,259**	27,673,152	9,399,769	**975,770,307**	569,486,973	286,825,880
	4,721,698,982	4,044,731,519	4,080,617,487	**82,274,002**	137,449,551	366,690,646	**4,803,972,984**	4,182,181,070	4,447,308,133
COSTS AND OTHER OPERATING EXPENSES									
Cost of real estate sales	**2,078,294,859**	1,991,192,143	2,310,566,542	**14,699,625**	62,523,635	186,821,842	**2,092,994,484**	2,053,715,778	2,497,388,384
Commissions	**289,347,792**	207,456,664	199,293,899	**7,050,590**	8,585,499	11,848,142	**296,398,382**	216,042,163	211,142,041
Association dues	**271,705,362**	146,717,756	131,765,698	**30,903,561**	8,622,422	6,237,793	**302,608,923**	155,340,178	138,003,491
Advertising and promotion	**98,912,968**	57,073,323	49,276,760	**169,696**	9,901,501	14,325,457	**99,082,664**	66,974,824	63,602,217
Taxes and licenses	**98,403,436**	89,206,859	49,575,127	**8,800,489**	9,890,989	8,940,581	**107,203,925**	99,097,848	58,515,708
Finance costs	**12,342,084**	7,992,596	-	**-**	-	-	**12,342,084**	7,992,596	-
Rentals	**7,631,785**	9,424,912	3,814,336	**-**	-	-	**7,631,785**	9,424,912	3,814,336
Salaries and employee benefits	**440,614**	607,416	799,383	**-**	37,347	113,256	**440,614**	644,763	912,639
Other expenses	**137,710,109**	149,938,302	63,106,054	**13,073,754**	10,018,510	5,191,138	**150,783,863**	159,956,812	68,297,192
	2,994,789,009	2,659,609,971	2,808,197,799	**74,697,715**	109,579,903	233,478,209	**3,069,486,724**	2,769,189,874	3,041,676,008
SEGMENT OPERATING PROFIT	**1,726,909,973**	1,385,121,548	1,272,419,688	**7,576,287**	27,869,648	133,212,437	**1,734,486,260**	1,412,991,196	1,405,632,125
SEGMENT ASSETS AND LIABILITIES									
Segment assets	**23,538,393,022**	22,474,520,814		**5,679,787,672**	5,892,484,668		**29,218,180,694**	28,367,005,482	
Segment liabilities	**4,675,451,346**	4,688,829,079		**876,849,959**	828,921,159		**5,552,301,305**	5,517,750,238	

There was no segment interest expense allocated in 2023.

4.5 Reconciliations

Presented below and in the succeeding page is a reconciliation of the Company's segment information to the key financial information presented in its financial statements.

(Amounts in PHP)	**2025**	2024	2023
Revenues			
Total segment revenues	**4,803,972,984**	4,182,181,070	4,447,308,133
Unallocated revenues:			
Finance income	**320,419,729**	545,340,412	422,945,290
Rental income from investment properties	**110,386,313**	121,666,913	92,789,526
Other income	**68,159,128**	2,842,068	122,867,272
	498,965,170	669,849,393	638,602,088
Revenues and income as reported in the statements of comprehensive income	**5,302,938,154**	4,852,030,463	5,085,910,221
Profit or loss			
Segment operating profit	**1,734,486,260**	1,412,991,196	1,405,632,125
Other unallocated income	**498,965,170**	669,849,393	638,602,088
Other unallocated expenses	**(1,434,345,626)**	(1,397,024,436)	(1,224,336,487)
Net profit as reported in the statements of comprehensive income	**799,105,804**	685,816,153	819,897,726

(Amounts in PHP)	**2025**	2024
Assets		
Segment assets	**29,218,180,694**	28,367,005,482
Unallocated assets:		
Cash and cash equivalents	**2,272,839,465**	2,854,673,852
Trade and other receivables - net	**3,774,151,226**	3,598,767,284
Advances to related parties	**5,968,391,750**	6,118,735,999
Prepayments and other current assets	**1,271,487,501**	1,001,789,919
Advances to landowners and joint ventures	**258,051,592**	237,504,599
Investment in an associate	**4,171,212,032**	4,171,212,032
Property and equipment - net	**90,944,157**	31,894,808
Investment property - net	**552,825,110**	559,063,862
Intangible assets - net	**20,858,596**	27,070,890
Other non-current assets	**275,096,459**	309,118,755
	18,655,857,888	18,909,832,000
Total assets as reported in the consolidated statements of financial position	**47,874,038,582**	47,276,837,482

(Amounts in PHP)	**2025**	2024
Liabilities		
Segment liabilities	**5,552,301,305**	5,517,750,238
Unallocated liabilities:		
Interest-bearing loans and borrowings	**450,000,000**	650,000,000
Trade and other payables	**2,196,599,264**	2,347,809,533
Advances from related parties	**6,868,746,500**	6,853,240,834
Customers' deposits	**400,502,846**	416,417,483
Other current liabilities	**1,010,890,320**	812,337,433
Stock subscriptions payable	**95,662,500**	95,662,500
Retirement benefit obligation	**166,899,885**	175,138,695
Deferred tax liabilities - net	**1,998,241,877**	2,069,679,279
	13,187,543,192	13,420,285,757
Total liabilities as reported in the consolidated statements of financial position	**18,739,844,497**	18,938,035,995

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of December 31:

(Amounts in PHP)	**2025**	2024
Cash on hand and in banks	**1,046,950,399**	1,501,332,540
Short-term placements	**1,225,889,066**	1,353,341,312
	2,272,839,465	2,854,673,852

Cash in banks generally earns interest at rates based on the daily bank deposit rates.

Peso-denominated short-term placements are made for varying periods of up to 90 days in 2025, 72 days in 2024 and 76 days in 2023 and earn annual effective interest ranging from 3.60% to 5.95% in 2025, 4.50% to 6.25% in 2024 and 3.13% to 6.25% in 2023. Dollar-denominated short-term placements are made for varying periods of up to 90 days in 2025, 2024 and 2023 and earn annual effective interest ranging from 3.13% to 4.88% in 2025, 1.50% to 5.25% in 2024 and 1.50% to 5.00% in 2023 (see Note 21.1).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

(Amounts in PHP)	Notes	**2025**	2024
Current:			
Trade receivables	24.3	**4,737,016,221**	4,395,487,012
Advances to suppliers and contractors		**2,627,702,291**	2,589,274,606
Rent receivable	24.2	**400,503,041**	395,271,465
Advances to condominium associations		**303,001,734**	403,803,520
Interest receivable	24.3	**68,056,155**	96,841,464
Management fee receivable	24.2	**44,119**	44,119
Others	12	**450,122,454**	259,219,537
		8,586,446,015	8,139,941,723
Non-current:			
Trade receivables		**4,269,311,056**	3,377,226,648
Refundable deposits		**148,223,619**	139,469,075
		4,417,534,675	3,516,695,723
		13,003,980,690	11,656,637,446

The Company's trade and other receivables (excluding advances to suppliers and contractors and advances to condominium associations) are subjected to credit risk. These receivables are evaluated by the Company for impairment and assessed that no ECL should be provided for the periods presented.

Trade receivables of the Company are either interest-bearing or noninterest-bearing. The installment period of interest-bearing sales contracts ranges from 2 to 10 years while interest ranges from 10% to 22%. The related interest earned on these sales contracts amounting to P10.1 million, P28.8 million and P27.0 million, in 2025, 2024 and 2023, respectively, are reported as part of Finance Income account in the statements of comprehensive income (see Note 21.1).

The installment period of noninterest-bearing sales contracts ranges from one to five years with imputed interest of 7.66% in 2025, 9.01% in 2024 and 7.33% in 2023. Noninterest-bearing trade receivables are measured at amortized cost using the effective interest method based on the interest rate of similar financial instruments in the market. Day-one loss amounting to P151.4 million, P193.5 million and P172.9 million in 2025, 2024, and 2023, respectively, are presented as a deduction against the Real Estate Sales account in the statements of comprehensive income. Amortization of day one loss amounting to P193.5 million, P172.9 million and P121.3 million in 2025, 2024, and 2023, respectively, are presented as Amortization of day-one loss on noninterest-bearing financial instruments under Finance Income account in the statements of comprehensive income (see Note 21.1).

Advances to suppliers and contractors represent down payments made by the Company to the suppliers and contractors based on a certain percentage of the contract price and the construction materials purchased by the Company that is used by the contractors and utility consumption that are chargeable to contractors. The initial payment will eventually be recouped or deducted from the amount payable of the Company either on a pro-rata basis or in full once billed by the suppliers and contractors.

Advances to condominium associations represent the Company's payment for the initial operations of the start-up association of a completed project. The purpose of these advances is mainly for the charges of utilities, real property taxes, licenses, and management fee.

Refundable security deposits include various deposits to third parties for electrical, internet subscription, exhibits and other utilities, and equipment needed in the development of the projects. All deposits, except for deposits to an electric company, do not earn interest. Such deposits are only refundable upon completion of the projects or upon return of the equipment used. However, the exact date or period of completion of projects or return of equipment is indeterminable. Accordingly, refundable deposits are accounted for at cost.

Other receivables include association dues, advances to joint ventures for processing of business permits and licenses, and unliquidated advances to employees and real estate consultants.

All trade receivables are subject to credit risk exposure. However, the Company does not identify specific concentrations of credit risk with regard to trade receivables from real estate sales as the amounts recognized consist of a large number of receivables from various customers. The Company considers the market value of properties sold held as collateral in assessing the expected credit loss on trade receivables and contract assets from real estate sales [see Note 28.2(b)].

7. REAL ESTATE INVENTORIES

The Company's real estate inventories at the end of 2025 and 2024 were stated at cost. The composition of this account as at December 31 is shown below (see Note 19).

(Amounts in PHP)	**2025**	2024
Residential and condominium units for sale	**13,394,121,111**	12,920,085,656
Raw land inventory	**2,229,667,262**	2,229,667,262
Property development costs	**1,893,303,083**	1,892,382,884
	17,517,091,456	17,042,135,802

The summary of the movements in real estate inventories is presented below:

(Amounts in PHP)	Notes	**2025**	2024
Balance at beginning of year		**17,042,135,802**	16,744,987,330
Effect of adoption of PFRS 15	2.1(b)	**-**	(256,370,374)
		17,042,135,802	16,488,616,956
Development costs incurred		**2,567,950,138**	2,607,234,624
Amount charged to cost of sales	19	**(2,092,994,484)**	(2,053,715,778)
		17,517,091,456	17,042,135,802

7.1 Residential and Condominium Units for Sale

This account represents the accumulated costs incurred, net of recognized Cost of Real Estate Sales in the statements of comprehensive income (see Note 19), on house and lots and condominium units available for sale. The subdivision houses include houses that are ready for occupancy, house models and units under construction.

No property is used as a security for the Company's interest-bearing loans and borrowings for the years ended December 31, 2025 and 2024.

7.2 Property Development Costs

This account pertains to accumulated costs incurred on projects which are not yet offered for sale as of the end of the reporting periods.

7.3 Net Realizable Value

Based on management's assessment, the net carrying amounts of these assets are lower than their net realizable values considering the present market rates; hence, no provisions for write-down of real estate inventories have been recognized in the financial statements.

8. ADVANCES TO LANDOWNERS AND JOINT VENTURES

The cash advances made by the Company relate to a number of joint venture agreements entered into with landowners covering development of certain parcels of land. The joint venture agreements stipulate that the Company's joint venture partners shall contribute parcels of land and the Company shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing, and marketing of condominium units to be constructed on the properties. Costs incurred by the Company for these projects are recognized as part of Real Estate Inventories (see Note 7).

In addition to providing a specified portion of the total project development costs, the Company also commits to advance mutually agreed-upon amounts to the landowners which will then be used for various purposes such as reconsolidation/separation/subdivision of mother titles and relocation of existing occupants. Repayments of these advances may be made upon completion of the project development either in the form of residential condominium, commercial units or developed lots corresponding to the landowners' share in the projects or in the form of cash to be derived from the sales of the landowners' share in the saleable lots and residential condominium units.

The reconciliation of this account as of December 31 are as follows:

(Amounts in PHP)	**2025**	2024
Advances to landowners:		
Balance at beginning of year	**132,064,585**	137,457,632
Additional advances	**379,125**	387,833
Reclassification	**-**	(5,780,880)
Balance at end of year	**132,443,710**	132,064,585
Advances to joint ventures:		
Balance at beginning of year	**105,440,014**	105,436,714
Additional advances	**20,167,868**	13,200
Collections	**-**	(9,900)
Balance at end of year	**125,607,882**	105,440,014
	258,051,592	237,504,599

The Company commits to developing the properties based on the terms agreed with the joint venture partners. The Company has no existing commitment for cash advances under the joint venture agreements as this commitment has been fully complied with by the Company as of December 31, 2025 and 2024.

The net commitment for construction expenditures amount to:

(Amounts in PHP)	**2025**	2024
Total commitment for construction expenditures	**11,205,054,936**	11,205,054,936
Total expenditures incurred	**(9,782,831,422)**	(9,436,413,353)
Net commitment	**1,422,223,514**	1,768,641,583

The Company's interests in jointly controlled operations and projects range from 55% to 82% both in 2025 and 2024. The Company's jointly controlled projects are as follows:

- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and CALABARZON projects

The Company accounts for its 82% interest in Pioneer Woodlands as jointly controlled operations since the property where the project is situated is fully owned by the co-joint operator and the Company was engaged in the agreement for the purposes of providing financing, planning, designing, marketing, construction, monitoring, and supervision of all facets of the work on the project. Administrative and operational functions of the project are provided by the Company and bills the co-joint operator for related fees. Decisions related to the operations of the project are defined under an agreement between the Company and the co-joint operator.

As of December 31, 2025 and 2024, the Company has no other material contingent liabilities with regard to these joint ventures.

9. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE

The components of investments in subsidiaries and an associate as of December 31, 2025 and 2024, which are carried in these separate financial statements at cost, are as follows:

(Amounts in PHP)	% Interest Held	Cost
Subsidiaries:		
20th Century Nylon Shirt Co., Inc. (20th Century)	100%	696,400,000
Eastwood Property Holdings, Inc. (EPHI)	100%	375,000,000
Valle Verde Properties, Inc. (VVPI)	100%	125,000,000
Sherman Oak Holdings, Inc. (SOHI)	100%	2,500,000
Empire East Communities, Inc. (EECI)	100%	50,000
Laguna BelAir Science School, Inc. (LBASSI)	72.50%	94,250,002
Sonoma Premiere Land, Inc. (SPLI)	60%	820,000,000
Pacific Coast Megacity Inc. (PCMI)	40%	1,764,051,412
		3,877,251,414
Associate –		
Gilmore Property Marketing Associates, Inc. (GPMAI)	47.37%	293,960,618
		4,171,212,032

Except for EPHI, LBASSI and PCMI, the registered office, which is also the place of business, of the Company's subsidiaries and an associate is located at 2nd Floor The Paddington Place, 632 Shaw Boulevard, Barangay Highway Hills Mandaluyong City. Below is the summary of the registered office address of the other subsidiaries, which is also the place of their operation.

(a) EPHI – #188 EC Information Center, E. Rodriguez Jr. Ave., Eastwood CyberPark City, Bagumbayan D3, Quezon City
(b) LBASSI – Laguna Bel-Air Subdivision, Brgy. Don Jose, Sta. Rosa, Laguna
(c) PCMI – 7th Floor, 1880 Building Eastwood City Cyberpark, 188 E. Rodriguez Jr. Ave. Bagumbayan, Quezon City

9.1 Summarized Financial Information

The aggregated amounts of assets, liabilities, revenues and net profit of GPMAI as of December 31 are as follows:

(Amounts in PHP)	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Profit
2025	**576,938,958**	**18,310,651**	**12,270,312**	**-**	**10,078,402**	**2,598,002**
2024	573,829,498	18,669,885	12,118,088	-	10,319,433	3,878,617
2023					9,758,990	792,367

As of December 31, 2025 and 2024, there are no available fair values for these investment in an associate as it is not listed in stock markets. The related book value of these investment amounted to P281.2 million and P280.3 million as of December 31, 2025 and 2024, respectively.

9.2 Stock Subscriptions Payable

The components of stock subscriptions payable to subsidiaries as of December 31, 2025 and 2024 presented under the Non-current Liabilities section of the statements of financial position, are as follows:

(Amounts in PHP)	
VVPI	93,750,000
SOHI	1,875,000
EECI	37,500
	95,662,500

9.3 Contingent Liabilities

As of December 31, 2025 and 2024, the Company has no contingent liabilities for subsidiaries with significant non-controlling interest and associate which were incurred jointly with other investors and the Company is not severally liable for all or part of the contingent liabilities of the subsidiaries and an associate.

Based on management's assessment, the Company's investments in subsidiaries and an associate are not impaired due to the active efforts of the Company to fund their respective operations.

10. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2025 and 2024 are shown below.

(Amounts in PHP)	Office Building and Improvements	Transportation Equipment	Office Furniture and Fixtures	Office and Other Equipment	Leasehold Improvements	Right-of-use Assets	Total
December 31, 2025							
Cost	79,746,329	46,183,802	23,778,091	105,232,982	85,542,129	-	340,483,333
Accumulated depreciation and amortization	(1,196,195)	(42,647,328)	(23,192,982)	(99,798,662)	(82,704,009)	-	(249,539,176)
Net carrying amount	**78,550,134**	**3,536,474**	**585,109**	**5,434,320**	**2,838,120**	**-**	**90,944,157**
December 31, 2024							
Cost	-	44,858,605	23,154,772	101,187,030	85,542,129	42,663,054	297,405,590
Accumulated depreciation and amortization	-	(42,306,624)	(23,007,235)	(96,414,780)	(79,633,130)	(24,149,013)	(265,510,782)
Net carrying amount	-	2,551,981	147,537	4,772,250	5,908,999	18,514,041	31,894,808
January 1, 2024							
Cost	-	47,301,248	23,154,772	98,470,782	85,184,986	42,663,054	296,774,842
Accumulated depreciation and amortization	-	(44,627,988)	(22,887,356)	(93,894,354)	(76,382,840)	(14,400,981)	(252,193,519)
Net carrying amount	-	2,673,260	267,416	4,576,428	8,802,146	28,262,073	44,581,323

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2025, 2024 and 2023 is shown below.

(Amounts in PHP)	Office Building and Improvements	Transportation Equipment	Office Furniture and Fixtures	Office and Other Equipment	Leasehold Improvements	Right-of-use Assets	Total
Balance at January 1, 2025, net of accumulated Depreciation and amortization	-	2,551,981	147,537	4,772,250	5,908,999	18,514,041	31,894,808
Additions	79,746,329	1,903,554	623,319	4,045,952	-	-	86,319,154
Derecognition of right-of-use assets	-	-	-	-	-	(17,499,860)	(17,499,860)
Depreciation and amortization charges for the year	(1,196,195)	(919,061)	(185,747)	(3,383,882)	(3,070,879)	(1,014,181)	(9,769,945)
Net carrying amount at December 31, 2025	**78,550,134**	**3,536,474**	**585,109**	**5,434,320**	**2,838,120**	**-**	**90,944,157**
Balance at January 1, 2024, net of accumulated depreciation and amortization	-	2,673,260	267,416	4,576,428	8,802,146	28,262,073	44,581,323
Additions	-	797,357	-	2,716,248	357,143	-	3,870,748
Depreciation and amortization charges for the year	-	(918,636)	(119,879)	(2,520,426)	(3,250,290)	(9,748,032)	(16,557,263)
Net carrying amount at December 31, 2024	-	2,551,981	147,537	4,772,250	5,908,999	18,514,041	31,894,808
Balance at January 1, 2023, net of accumulated depreciation and amortization	-	1,074,460	46,131	1,787,745	9,770,824	-	12,679,160
Additions	-	2,611,179	359,644	4,505,062	4,770,951	42,663,054	54,909,890
Write off	-	-	(69,642)	(163,036)	-	-	(232,678)
Depreciation and amortization charges for the year	-	(1,012,379)	(68,717)	(1,553,343)	(5,739,629)	(14,400,981)	(22,775,049)
Net carrying amount at December 31, 2023	-	2,673,260	267,416	4,576,428	8,802,146	28,262,073	44,581,323

The amount of depreciation and amortization of property and equipment is presented as part of Depreciation and Amortization account under Costs and Expenses section of the statements of comprehensive income.

The Company derecognized certain fully depreciated transportation equipment with a cost of P3.2 million in 2024 and P2.1 million in 2023 and certain furniture and fixtures with a carrying value of P0.2 million in 2023. There were no similar transactions in 2025.

In 2025, the Company derecognized right-of-use assets arising from (a) the termination of a lease contract, resulting in the derecognition of a right-of-use asset with a cost of P14.2 million, and (b) the pre-termination of another lease contract, which resulted in the derecognition of a right-of-use asset with a cost of P28.5 million and a carrying amount of P17.5 million and was reclassified to lease credits to be applied to future lease agreements (see Note 15). There were no similar transactions in 2024 and 2023.

In 2025, the Company sold fully depreciated transportation equipment for P0.2 million and recognized a gain on sale presented as part of Gain on asset disposal under Other Income in the Revenue and Income section of the 2025 statement of comprehensive income (see Note 20.1). There was no similar disposal made in 2024 and 2023.

Property and equipment are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2025, 2024 and 2023 as the recoverable amount of these assets determined by management is higher than its carrying value.

The cost of fully depreciated assets still used in operations amounted to P224.6 million, and P223.3 million as of December 31, 2025 and 2024, respectively.

11. INTANGIBLE ASSETS

The gross carrying amounts and accumulated amortization of software licenses at the beginning and end of 2025 and 2024 are shown below.

(Amounts in PHP)	**2025**	2024
Cost	**62,122,935**	62,122,935
Accumulated amortization	**(41,264,339)**	(35,052,045)
Net carrying amount	**20,858,596**	27,070,890

A reconciliation of the carrying amounts of intangible assets for the beginning and end of 2025, 2024, and 2023 is shown below.

(Amounts in PHP)	**2025**	2024	2023
Balance at beginning of year	**27,070,890**	33,283,184	39,495,478
Amortization expense for the year	**(6,212,294)**	(6,212,294)	(6,212,294)
Balance at end of year	**20,858,596**	27,070,890	33,283,184

The amount of amortization charges is presented as part of Depreciation and Amortization account under Costs and Expenses section of the statements of comprehensive income.

Intangible asset is subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2025, 2024 and 2023 as the recoverable amount of intangible asset determined by management is higher than its carrying value.

The intangible asset has not been pledged as security for liabilities.

12. INVESTMENT PROPERTIES

The Company's investment properties pertain to building and office and commercial units held for lease and a parcel of land held for capital appreciation. Rental income arising from operating leases recognized for the years ended December 31, 2025, 2024, and 2023 amounted to P110.4 million, P121.7 million and P92.8 million, respectively, and are presented as part of Rental Income in the statements of comprehensive income. There is no rental income arising from finance lease in 2025, 2024 and 2023. Real estate taxes and depreciation substantially represent direct costs incurred related to these properties. Since all recorded investment properties earned rental income during the year, there were no direct operating expenses pertaining to investment properties not generating rental income. Real estate tax amounting to P2.5 million in 2025, P2.3 million in 2024 and P1.5 million in 2023, and repairs and maintenance amounting to P1.3 million, P1.8 million and P2.6 million, in 2025, 2024 and 2023, respectively, were recognized as related expense in those years, and were presented as part of Taxes and licenses, and Repairs and maintenance under Other Expenses account in the statements of comprehensive income (see Note 20.2).

The rental income from the operating leases of the Company is composed of the following:

(Amounts in PHP)	**2025**	2024	2023
Fixed	**75,325,585**	82,709,280	81,021,234
Variable	**35,060,728**	38,957,633	11,768,292
	110,386,313	121,666,913	92,789,526

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2025 and 2024 are shown below.

		Held for Lease		
(Amounts in PHP)	**Land**	**Building**	**Property held for lease**	**Total**
December 31, 2025				
Cost	1,040,000	-	940,600,790	941,640,790
Accumulated depreciation	-	-	(388,815,680)	(388,815,680)
Net carrying value	**1,040,000**	**-**	**551,785,110**	**552,825,110**
December 31, 2024				
Cost	1,040,000	47,274,140	925,460,396	973,774,536
Accumulated depreciation	-	(40,892,129)	(373,818,545)	(414,710,674)
Net carrying value	1,040,000	6,382,011	551,641,851	559,063,862
January 1, 2024				
Cost	1,040,000	47,274,140	925,460,396	973,774,536
Accumulated depreciation	-	(38,764,793)	(347,927,332)	(386,692,125)
Net carrying value	1,040,000	8,509,347	577,533,064	587,082,411

A reconciliation of the carrying amount of investment properties at the beginning and end of 2025, 2024 and 2023 is as follows:

(Amounts in PHP)	**Land**	**Building**	**Property held for lease**	**Total**
Balance at January 1, 2025, net of accumulated depreciation	1,040,000	6,382,011	551,641,851	559,063,862
Additions	-	-	15,140,394	15,140,394
Disposal	-	(4,254,675)	-	(4,254,675)
Depreciation charges for the year	-	(2,127,336)	(14,997,135)	(17,124,471)
Balance at December 31, 2025, net of accumulated depreciation	**1,040,000**	**-**	**551,785,110**	**552,825,110**
Balance at January 1, 2024, net of accumulated depreciation	1,040,000	8,509,347	577,533,064	587,082,411
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2024, net of accumulated depreciation	1,040,000	6,382,011	551,641,851	559,063,862
Balance at January 1, 2023, net of accumulated depreciation	1,040,000	10,636,683	603,424,277	615,100,960
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2023, net of accumulated depreciation	1,040,000	8,509,347	577,533,064	587,082,411

In 2025, the Company sold certain investment property with a carrying value of P4.3 million. The Company recognized a gain of P68.0 million, which is presented as part of Gain on asset disposal under Other Income in the 2025 statement of comprehensive income (see Note 20.1). The P72.3 million proceeds from the sale is still receivable as of December 31, 2025 and is presented as part of Others under Trade and Other Receivables in the 2025 statement of financial position (see Note 6). There were no similar transactions in 2024 and 2023.

The amount of depreciation of investment properties is presented as part of Depreciation and Amortization account under Costs and Expenses section of the statements of comprehensive income.

Investment properties are subject to impairment testing whenever there is an indication that the carrying amount may not be recoverable. No impairment loss was recognized in 2025, 2024 and 2023 as the recoverable amount of these assets determined by management is higher than its carrying value.

Other information relating to fair value measurements and disclosures of investment properties are disclosed in Note 30.3.

13. INTEREST-BEARING LOANS AND BORROWINGS

The details of interest-bearing loans and borrowings are discussed below.

(Amounts in PHP)				
2025	2024	Interest Rate	Security	Maturity
450,000,000	650,000,000	Floating rate at 7.2% subject to quarterly repricing	Unsecured	Up to 2028

In 2021, the Company obtained an interest-bearing, unsecured seven-year P1.0 billion loan from a local bank. The loan was released in full in February 2021 and bears a floating interest rate per annum. The proceeds were used to fund the development of the Company's various real estate projects and its working capital requirements. The principal of the loan is payable in 20 equal quarterly payments starting on May 5, 2023, with two-year grace period and interest is payable quarterly in arrears.

The bank loan requires the Company to maintain a debt-to-equity ratio of not more than 1:1, a debt service coverage ratio of not less than 1.25:1, and a current ratio of not less than 2:1. As of December 31, 2025 and 2024, the Company is in compliance with such financial covenant obligations.

The total interest on these interest-bearing loans and borrowings in 2025, 2024, and 2023, amounted to P42.5 million, P65.7 million and P80.4 million, respectively (see Note 21.2). The related interest amounting to P63.0 million in 2023 is capitalized as part of Real Estate Inventories account in the statements of financial position. Unpaid interest as of December 31, 2025 and 2024 amounted to P5.1 million and P8.6 million, respectively, and is presented as Interest payable under the Trade and Other Payables account in the statements of financial position (see Note 14).

Capitalization rate used in determining the amount of interest charges qualified for capitalization is 8.04% in 2023. There was no similar transaction in 2025 and 2024.

There were no loan issuance costs incurred as all loans are directly availed from banks.

Interest-bearing loans and borrowings are presented in the statements of financial position as follows:

(Amounts in PHP)	**2025**	2024
Current	**200,000,000**	200,000,000
Non-current	**250,000,000**	450,000,000
	450,000,000	650,000,000

14. TRADE AND OTHER PAYABLES

This account consists of:

(Amounts in PHP)	Note	**2025**	2024
Trade payables		**1,957,605,063**	2,100,200,737
Accrued expenses		**196,035,966**	166,160,169
Payable to government agencies		**37,897,235**	72,832,949
Interest payable	13	**5,061,000**	8,615,678
		2,196,599,264	2,347,809,533

Accrued expenses include the Company's obligations to its suppliers that are expected to be settled within 12 months from the end of the reporting period. These liabilities arise mainly from the accrual of construction expenditures incurred during the year.

Taxes payable pertains to withholding taxes payable and other statutory payables such as Social Security System, Philippine Health Insurance Corporation and Home Development Mutual Fund contribution.

15. LEASES

In 2023, the Company entered into a lease agreement for its office spaces with remaining lease terms of three years, which is presented as Right-of-use assets under Property and Equipment. No lease liabilities were recognized due to lease credits granted to the Company amounting to P106.1 million, which is presented as part of Income from lease credits under Other Income in the 2023 statement of comprehensive income (see Note 20.1). These lease credits represent the cost of leasehold improvements and expenses incurred by the Company in its previously pre-terminated lease agreement with Megaworld, which was later reimbursed by way of application to the Company's future lease payments to Megaworld (see Note 10).

In 2025 and 2024, portions of the lease credits amounting to P15.3 and P51.4 million, respectively, were applied as payment for the lease agreement with Megaworld. The remaining lease credits amounting to P14.3 million and P12.0 million in 2025 and 2024, respectively, were presented as part of Prepayments and Other Current Assets in the statements of financial position.

In 2025, the Company derecognized two right-of-use assets related to lease arrangements with Megaworld. A right-of-use asset with a cost of P14.2 million was derecognized following the end of a lease contract. In addition, a right-of-use asset with a cost of P28.5 million and a carrying amount of P17.5 million was derecognized due to pre-termination of another lease agreement. No actual lease payments were made during the term since the expected lease payments had already been fully applied against the lease credit balance. As a result, the excess arising from the early termination, representing the net carrying amount of P17.5 million, was reclassified back to lease credits as this amount will be applied to future lease arrangements with Megaworld and is presented as part of Prepayments and Other Current Assets in the 2025 statements of financial position (see Note 10). There were no similar transactions in 2024.

The lease does not have variable lease payments which depend on an index or a rate. The lease is non-cancellable and does not contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term without mutual agreement on both parties. The Company is prohibited from selling or pledging the underlying leased assets as security. The Company must also keep the property in a good state of repair and return the property in its original condition at the end of the lease. Further, the Company must incur maintenance fees on such items in accordance with the lease contracts.

The Company has elected not to recognize lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis. The expenses relating short-term leases amounted to P19.8 million in 2025 and 2024, and P13.0 million 2023, are presented as Rentals in the statements of comprehensive income.

16. CUSTOMERS' DEPOSITS

Presented below are the details of this account.

(Amounts in PHP)	**2025**	2024
Advances from customers	**3,412,273,750**	3,567,815,251
Other deposits	**1,193,656,616**	1,175,850,542
	4,605,930,366	4,743,665,793

Advances from customers represent cash received from customers for real estate property purchases which have not yet complied with the sales recognition criteria of the Company. The advances are deducted from the contract price once the related real estate sales are recognized by the Company.

Other deposits mainly pertain to cash received from customers for miscellaneous fees and other related expenses to process the transfer of titles to customers.

17. OTHER CURRENT LIABILITIES

As of December 31, other current liabilities include the following:

(Amounts in PHP)	Note	**2025**	2024
Retention payable		**942,487,071**	749,941,703
Refund liability	20.2	**635,390,476**	396,218,713
Refundable deposits		**56,998,338**	50,913,269
Other liabilities		**11,404,912**	11,482,461
		1,646,280,797	1,208,556,146

Retention payable pertains to amounts withheld from payments to contractors to ensure compliance and completion of contracted projects, which ranges from 5% to 10% of every billing made by the contractor. Upon completion of the contracted projects, submission of required bonds and final acceptance of works, the amounts are returned to contractors.

Refund liability pertains to the amount due to buyers of real estate properties which is the cash surrender value of the payments made by them on the cancelled real estate contracts as required by Republic Act (R.A.) 6552, *Realty Installment Buyer Act*. The amount of provision for the years ended 2025, 2024 and 2023, amounted to P253.1 million, P111.7 million and P57.8 million, respectively, and is presented as Provision for refund liability under Other Expenses account in the statements of comprehensive income (see Note 20.2).

A reconciliation of the refund liability at beginning and end of the year is shown below.

(Amounts in PHP)	Note	**2025**	2024
Balance at beginning of year		**396,218,713**	287,636,550
Provision during the year	20.2	**253,140,939**	111,670,352
Refunds during the year		**(13,969,176)**	(3,088,189)
Balance at end of year		**635,390,476**	396,218,713

18. REAL ESTATE SALES

18.1 Disaggregation of Revenues

The Company derives revenues from sale of real properties and other income. An analysis of the Company's real estate sales is presented below:

(Amounts in PHP)	**2025**	2024	2023
Geographical areas			
Within Metro Manila	**3,313,305,519**	3,004,498,017	3,439,460,043
Outside Metro Manila	**10,515,370**	238,144,981	558,078,226
	3,323,820,889	3,242,642,998	3,997,538,269
Types of product or services			
Residential condominium	**3,280,794,104**	3,136,454,171	3,651,882,437
Residential lots and house and lots	**43,026,785**	106,188,827	345,655,832
	3,323,820,889	3,242,642,998	3,997,538,269

18.2 Contract Accounts

a. Contract Assets

The Company's contract assets as of December 31 are classified as follows:

(Amounts in PHP)	**2025**	2024
Current	**1,936,196,524**	2,498,252,566
Non-current	**535,063,250**	768,746,952
	2,471,259,774	3,266,999,518

The significant changes in the contract assets balance as of December 31 are as follows:

(Amounts in PHP)	Notes	**2025**	2024
Balance at beginning of year		**3,266,999,518**	2,741,196,068
Effect of adoption of PFRS 15	2.1(b)	**-**	(202,715,531)
		3,266,999,518	2,538,480,537
Increase as a result of changes in measurement of progress		**1,518,603,001**	572,668,405
Accretion of interest income from significant financing component	21.1	**286,796,190**	155,850,576
Transfers from contract assets recognized at the beginning of year to trade receivables		**(2,601,138,935)**	-
Balance at end of year		**2,471,259,774**	3,266,999,518

b. Contract Liabilities

The Company's contract liabilities are classified as follows:

(Amounts in PHP)	**2025**	2024
Current	**164,617,092**	170,000,828
Non-current	**35,217,618**	112,633,789
	199,834,710	282,634,617

The significant changes in the contract liabilities balance as of December 31 are as follows:

(Amounts in PHP)	Notes	**2025**	2024
Balance at beginning of year		**282,634,617**	256,766,937
Effect of adoption of PFRS 15	2.1(b)	**-**	17,348,096
		282,634,617	274,115,033
Net change arising from timing differences between cash receipts and performance obligations		**(80,574,527)**	23,177,108
Revenue recognized that was included in contract liabilities at the beginning of year		**(14,567,464)**	(22,650,120)
Accretion of interest expense from significant financing component	21.2	**12,342,084**	7,992,596
Balance at end of year		**199,834,710**	282,634,617

18.3 Direct Contract Costs

The Company incurs sales commissions upon execution of contracts to sell real properties to customers. These are amortized over the expected construction period on the same basis as to how the Company measures progress towards complete satisfaction of its performance obligation in its revenue contracts. The total amount of amortization for 2025, 2024 and 2023 is presented as part of Commissions account under Costs and Expenses section in the statements of comprehensive income.

The movements in balances of deferred commission in 2025 and 2024 are presented below:

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**469,205,382**	353,313,187
Additional capitalized cost	**132,495,993**	156,217,463
Amortization for the year	**(90,118,216)**	(40,325,268)
Balance at end of year	**511,583,159**	469,205,382

Incremental costs of commission incurred to obtain contracts are capitalized and are presented as part of Prepayments and Other Current Assets, and Other Non-current Asset accounts in the statements of financial position as shown below.

(Amounts in PHP)	**2025**	2024 (As restated - see Note 2)
Current	**239,707,912**	163,307,839
Non-current	**271,875,247**	305,897,543
	511,583,159	469,205,382

18.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2025 and 2024 is P8.5 billion and P6.1 billion, respectively. As of December 31, 2025 and 2024, the Company expects to recognize revenue from unsatisfied contracts as presented below.

(Amounts in PHP)	**2025**	2024
Within a year	**5,718,542,331**	2,913,019,941
More than one year to three years	**2,741,868,283**	3,008,620,097
More than three years to five years	**-**	228,062,716
	8,460,410,614	6,149,702,754

19. COST OF REAL ESTATE SALES

The breakdown of the cost of real estate sales are as follows (see Note 7):

(Amounts in PHP)	**2025**	2024	2023
Contracted services	**1,849,120,576**	1,800,065,159	2,097,483,149
Land cost	**196,916,123**	224,542,314	286,217,315
Borrowing cost	**-**	-	75,798,696
Other costs	**46,957,785**	29,108,305	37,889,224
	2,092,994,484	2,053,715,778	2,497,388,384

20. OTHER INCOME AND OTHER EXPENSES

20.1 Other Income

The details of this account are shown below.

(Amounts in PHP)	Notes	**2025**	2024	2023
Forfeited collections and deposits		**936,503,543**	522,563,375	247,937,294
Gain on asset disposal	10, 12	**68,159,128**	-	-
Marketing and management fees	24.2	**38,102,438**	47,089,147	51,592,812
Income from lease credits	15	**-**	-	106,091,000
Miscellaneous		**1,164,326**	2,676,519	4,072,046
		1,043,929,435	572,329,041	409,693,152

Forfeited collections and deposits include reservation fees and all payments made by delinquent buyers. This also includes a portion of payments received by the Company upon approval of buyer's request to transfer to other units.

Miscellaneous fees include manning charges.

20.2 Other Expenses

The breakdown of this account is shown below.

(Amounts in PHP)	Notes	**2025**	2024	2023
Provision for refund liability	17	**253,140,939**	111,670,352	57,795,155
Repairs and maintenance	12	**52,650,598**	34,808,263	9,976,401
Utilities		**29,876,823**	15,770,375	13,755,221
Computer software subscription		**26,386,127**	13,333,781	4,413,127
Loss on impairment	24	**25,000,000**	-	-
Professional fees	24.4	**15,891,965**	25,427,046	3,857,080
Security services		**15,070,974**	17,886,394	10,864,681
Janitorial services		**14,947,913**	12,144,154	5,525,555
Insurance		**13,356,775**	11,301,669	6,557,091
Office supplies		**11,582,017**	8,248,010	1,846,815
Trainings, seminars, and other benefits		**8,227,611**	5,637,172	6,915,628
Marketing events and awards		**6,518,594**	3,938,543	4,581,544
Outside services		**5,331,040**	4,868,586	1,256,786
Documentation		**3,581,150**	2,345,910	1,618,732
Representation		**933,644**	446,082	208,212
Donations and contributions		**63,000**	381,214	769,554
Miscellaneous		**13,975,841**	6,894,153	2,498,728
		496,535,011	275,101,704	132,440,310

Miscellaneous expenses include bank charges, motor vehicle registration and others.

21. FINANCE INCOME AND FINANCE COSTS

The details of this account are shown below.

21.1 Finance Income

The breakdown of Finance income is shown below.

(Amounts in PHP)	Notes	**2025**	2024	2023
Interest income:				
Advances to related parties	24.1, 24.3	**252,776,277**	446,647,063	341,664,391
Cash and cash equivalents	5	**66,928,392**	91,419,904	80,927,956
Trade receivables	6	**10,130,050**	28,827,986	27,007,752
Amortization of day-one loss on noninterest bearing financial instruments	6	**193,534,198**	172,877,182	121,259,226
Significant financing component	18.2(a)	**286,796,190**	155,850,576	-
Foreign currency gains - net		**715,060**	7,273,445	315,709
Net interest income on post-employment defined benefit obligation	22.2	**-**	-	37,234
		810,880,167	902,896,156	571,212,268

21.2 Finance Costs

The breakdown of Finance costs is shown below.

(Amounts in PHP)	Notes	**2025**	2024	2023
Interest expense on:				
Advances from related parties	24.1	**312,118,090**	405,541,070	370,332,612
Bank loans	13	**42,461,447**	65,748,636	17,360,365
Significant financing component	18.2(b)	**12,342,084**	7,992,596	-
Net interest expense on post-employment defined benefit obligation	22.2	**9,732,919**	8,867,608	-
		376,654,540	488,149,910	387,692,977

22. SALARIES AND EMPLOYEE BENEFITS

22.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

(Amounts in PHP)	Note	**2025**	2024	2023
Short-term benefits		**426,805,615**	397,632,968	371,310,425
Post-employment benefits	22.2	**27,077,329**	27,155,997	19,494,873
		453,882,944	424,788,965	390,805,298

22.2 Post-employment Benefits

(a) *Characteristics of the Defined Benefit Plan*

The Company maintains a partially funded, tax-qualified, non-contributory, post-employment defined benefit plan that is being administered by a trustee bank that is legally separated from the Company. The post-employment defined benefit plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The post-employment defined benefit plan provides for retirement benefits ranging from 60% to 200% of final monthly salary for every year of credited service, but shall not be less than the regulatory benefit under the R.A. 7641, *The Retirement Pay Law*, or the applicable retirement law at the time of the member's retirement.

(b) *Explanation of the Amounts Presented in the Financial Statements*

Actuarial valuations are made regularly to update the retirement benefit costs and the amount of contributions. All amounts presented in the succeeding pages are based on the latest actuarial valuation report obtained from an independent actuaries.

The net amounts of post-employment defined benefit obligation recognized in the statements of financial position are determined as follows:

(Amounts in PHP)	**2025**	2024
Present value of the obligation	**544,914,821**	502,476,017
Fair value of plan assets	**(378,014,936)**	(327,337,322)
	166,899,885	175,138,695

The movements in the present value of the post-employment defined benefit obligation are as follows:

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**502,476,017**	484,125,110
Current service cost	**27,077,329**	27,155,997
Interest expense	**30,701,285**	31,758,607
Benefits paid	**(18,312,420)**	(85,297,176)
Remeasurements –		
Actuarial losses (gains) arising from:		
Changes in demographic assumptions	**26,657,572**	8,309,751
Changes in financial assumptions	**(12,526,654)**	17,073,212
Experience adjustments	**(11,158,308)**	19,350,516
Balance at end of year	**544,914,821**	502,476,017

The movements in the fair value of plan assets are presented below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**327,337,322**	391,596,738
Benefits paid	**(18,312,420)**	(85,297,176)
Interest income	**20,968,366**	22,890,999
Loss on plan assets (excluding amounts included in net interest)	**(1,978,332)**	(1,853,239)
Actual contributions	**50,000,000**	-
Balance at end of year	**378,014,936**	327,337,322

The fair value of plan assets is composed of the following (in millions):

(Amounts in PHP)	**2025**	2024
Cash and cash equivalents	**207.2**	208.0
Investment in government issued debt securities	**170.8**	119.3
	378.0	327.3

The plan assets earned positive returns of P19.0 million and P21.0 million in 2025 and 2024, respectively.

The components of amounts recognized in the statements of comprehensive income in respect of the post-employment DBO are presented below.

(Amounts in PHP)	Notes	**2025**	2024	2023
Reported in profit or loss:				
Current service cost	22.1	**27,077,329**	27,155,997	19,494,873
Net interest expense (income)	21.1, 21.2	**9,732,919**	8,867,608	(37,234)
		36,810,248	36,023,605	19,457,639
Reported in other comprehensive loss (income):				
Actuarial losses (gains) arising from:				
Changes in demographic assumptions		**26,657,572**	8,309,751	4,141,883
Changes in financial assumptions		**(12,526,654)**	17,073,212	89,523,837
Experience adjustments		**(11,158,308)**	19,350,516	155,858
Loss on plan assets (excluding amounts included in net interest)		**1,978,332**	1,853,239	9,940,337
		4,950,942	46,586,718	103,761,915

Current service cost is presented as part of Salaries and Employee Benefits account under Costs and Expenses section of the statements of comprehensive income (see Note 22.1), while the amounts of net interest expense (income) are included as part of either the Finance Costs account under Costs and Expenses or Finance Income under Revenues and Income sections of the statements of comprehensive income.

The amounts recognized in other comprehensive income (loss) were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the post-employment DBO, the following significant actuarial assumptions were used:

	2025	2024	2023
Discount rates	**6.39%**	6.11%	6.56%
Expected rate of salary increases	**6.00%**	6.00%	6.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 27.0 years for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero-coupon government bonds with terms to maturity approximating to the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Company to actuarial risks such as investment and interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Rate Risks*

The present value of the post-employment DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents and debt securities. Due to the long-term nature of the plan obligation, a level of continuing debt investments is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the post-employment DBO is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment DBO as of December 31:

	Impact on Post-employment Benefit Obligation		
(Amounts in PHP)	**Change in Assumption**	**Increase in Assumption**	**Decrease in Assumption**
2025			
Discount rate	**+7.5%/-8.7%**	**(40,899,583)**	**47,176,200**
Salary increase rate	**+8.6%/-7.6%**	**46,887,183**	**(41,403,803)**
2024			
Discount rate	+7.3%/-8.3%	(36,603,911)	41,895,892
Salary increase rate	+8.3%/-7.4%	41,522,960	(36,965,740)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the post-employment DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the post-employment DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the post-employment DBO recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Company through its BOD, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve those investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in cash and cash equivalents with maturities that match the benefit payments as they fall due and in the appropriate currency. The Company actively monitors how the duration, and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

There has been no change in the Company's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P166.9 million. While there is no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk in about 10 years' time when a significant number of employees is expected to retire.

The Company expects to make contribution of at least P50.0 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan as at December 31 for the next 10 years are as follows:

(Amounts in PHP)	**2025**	2024
Within one year	**161,526,007**	153,294,401
More than one year to four years	**33,532,658**	16,761,950
More than four years to five years	**17,899,855**	30,254,063
More than five years to 10 years	**336,294,784**	359,445,516
	549,253,304	559,755,930

The weighted average duration of the DBO at the end of the reporting period is 8.1 years.

23. TAX EXPENSE

The components of tax expense reported in the statements of comprehensive income for the years ended December 31 are presented below.

(Amounts in PHP)	**2025**	2024	2023
Reported in profit or loss:			
Current tax expense:			
Regular corporate income tax (RCIT) at 25%	**176,171,587**	133,993,061	86,354,955
Final tax at 20%, 15% and 7.5%	**13,324,994**	18,181,663	16,149,904
	189,496,581	152,174,724	102,504,859
Deferred tax expense (income) relating to origination and reversal of temporary differences	**(70,199,667)**	56,150,508	112,239,607
	119,296,914	208,325,232	214,744,466
Reported in other comprehensive income –			
Deferred tax income relating to remeasurement of retirement benefit plan	**(1,237,736)**	(11,646,680)	(25,940,480)

The reconciliation of tax on pre-tax profit computed at the applicable statutory rates to tax expense as reported in the profit or loss section of the statements of comprehensive income is as follows:

(Amounts in PHP)	**2025**	2024	2023
Tax on pre-tax profit at 25%	**229,600,680**	223,535,346	258,660,548
Adjustment for income subjected to lower income tax rates	**(3,407,104)**	(4,673,312)	(4,082,084)
Tax effects of:			
Non-taxable income on forfeited collections	**(36,015,249)**	(32,186,712)	(48,230,566)
Measurement of installment receivables under effective interest method	**(10,534,812)**	5,164,254	12,904,489
Non-deductible interest expense	**6,431,941**	6,569,144	4,046,398
Non-deductible taxes and licenses	**4,920,506**	7,996,056	3,292,722
Others – net	**(71,699,048)**	1,920,456	(11,847,041)
	119,296,914	208,325,232	214,744,466

The net deferred tax liabilities as of December 31 relate to the following:

	Statements of Financial Position		**Statements of Profit and Loss**		
(Amounts in PHP)	**2025**	2024	**2025**	2024	2023
Deferred tax assets:					
Refund liability	**158,847,619**	99,054,678	**(59,792,941)**	(27,145,540)	(13,983,010)
Retirement benefit obligation	**41,724,971**	43,784,674	**3,297,438**	(9,005,900)	7,635,591
Allowance for impairment	**15,124,362**	8,874,362	**(6,250,000)**	-	-
	215,696,952	151,713,714	**(62,745,503)**	(36,151,440)	(6,347,419)
Deferred tax liabilities:					
Uncollected realized gross profit	**(2,084,429,077)**	(2,096,466,090)	**(12,037,013)**	62,847,789	127,381,806
Deferred commission	**(127,895,790)**	(117,301,346)	**10,594,444**	28,973,048	16,643,766
Rental income recognized based on PFRS 16	**(1,435,197)**	(1,178,685)	**256,512**	1,178,685	-
Unrealized foreign exchange loss – net	**(178,765)**	(1,818,362)	**(1,639,597)**	1,739,434	36,675
Right-of-use asset	**-**	(4,628,510)	**(4,628,510)**	(2,437,008)	7,065,519
Capitalized borrowing cost	**-**	-	**-**	-	(32,540,740)
	(2,213,938,829)	(2,221,392,993)	**(7,454,164)**	92,301,948	118,587,026
Deferred tax expense (income)			**(70,199,667)**	56,150,508	112,239,607
Deferred tax liabilities - net	**(1,998,241,877)**	(2,069,679,279)			

The deferred tax expense presented in Other Comprehensive Income section of the statements of comprehensive income pertain to the tax effect of remeasurements of retirement benefit obligation which resulted in a tax income amounting to P1.2 million and P11.6 million in 2025 and 2024, respectively.

In 2025 and 2024, the Company is subject to the minimum corporate income tax (MCIT), which is computed at 2% of gross income net of allowable deductions, as defined under the tax regulations, or RCIT, whichever is higher.

In 2025, 2024 and 2023, the Company opted to claim itemized deductions in computing for its tax due.

24. RELATED PARTY TRANSACTIONS

The Company's related parties include its Parent Company, subsidiaries, an associate, related parties under common ownership, key management personnel, and the Company's retirement plan as described below and in the succeeding pages.

Based on the requirement of SEC Memorandum Circular 2019-10*, Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions amounting to 10% or more of the total assets based on its latest consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Company's board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the consolidated total assets based on the latest consolidated financial statements, the same board approval would be required for the transactions that meet and exceeds the materiality threshold covering the same related party.

(Amounts in PHP)		Amount of Transactions			Outstanding Balance	
Related Party Category	Notes	**2025**	2024	2023	**2025**	2024
Parent Company:						
Right-of -use asset	10	**18,514,041**	9,748,032	14,400,981	**-**	18,514,041
Lease credits	15	**2,235,140**	(51,385,426)	106,091,000	**14,277,660**	12,042,520
Repayments (availment) of advances	24.1	**212,493,889**	-	(5,759)	**(5,822,155,469)**	(5,737,525,504)
Interest expense	21.2, 24.1	**(297,123,854)**	(387,523,610)	(349,390,876)	**-**	-
Obtaining of services	24.4	**1,244,880**	1,141,140	1,244,880	**-**	-
Rendering of services	24.2	**-**	-	-	**340,315,108**	340,315,108
Subsidiaries:						
Granting of advances	24.1	**1,299,261**	(521,900)	2,269,076	**1,212,022,299**	1,210,723,038
Interest income	21.2, 24.3	**516,555**	517,970	646,755	**2,584,189**	2,067,634
Repayments (availment) of advances	24.1	**18,879,967**	5,652	19,295,096	**(480,323,620)**	(499,203,587)
Real estate sales	24.3	**-**	-	-	**5,739,497**	5,739,497
Associate –						
Repayment of advances	24.1	**5,244,332**	4,517,835	2,817,758	**(369,099,030)**	(374,343,362)
Related Parties under Common Ownership:						
Granting of advances	24.1	**(126,643,510)**	431,068,665	382,198,207	**4,816,866,897**	4,943,510,407
Availment of advances	24.1	**59,994,236**	63,017,459	65,941,736	**(197,168,381)**	(242,168,381)
Interest expense	21.2, 24.1	**(14,994,236)**	(18,017,459)	(20,941,736)	**-**	-
Lease of property	24.2	**39,267,361**	41,135,041	34,201,327	**9,233,804**	4,714,741
Management services	24.2	**-**	2,822,776	16,761,095	**44,119**	44,119
Obtaining of services	24.4	**10,523,694**	21,569,706	-	**-**	-
Key Management Personnel -						
Compensation	24.5	**65,399,177**	64,833,816	72,421,676	**-**	-

The Company's outstanding receivables from and payables to related parties arising from rendering of services and cash advances to related parties are unsecured and are generally settled in cash or through offsetting arrangement with the related parties.

In 2025, the Company offset a total of P212.5 million of outstanding balances between its receivables from and payables to related parties. The offsetting represents reciprocal advances and other intercompany charges between the Company and related parties under common ownership and with its parent company. The offsetting reduced both the Advances to Related Parties and Advances from Related Parties accounts by P212.5 million, as shown in the related rollforward schedules. There were no similar transactions in 2024 and 2023. (See Note 24.1)

24.1 Advances to and from Related Parties

The Company grants to and obtains unsecured advances from subsidiaries, an associate and other related parties, including those under common ownership, for working capital purposes and other purposes.

Some of these advances are interest-bearing with interest rates ranging from 7.13% to 15.00% in 2025 and 12.00% to 15.00% in 2024.

The details of Advances to Related Parties account as at December 31 are shown below.

(Amounts in PHP)	**2025**	2024
Subsidiaries	**1,212,022,299**	1,210,723,038
Related parties under common ownership	**4,816,866,897**	4,943,510,407
	6,028,889,196	6,154,233,445
Allowance for impairment	**(60,497,446)**	(35,497,446)
	5,968,391,750	6,118,735,999

The movements in the Advances to Related Parties account are shown below.

(Amounts in PHP)	**2025**	2024
Subsidiaries:		
Balance at beginning of year	**1,210,723,038**	1,211,244,938
Additional advances	**1,616,261**	2,975,689
Collections	**(317,000)**	(3,497,589)
Balance at end of year	**1,212,022,299**	1,210,723,038
Related parties under common ownership:		
Balance at beginning of year	**4,943,510,407**	4,512,441,742
Interest income	**252,259,722**	446,647,063
Offsetting	**(212,493,889)**	-
Collections	**(166,470,658)**	(3,480,018)
Additional advances	**61,315**	2,129,480
Reclassification	**-**	(14,227,860)
Balance at end of year	**4,816,866,897**	4,943,510,407
Allowance for impairment	**(60,497,446)**	(35,497,446)

In 2025, the Company recognized impairment loss in relation to the Advances to Related Parties, amounting to P25.0 million, presented as Loss on Impairment under Other Expense in the 2025 statement of comprehensive income (see Note 20.2). There were no impairment losses recognized on the outstanding receivables from related parties in 2025, 2024 and 2023 based on management's ECL assessment.

The Advances from Related Parties account represents the outstanding balances arising from cash advances obtained by the Company from its Parent Company, subsidiaries, an associate, and certain related parties under common ownership. The details as at December 31 are as follow:

(Amounts in PHP)	**2025**	2024
Parent Company	**5,822,155,469**	5,737,525,504
Subsidiaries	**480,323,620**	499,203,587
Associate	**369,099,030**	374,343,362
Related parties under common ownership	**197,168,381**	242,168,381
Balance at end of year	**6,868,746,500**	6,853,240,834

The movement in the Advances from Related Parties account is shown below.

(Amounts in PHP)	**2025**	2024
Parent:		
Balance at beginning of year	**5,737,525,504**	5,350,001,894
Accrued interests	**297,123,854**	387,523,610
Offsetting	**(212,493,889)**	-
Balance at end of year	**5,822,155,469**	5,737,525,504
Subsidiaries:		
Balance at beginning of year	**499,203,587**	499,209,239
Repayments	**(18,879,967)**	(5,652)
Balance at end of year	**480,323,620**	499,203,587
Associate:		
Balance at beginning of year	**374,343,362**	378,861,197
Repayments	**(5,244,332)**	(4,517,835)
Balance at end of year	**369,099,030**	374,343,362
Common ownership:		
Balance at beginning of year	**242,168,381**	287,168,381
Repayments	**(59,994,236)**	(63,017,459)
Accrued interests	**14,994,236**	18,017,459
Balance at end of year	**197,168,381**	242,168,381

These advances to/from parent company, subsidiaries, associate, and other related parties are generally collectible/payable in cash on demand or through offsetting arrangements with the related parties (see Note 29.2). Cash advances from Parent Company bear interest rate ranging between 7.00% and 7.13% in 2025 and 7.00% to 12.00% in 2024 and 2023. Interest income and interest expense arising from these transactions are presented as part of Finance Income and Finance Costs account, respectively, in the statements of comprehensive income (see Notes 21.1 and 21.2).

24.2 Rendering of Services to Related Parties

The summary of services offered by the Company is presented below.

(Amounts in PHP)	Amount of Transactions		
	2025	2024	2023
Lease of property	**39,267,361**	41,135,041	34,201,327
Management services	**-**	2,822,776	16,761,095
	39,267,361	43,957,817	50,962,422

The Company handles the administrative functions of a related party under common ownership for the latter's ongoing construction and development activities. The amount of revenue earned from such transaction is recorded as part of Marketing and management fees under Other Income account in the statements of comprehensive income (see Note 20.1) while the outstanding balances are presented as Management fee receivable under Trade and Other Receivables account in the statements of financial position (see Note 6).

The Company leases certain investment property to a related party under common ownership. The revenues earned from the lease are included as part of Rental Income account in the statements of comprehensive income. The related outstanding receivables from these transactions are presented as part of Rent receivable under the Trade and Other Receivables account in the statements of financial position (see Note 6).

24.3 Real Estate Sales

In 2000, the Company sold a parcel of land located in Sta. Rosa, Laguna to its subsidiary for P81.1 million. The outstanding receivable from this sale is presented as part of Trade receivables under Trade and Other Receivables account in the statements of financial position (see Note 6).

The related interest income is shown as part of Finance Income account under Revenues and Income section in the statements of comprehensive income (see Note 21.1). There is an unpaid interest receivable amounting to P2.6 million, and P2.1 million as of December 31, 2025 and 2024, respectively, and is presented as part of Interest receivable under Trade and Other Receivables account in the statements of financial position (see Note 6).

24.4 Obtaining of Services

The Company incurred management fees for marketing services obtained from its Parent Company and a related party under common ownership amounting to P11.8 million, P22.7 million and P1.2 million in 2025, 2024, and 2023, respectively, and is presented as part of Professional fees under Other Expenses account in the statements of comprehensive income (see Note 20.2). There was no outstanding payable from this transaction as of December 31, 2025 and 2024.

24.5 Key Management Personnel Compensation

The key management personnel compensation includes the following expenses:

(Amounts in PHP)	**2025**	2024	2023
Short-term benefits	**56,924,982**	53,929,021	54,486,438
Post-employment benefits	**8,474,195**	10,904,795	17,935,238
	65,399,177	64,833,816	72,421,676

These are included as part of Salaries and Employee Benefits account under Costs and Expenses section of the statements of comprehensive income for the years ended December 31, 2025, 2024 and 2023 (see Note 22.1).

24.6 Retirement Plan

The Company's retirement fund for its post-employment defined benefit plan is administered and managed by a trustee bank. The fair value and the composition of the plan assets as of December 31, 2025 and 2024 are presented in Note 22.2. As of December 31, 2025 and 2024, the Company's retirement fund does not include any investments in any debt or equity securities issued by the Company or any of its related parties.

The Company's transactions with the fund mainly pertain to contributions, benefit payments and interest income.

The retirement fund neither provides any guarantees or surety for any obligation of the Company nor its investments covered by any restrictions or liens.

25. EQUITY

25.1 Capital Stock

Capital stock as of December 31, 2025 and 2024 is presented below.

	No. of Shares	**Amounts in PHP**
Common shares – P1 par value		
Authorized	31,495,200,000	31,495,200,000
Issued	14,803,455,238	14,803,455,238
Treasury shares – at cost	(127,256,071)	(102,106,658)
Total outstanding	14,676,199,167	14,701,348,580
Preferred shares – P1 par value		
Authorized	2,000,000,000	2,000,000,000

Megaworld has 81.73% ownership interest in the Company as of December 31, 2025 and 2024.

The Series B preferred shares are nonredeemable, convertible into common shares and are nonvoting. The shares have zero coupon rates and shall not be entitled to dividends. The Series B preferred shares shall be convertible to common shares any time after the end of the 18 months from the implementation date, May 29, 1998, as defined in the subscription agreements. There are no subscribed and issued preferred shares as of December 31, 2025 and 2024.

On April 24, 1996, the SEC approved the listing of the Company's shares totalling 425,000,000. The shares were issued at an offer price of P12.90 per share. As of December 31, 2025, 2024, and 2023, there are 12,228, 12,252 and 12,297 shareholders of the listed shares, respectively. The shares were listed and closed at a price of P0.10, P0.12 and P0.13 per share as of December 29, 2025, December 27, 2024, and December 27, 2023, respectively.

25.2 Additional Paid-in Capital

The additional paid-in capital (APIC) pertains to the excess of the total proceeds received from the Company's shareholders over the total par value of the common shares. There were no movements in the Company's APIC accounts in 2025 and 2024.

25.3 Treasury Stocks

On March 23, 2006, the Company's BOD authorized the buy-back of up to P1.0 billion worth of Company's shares of common stock within a 24-month period under certain terms and conditions as the Company's senior management may deem beneficial to the Company and its stockholders.

As of December 31, 2025 and 2024, the Company's treasury stocks amounted to P102.1 million, representing the cost of 127,256,071 shares reacquired by the Company.

25.4 Retained Earnings

Retained earnings are restricted in the amount of P102.1 million representing the cost of 127,256,071 shares held in treasury as of the end of the reporting periods.

26. EARNINGS PER SHARE

Basic and diluted earnings per share are computed as follows:

(Amounts in PHP, except shares data)	**2025**	2024	2023
Income available to common Shares	**799,105,804**	685,816,153	819,897,726
Divided by the weighted average number of outstanding common shares	**14,676,199,167**	14,676,199,167	14,676,199,167
Basic and diluted earnings per share	**0.054**	0.047	0.056

Diluted earnings per share equal the basic earnings per share since the Company does not have dilutive shares as of December 31, 2025, 2024 and 2023.

27. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Company:

27.1 Operating Lease Commitments – Company as Lessor

The Company is subject to risk incidental to the operation of its office and commercial properties, which include, among others, changes in market rental rates, inability to renew leases upon lease expiration, and inability to collect rent from tenants due to bankruptcy or insolvency of tenants. Majority of the Company's revenue from rental properties are derived from commercial and parking spaces.

To mitigate these risks, tenants pay security deposits and advance rent equal to three to six months' rent, which are forfeited in case a tenant pre-terminates without prior notice or before the expiry of lease term without cause. In addition, tenants are usually required to pay the monthly rent in advance on a monthly basis, without need of further demand. Security deposits and advance rent are presented as part of Refundable deposits under Other Current Liabilities in the statements of financial position (see Note 17).

The Company is a lessor under various non-cancellable operating lease agreements covering real estate properties for commercial use. This consists of fixed and variable lease payments with terms ranging from one to 10 years, with renewal options, and include annual escalation rates of 3% to 10%.

The future minimum rental receivable under these non-cancellable operating leases as of December 31 are presented below.

(Amounts in PHP)	**2025**	2024	2023
Within one year	**107,633,586**	92,465,532	87,091,504
After one year but not more than two years	**73,513,463**	77,502,033	66,419,329
After two years but not more than three years	**26,142,118**	56,244,394	57,583,883
After three years but not more than four years	**-**	22,599,392	48,775,972
After four years but not more than five years	**-** **-**	-	22,599,392
	207,289,167	248,811,351	282,470,080

The total rentals from these operating leases amounted to about P124.3 million, P134.2 million and P107.5 million in 2025, 2024, and 2023, respectively, and are presented as Rental Income account under Revenues and Income section of the statements of comprehensive income.

27.2 Legal Claims

As of December 31, 2025 and 2024, the Company does not have any litigations within and outside the normal course of its business.

27.3 Credit Lines

The Company has existing credit lines with local banks for a maximum amount of P1,520.0 million as of December 31, 2025 and 2024. The Company has unused lines of credit amounting to P520.0 million as of December 31, 2025 and 2024.

27.4 Capital Commitments

As of December 31, 2025, and 2024, the Company has commitments amounting to P1.4 billion and P1.8 billion, respectively, for the construction expenditures in relation to the Company's joint venture (see Note 8).

27.5 Others

There are other commitments and contingent liabilities that arise in the normal course of operations of the Company which are not reflected in the financial statements. The management of the Company is of the opinion that losses, if any, from these items will not have any material effect on its financial statements, taken as a whole.

28. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from its operating, investing and financing activities. Risk management is carried out by a central treasury department under policies approved by the Company's BOD and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not engage in the trading of financial assets for speculative purposes, nor does it write options. The financial risks to which the Company is exposed to are described below and in the succeeding pages.

28.1 Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing and financing activities.

(a) Foreign Currency Risk

There is no significant exposure to foreign currency risks since most of the Company's transactions are denominated in Philippine peso, which is its functional currency. The Company's financial asset denominated in foreign currency only pertains to cash and cash equivalents. However, the amount is insignificant to the financial statements as of December 31, 2025 and 2024 (see Note 21.1). The Company has no financial liabilities denominated in foreign currency.

(b) Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually obtained and negotiated at fixed rates. However, as of December 31, 2025 and 2024, the Company has an outstanding long-term loan with a variable interest rate (see Note 13).

There is no fixed rate debt in 2025, 2024 and 2023.

At December 31, 2025 and 2024, the Company is only exposed to changes in market interest through its cash and cash equivalents and long-term borrowings, which are deemed by management to be not significant.

All other financial assets and liabilities have either short-term maturity, noninterest-bearing or are subject to fixed rates (e.g., related party advances).

28.2 Credit Risk

The maximum credit risk exposure of the Company is the carrying amount of the financial assets and contract assets as shown on the face of the statements of financial position (or in the detailed analysis provided in the notes to the financial statements), as summarized below.

(Amounts in PHP)	Notes	**2025**	2024
Cash and cash equivalents	5	**2,272,839,465**	2,854,673,852
Trade and other receivables (excluding Advances to suppliers and contractors, and Advances to condominium associations)	6	**10,073,276,665**	8,663,559,320
Contract assets	18.2	**2,471,259,774**	3,266,999,518
Advances to related parties	24.1	**5,968,391,750**	6,118,735,999
		20,785,767,654	20,903,968,689

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents, and trade receivables as described below and in the succeeding pages.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1.0 million for every depositor per banking institution.

(b) Trade Receivables and Contract Assets

Trade and other receivables (excluding Advances to suppliers and contractors and Advances to condominium associations) and contract assets are subject to credit risk exposure. The Company, however, does not identify specific concentrations of credit risk with regard to trade receivables, as the amounts recognized resemble a large number of receivables from various customers. In addition, certain accounts receivable from trade customers are covered by post-dated checks. The Company also retains the titles to the property until such time that the trade receivables are fully collected. Repossessed properties are offered for sale to other customers.

Credit risk of receivables from sale of real estate properties is managed primarily through credit reviews and analyses of receivables on a regular basis. The Company undertakes credit review procedures for all installment payment terms. Exposure to doubtful accounts is not substantial as title to real estate properties are not transferred to the buyers until full payment of the amortization has been made and the requirement for remedial procedures is negligible considering the Company's buyers' profile.

The Company has used the simplified approach in measuring ECL for trade receivables and has calculated ECL based on lifetime ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rate is based on days past due of all customers as they have similar loss patterns. The credit enhancements such as advance payment and value of the real estate for sale are considered in the calculation of impairment as recoveries.

The Company considers trade receivables in default when contractual payments are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. Furthermore, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The management determined that there is no required ECL to be recognized since the real estate sold is collateralized to the related receivable arising from the real estate sale. Therefore, expected loss given default is nil as the recoverable amount from subsequent resale of the real estate is sufficient.

The estimated fair value of the security enhancements held against contract receivables and contract assets arising from real estate sales are presented below:

(Amounts in PHP)	**Gross Maximum Exposure**	**Fair Value of Collaterals**	**Net Exposure**	**Financial Effect of Collaterals**
2025				
Contract assets	**2,471,259,774**	**12,297,496,910**	**-**	**2,471,259,774**
Contract receivables	**9,157,722,233**	**26,128,121,722**	**-**	**9,157,722,233**
	11,628,982,007	**38,425,618,632**	**-**	**11,628,982,007**
2024				
Contract assets	3,266,999,518	17,357,759,211	-	3,266,999,518
Contract receivables	7,966,247,858	27,721,663,399	-	7,966,247,858
	11,233,247,376	45,079,422,610	-	11,233,247,376

Other components of receivables such as rental receivables and others are also evaluated by the Company for impairment and assessed that no ECL should be provided. A significant portion of the Company's rental receivables are from Megaworld, the impairment of which is assessed using the latter's ability to pay [see Note 28.2(c)]. Rental receivables are secured to the extent of advance rental and rental deposit received from the lessees, which are in average equivalent to six months.

Some of the unimpaired trade receivables and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period. The trade receivables that are past due but not impaired are as follows:

(Amounts in PHP)	**2025**	2024
Not more than three months	**407,112,189**	267,859,203
More than three months but not more than six months	**522,837,348**	381,995,646
More than six months but not more than one year	**751,324,807**	458,683,713
More than one year	**290,480,861**	195,219,873
	1,971,755,205	1,303,758,435

(c) Advances to Related Parties and Rent receivable and Management fee receivable (from related parties)

ECL for receivables from related parties, including advances, rent and management fee receivables, are measured and recognized using the liquidity approach. Management determines possible impairment based on the related parties' ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties. Management assessed that the outstanding receivables from certain related parties as of December 31, 2025 and 2024 are not recoverable since these related parties have no capacity to pay the advances upon demand. On that basis, the loss allowance as at December 31, 2025 and 2024 amounted to P60.5 million and P35.5 million, respectively (see Note 24.1).

The Company does not consider any significant risks on the remaining advances to related parties since Megaworld and other related parties, whose credit risks for liquid funds are considered negligible, have committed to financially support these related parties as part of AGI's long-term corporate strategy. As of December 31, 2025 and 2024, the aggregate impairment allowance on balances from Megaworld and other related parties is identified to be not material.

The table below shows the credit quality by class of financial assets and contract assets as of December 31, 2025 and 2024.

(Amounts in PHP)	**Neither Past Due nor Specifically Impaired**			**Past Due but Not Impaired**	**Total**
	High Grade	**Standard Grade**	**Substandard Grade**		
2025					
Cash and cash equivalents	2,272,839,465	-	-	-	2,272,839,465
Trade and other receivables	-	8,101,521,460	-	1,971,755,205	10,073,276,665
Contract assets	-	2,471,259,774	-	-	2,471,259,774
Advances to related parties	-	5,968,391,750	-	-	5,968,391,750
	2,272,839,465	**16,541,172,984**	**-**	**1,971,755,205**	**20,785,767,654**
2024					
Cash and cash equivalents	2,854,673,852	-	-	-	2,854,673,852
Trade and other receivables	-	7,359,800,885	-	1,303,758,435	8,663,559,320
Contract assets	-	3,266,999,518	-	-	3,266,999,518
Advances to related parties	-	6,118,735,999	-	-	6,118,735,999
	2,854,673,852	16,745,536,402	-	1,303,758,435	20,903,968,689

The Company uses an internal credit rating concept based on the counterparties' overall credit worthiness as follows:

High Grade – Rating given to counterparties who have very strong capacity to meet their obligations.

Standard Grade – Rating given to counterparties whose outstanding obligation is within the acceptable age of group.

Substandard Grade – Rating given counterparties whose outstanding obligation is nearing to be past due or impaired.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by company, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

The Company's management considers that all the above financial assets that are not impaired for each of the reporting dates are of good credit quality, including those that are past due.

28.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2025 and 2024, the Company's financial liabilities have contractual maturities which are presented below.

(Amounts in PHP)	**Within One Year**	**One to Five Year**	**More than Five Years**	**Total**
December 31, 2025				
Advances from related parties	7,022,430,179	-	-	7,022,430,179
Trade and other payables*	2,158,702,029	-	-	2,158,702,029
Interest-bearing loans and borrowing	227,112,500	263,556,250	-	490,668,750
Stock subscriptions payable	-	-	95,662,500	95,662,500
Other current liabilities	1,634,875,885	-	-	1,634,875,885
	11,043,120,593	**263,556,250**	**95,662,500**	**11,402,339,343**
December 31, 2024				
Advances from related parties	7,050,135,297	-	-	7,050,135,297
Trade and other payables*	2,274,976,584	-	-	2,274,976,584
Interest-bearing loans and borrowing	252,191,125	494,735,250	-	746,926,375
Stock subscriptions payable	-	-	95,662,500	95,662,500
Other current liabilities	1,197,073,685	-	-	1,197,073,685
**excluding payable to government agencies*	10,774,376,691	494,735,250	95,662,500	11,364,774,441

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

29. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

29.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

(Amounts in PHP)	Notes	**2025** Carrying Amounts	**2025** Fair Values	2024 Carrying Amounts	2024 Fair Values
Financial assets					
At amortized cost:					
Cash and cash equivalents	5	**2,272,839,465**	**2,272,839,465**	2,854,673,852	2,854,673,852
Trade and other receivables	6	**10,073,276,665**	**10,224,671,618**	8,663,559,320	8,857,093,518
Contract assets	18.2	**2,471,259,774**	**2,471,259,774**	3,266,999,518	3,266,999,518
Advances to related parties	24.1	**5,968,391,750**	**5,968,391,750**	6,118,735,999	6,118,735,999
		20,785,767,654	**20,937,162,607**	20,903,968,689	21,097,502,887
Financial liabilities					
At amortized cost:					
Interest-bearing loans and borrowings	13	**450,000,000**	**363,266,867**	650,000,000	559,048,102
Trade and other payables*	14	**2,158,702,029**	**2,158,702,029**	2,274,976,584	2,274,976,584
Advances from related parties	24.1	**6,868,746,500**	**6,868,746,500**	6,853,240,834	6,853,240,834
Stock subscriptions payable	9.2	**95,662,500**	**95,662,500**	95,662,500	95,662,500
Other current liabilities	17	**1,634,875,885**	**1,634,875,885**	1,197,073,685	1,197,073,685
		11,207,986,914	**11,121,253,781**	11,070,953,603	10,980,001,705

**excluding payable to government agencies*

A description of the Company's risk management objectives and policies for financial instruments is provided in Note 28.

29.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

(Amounts in PHP)	**Gross amounts recognized in the statements of financial position**		**Net amount presented in the statements of financial position**	**Related amounts not set-off in the statements of financial position**		
	Financial assets	**Financial assets set-off**		**Financial instruments**	**Collateral received**	**Net amount**
December 31, 2025						
Advances to related parties	**6,180,885,639**	**(212,493,889)**	**5,968,391,750**	**-**	**-**	**5,968,391,750**
December 31, 2024						
Advances to related parties	6,118,735,999	-	6,118,735,999	-	-	6,118,735,999

The financial liabilities presented below with net amounts presented in the statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

(Amounts in PHP)	Gross amounts recognized in the statements of financial position		Net amount presented in the statements of financial position	Related amounts not set-off in the statements of financial position		
	Financial liabilities	**Financial liabilities set-off**		**Financial instruments**	**Collateral received**	**Net amount**
December 31, 2025						
Interest-bearing loans and borrowings	450,000,000	-	450,000,000	(121,671,238)	-	328,328,762
Advances from related parties	7,081,240,389	**(212,493,889)**	6,868,746,500	-	-	6,868,746,500
	7,531,240,389	**(212,493,889)**	**7,318,746,500**	**(121,671,238)**	**-**	**7,197,075,262**
December 31, 2024						
Interest-bearing loans and borrowings	650,000,000	-	650,000,000	(215,741,362)	-	434,258,638
Advances from related parties	6,853,240,834	-	6,853,240,834	-	(15,045)	6,853,225,789
	7,503,240,834	-	7,503,240,834	(215,741,362)	(15,045)	7,287,484,427

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Company and counterparties (i.e., related parties including subsidiaries and associate) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

The Company has cash in a local bank to which it has an outstanding loan (see Note 13). In case of the Company's default on loan amortization, cash in bank amounting to P121.7 million and P215.7 million can be applied against its outstanding loans from the bank amounting to P450.0 million and P650.0 million as of December 31, 2025 and 2024, respectively.

30. FAIR VALUE MEASUREMENT AND DISCLOSURES

30.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy is shown below.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

30.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

Management considers that due to the short duration of these financial assets (except long-term receivables) and financial liabilities (except long-term interest-bearing loans) measured at amortized cost, their carrying amounts as of December 31, 2025 and 2024 approximate their fair value. Except for cash and cash equivalents which is classified under Level 1, all other financial instruments are classified under Level 3 wherein inputs are not based on observable data.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

30.3 Fair Value Measurement of Non-financial Assets

The table below shows the Levels within the hierarchy of investment properties for which fair value is disclosed as of December 31.

(Amounts in PHP)	**Level 1**	**Level 2**	**Level 3**	**Total**
December 31, 2025				
Land	-	-	40,828,184	40,828,184
Buildings and office/commercial units	-	-	4,049,963,019	4,049,963,019
	-	**-**	**4,090,791,203**	**4,090,791,203**
December 31, 2024				
Land	-	-	40,828,184	40,828,184
Buildings and office/commercial units	-	-	4,110,981,492	4,110,981,492
	-	-	4,151,809,676	4,151,809,676

The fair value of the Company's investment properties earning rental income was determined through discounted cash flows valuation technique done by a professionally qualified independent appraiser for one of the properties, and by management for the rest of the other investment properties. The Company uses assumptions that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Company and those reported by the market. The expected future market rentals are based on current market rentals for similar properties in the same location and condition.

As at December 31, 2025 and 2024, the fair value of the Company's investment properties is classified within Level 3 of the fair value hierarchy. The Company determines the fair value of the investment property using market-based approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. On the other hand, if the observable recent prices of the reference properties were not adjusted, the fair value is included in Level 2. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value. Also, there were no transfers into or out of Level 3 fair value hierarchy in 2025 and 2024.

31. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital components for cost of capital purposes include loans and borrowings, preferred stock, common equity and retained earnings. The Company may issue new shares and may prepay some of its interest-bearing loans. Further, it intends to allocate its earnings and available cash in the acquisition and development of new/existing properties to ensure continuous business activities.

The Company monitors its capital gearing by measuring the ratio of interest-bearing loans and borrowings to total capital. As of December 31, 2025, and 2024, the Company's ratio of interest-bearing loans and borrowings to equity is as follows:

(Amounts in PHP)	**2025**	2024
Interest-bearing loans and borrowings	**450,000,000**	650,000,000
Total equity	**29,134,667,975**	28,338,801,487
	0.02 : 1.00	0.02 : 1.00

The Company's goal in capital management is to maintain a debt-to-equity structure ratio of not more than 1:1 on a monthly basis. This is in line with the Company's bank covenants related to its borrowings.

The Company has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years (see Note 13).

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

(Amounts in PHP)	Interest-bearing Loans and Borrowings (see Note 13)	Advances from Related Parties (see Note 24.1)	Accrued Interest Payable (see Note 14)	Total
Balance as at January 1, 2025	650,000,000	6,853,240,834	8,615,678	7,511,856,512
Cash flows from financing activities:				
Repayment of loans and borrowings	(200,000,000)	(84,118,535)	(46,016,125)	(330,134,660)
Non-cash financing activities –				
Offsetting	-	(212,493,889)	-	(212,493,889)
Accrual of interest	-	312,118,090	42,461,447	354,579,537
Balance as of December 31, 2025	**450,000,000**	**6,868,746,500**	**5,061,000**	**7,323,807,500**
Balance as at January 1, 2024	850,000,000	6,515,240,711	11,939,667	7,377,180,378
Cash flows from financing activities:				
Repayment of loans and borrowings	(200,000,000)	(67,540,947)	(69,072,625)	(336,613,572)
Non-cash financing activities –				
Accrual of interest	-	405,541,070	65,748,636	471,289,706
Balance as of December 31, 2024	650,000,000	6,853,240,834	8,615,678	7,511,856,512
Balance as at January 1, 2023	1,000,000,000	6,232,956,930	10,948,000	7,243,904,930
Cash flows from financing activities:				
Repayment of loans and borrowings	(150,000,000)	(88,054,590)	(79,388,749)	(317,443,339)
Additional loans and borrowings	-	5,759	-	5,759
Non-cash financing activities –				
Accrual of interest	-	370,332,612	80,380,416	450,713,028
Balance as of December 31, 2023	850,000,000	6,515,240,711	11,939,667	7,377,180,378

33. SUPPLEMENTAL INFORMATION ON NON-CASH INVESTING ACTIVITIES

In 2025, the Company sold certain investment property with a carrying amount of P4.3 million. The Company recognized a gain of P68.0 million, which was presented as part of Gain on asset disposal under Other Income in the 2025 statement of comprehensive income. The P72.2 million proceeds from the sale is still receivable as of December 31, 2025 and is presented as part of Others under Trade and Other Receivables in the 2025 statement of financial position (see Notes 6 and 12). There were no similar transactions in 2024 and 2023.

In 2023, additional right-of-use assets amounting to P42.7 million was recognized (see Note 11). No lease liabilities were recognized since the Company has been granted with lease credits amounting to P106.1 million, which was presented as part of Other Income in the 2023 statement of comprehensive income (see Notes 20 and 24). The outstanding balance of lease credits amounting to P63.4 million is presented as part of Prepayments and Other Current Assets in the 2023 statement of financial position.

34. SUPLEMENTARY INFORMATION REQUIRED BY THE BIR

Presented below and in the succeeding page are the supplementary information on taxes, duties and license fees paid or accrued during the taxable year 2025 which is required under Revenue Regulation No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

(a) Output VAT

In 2025, the Company declared output VAT as follows:

(Amounts in PHP)	**Tax Base**	**Output VAT**
Sale of Real Estate Property		
Vatable sales	1,768,960,540	212,275,265
Exempt sales	567,015,643	-
	2,335,976,183	212,275,265
Rendering of Services		
Rental Income		
Vatable sales	123,405,402	14,808,648
Commission income	5,946,021	713,523
Management fee	32,156,417	3,858,770
	161,507,840	19,380,941
Other Operating Income		
Other Income	448,607,365	53,832,884
Interest Income	37,646,089	4,517,531
	486,253,454	58,350,415
	2,983,737,477	**290,006,621**

The Company's exempt sales were determined pursuant to Section 109, *VAT Exempt Transactions*, of the 1997 National Internal Revenue Code.

The output VAT is set-off against input VAT.

(b) Input VAT

The movements in input VAT in 2025 are summarized below.

(Amounts in PHP)	
Balance at beginning of year	-
Services lodged under other accounts	252,825,749
Goods other than for resale or manufacture	26,112,321
Allocated to exempt sales	(17,189,931)
Capital goods not subject to amortization	1,787,514
Applied against output VAT	(263,535,653)
Balance at end of year	**-**

(c) *Taxes on Importation*

The Company did not have any importations in 2025.

(d) *Excise Tax*

The Company did not have any transactions in 2025 which are subject to excise tax.

(e) *Documentary Stamp Tax (DST)*

The Company did not have any transactions in 2025 which are subject to DST.

(f) *Taxes and Licenses*

The details of Taxes and Licenses in 2025 account are broken down as follows:

(Amounts in PHP)	
Real estate taxes	96,177,448
Deficiency taxes	22,010,557
Business tax	17,801,423
Others	346,828
	136,336,256

Taxes and Licenses account is presented under Costs and Expenses section of the 2025 statement of comprehensive income.

(g) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2025 are shown below.

(Amounts in PHP)	
Expanded	77,876,226
Compensation and employee benefits	45,733,758
Final	-
	123,609,984

(h) *Deficiency Tax Assessments and Tax Cases*

In 2025, the Company paid deficiency taxes for the taxable years 2023 amounting to P22.0 million and is presented as part of Taxes and Licenses account under Costs and Expenses section of the 2025 statement of comprehensive income.

As of December 31, 2025, the Company does not have any other final deficiency tax assessments with the BIR, nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors and Stockholders
Empire East Land Holdings, Inc.
(A Subsidiary of Megaworld Corporation)
2nd Floor, The Paddington Place
632 Shaw Boulevard, Barangay Highway Hills
Mandaluyong City, 1552 Metro Manila

We have audited, in accordance with Philippine Standards of Auditing, the financial statements of Empire East Land Holdings, Inc. (the Company), for the year ended December 31, 2025, on which we have rendered our report dated February 23, 2026. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following applicable supplementary information is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards:

a. Reconciliation of Retained Earnings Available for Dividend Declaration; and,

b. Map Showing the Relationship between and among the Company and its Related Entities.

Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Edcel U. Costales**
Partner

CPA Reg. No. 0134633
TIN 274-543-395
PTR No. 10770757, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 134633-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-045-2025 (until November 11, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-017 (until August 12, 2027)

February 23, 2026

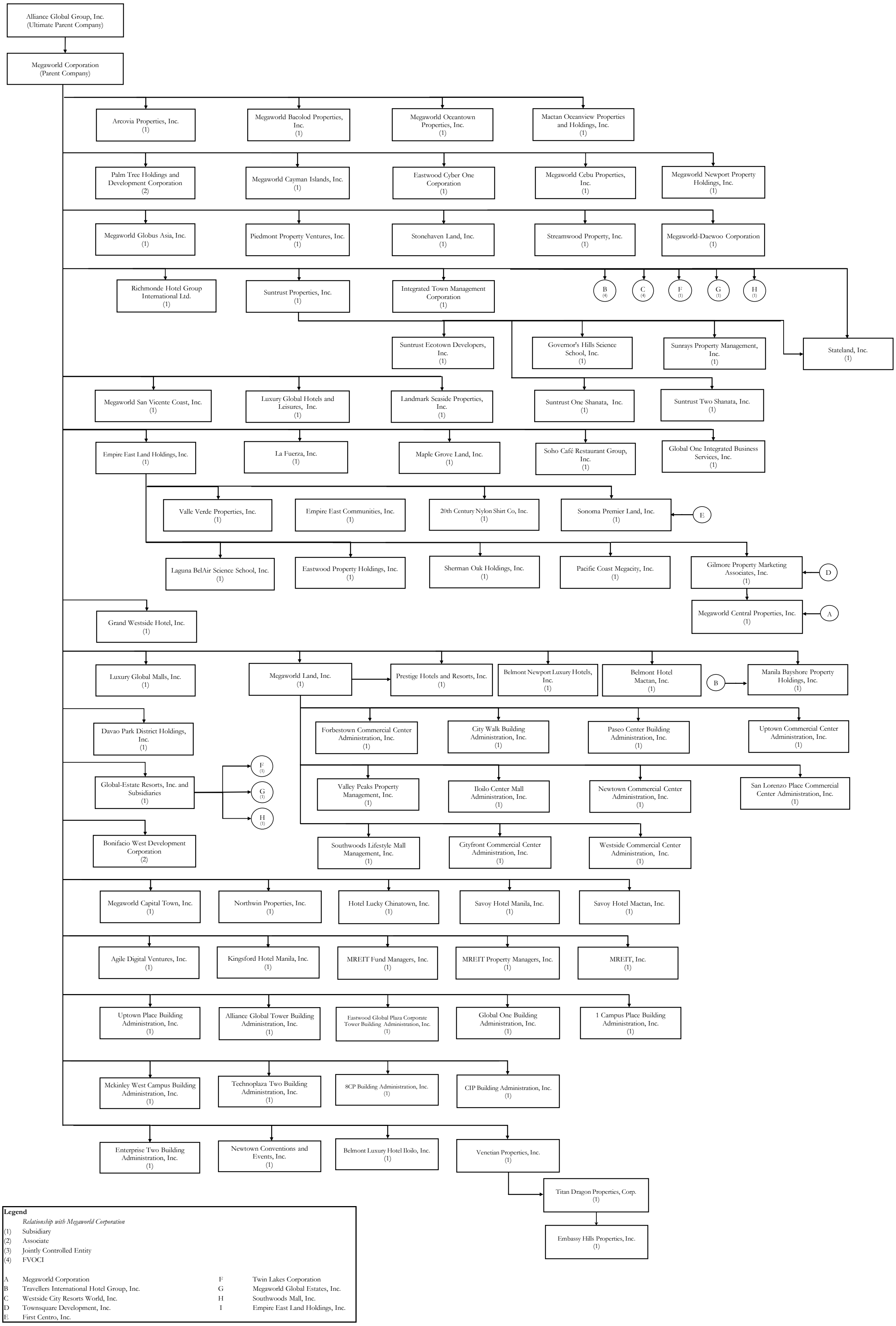
EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
2nd Floor, The Paddington Place 632 Shaw Boulevard, Barangay Highway Hills Mandaluyong City, 1552 Metro Manila
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2025

Unappropriated Retained Earnings at Beginning of Year		P	8,965,360,681
Add: Category A: **Items that are directly credited to Unappropriated Retained Earnings**			
Reversal of Retained Earning Appropriation/s	P -		
Effect of restatements or prior-period adjustments	-		
Others	-		-
Less: Category B: **Items that are directly debited to Unappropriated Retained Earnings**			
Dividend declaration during the reporting period	-		
Retained Earnings appropriated during the reporting period	-		
Effect of restatements or prior-period adjustments	-		
Others	-		-
Unappropriated Retained Earnings at Beginning of Year, as adjusted			8,965,360,681
Add/Less: Net Income (Loss) for the Current Year			799,105,804
Less: Category C.1: **Unrealized income recognized in the profit or loss during the reporting period (net of tax)**			
Equity in net income of associate/joint venture, net of dividends declared	-		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-		
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-		
Unrealized fair value gain of investment property	-		
Other unrealized gains or adjustments to the retained earnings as result of certain transactions accounted for under the PFRS	-		
Sub-total			-
Add: Category C.2: **Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)**			
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-		
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	-		
Realized fair value gain of investment property	-		
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-		
Sub-total			-
Add: Category C.3: **Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)**			
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-		
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instrument at FVTPL	-		
Reversal of previously recorded fair value gain of investment property	-		
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-		
Sub-total			-
Balance carried forward			
Adjusted Net Income/Loss		P	799,105,804

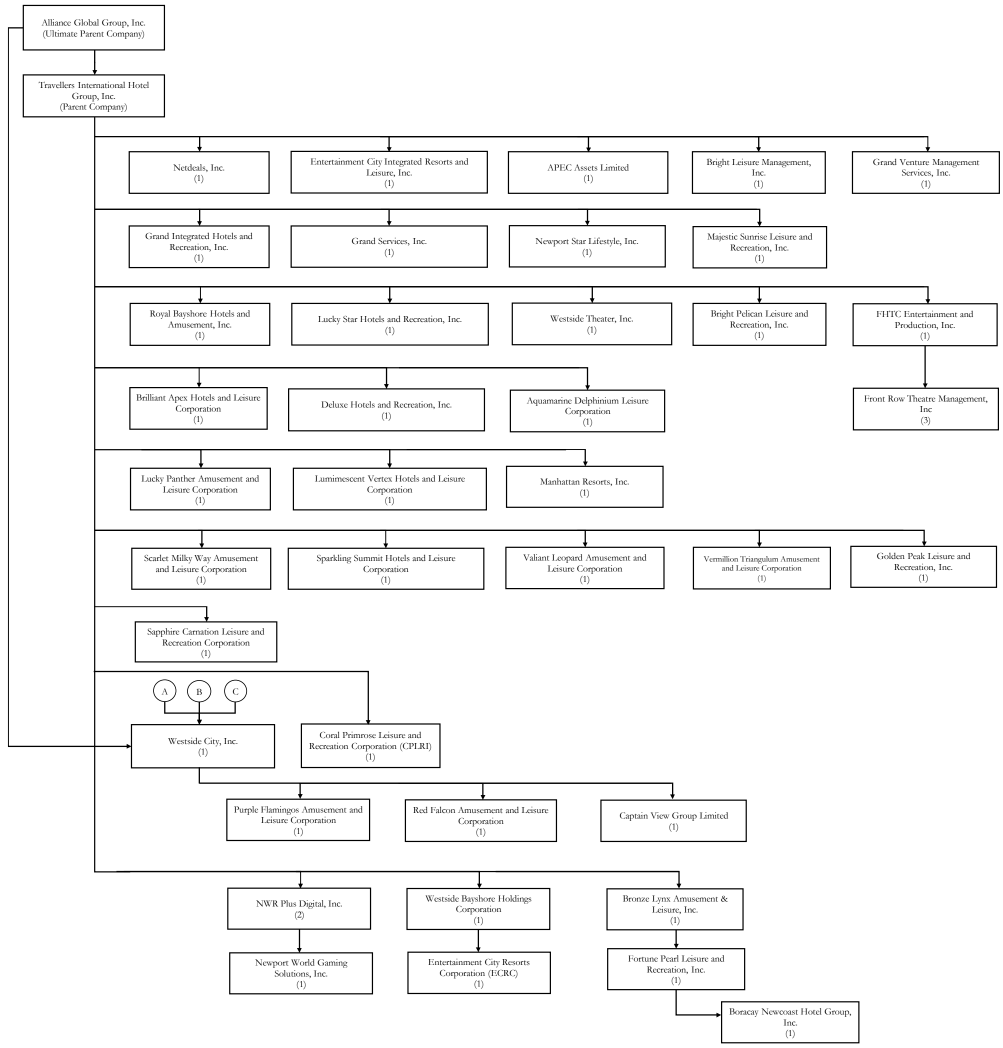
Balance brought forward

Adjusted Net Income/Loss		P	799,105,804
Add: Category D: Non-actual lossess recognized in profit or loss during the reporting period (net of tax)			
Depreciation on revaluation increment (after tax)	P -		
Sub-total			-
Add/ Less: Category E: Adjustments related to relief granted by the SEC and BSP			
Amortization of the effect of reporting relief	-		
Total amount of reporting relief granted during the year	-		
Others	-		
Sub-total			-
Add/ Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution			
Net movement of treasury shares (except for reacquisition of redeemable shares)	-		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(62,745,503)		
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right-of-use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	(4,628,510)		
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-		
Others	-		
Sub-total			(67,374,013)
Unappropriated Retained Earnings Available for Dividend Distribution at End of Year		**P**	**9,697,092,472**

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Megaworld Corporation Group
December 31, 2025



ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Travellers Group
December 31, 2025



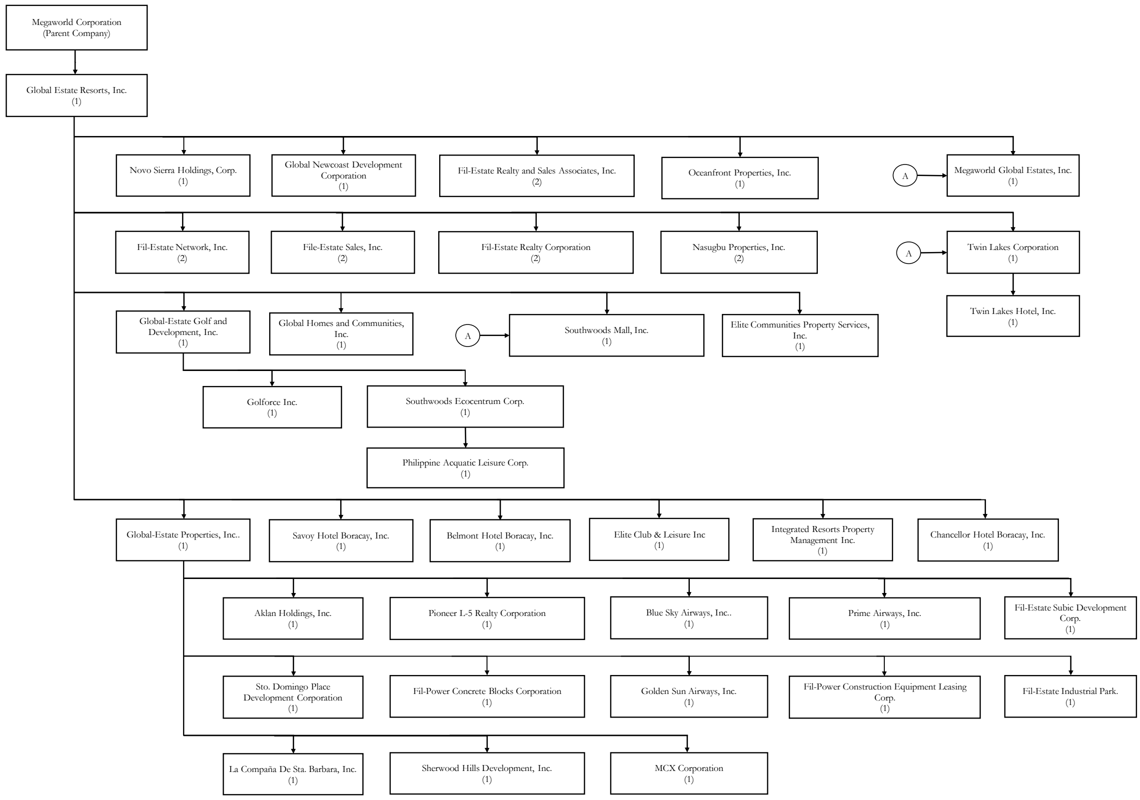
Legend

Relationship with Travellers International Hotel Group, Inc.

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between and
Among Megaworld and Global Estate Resorts Inc. Group
December 31, 2025

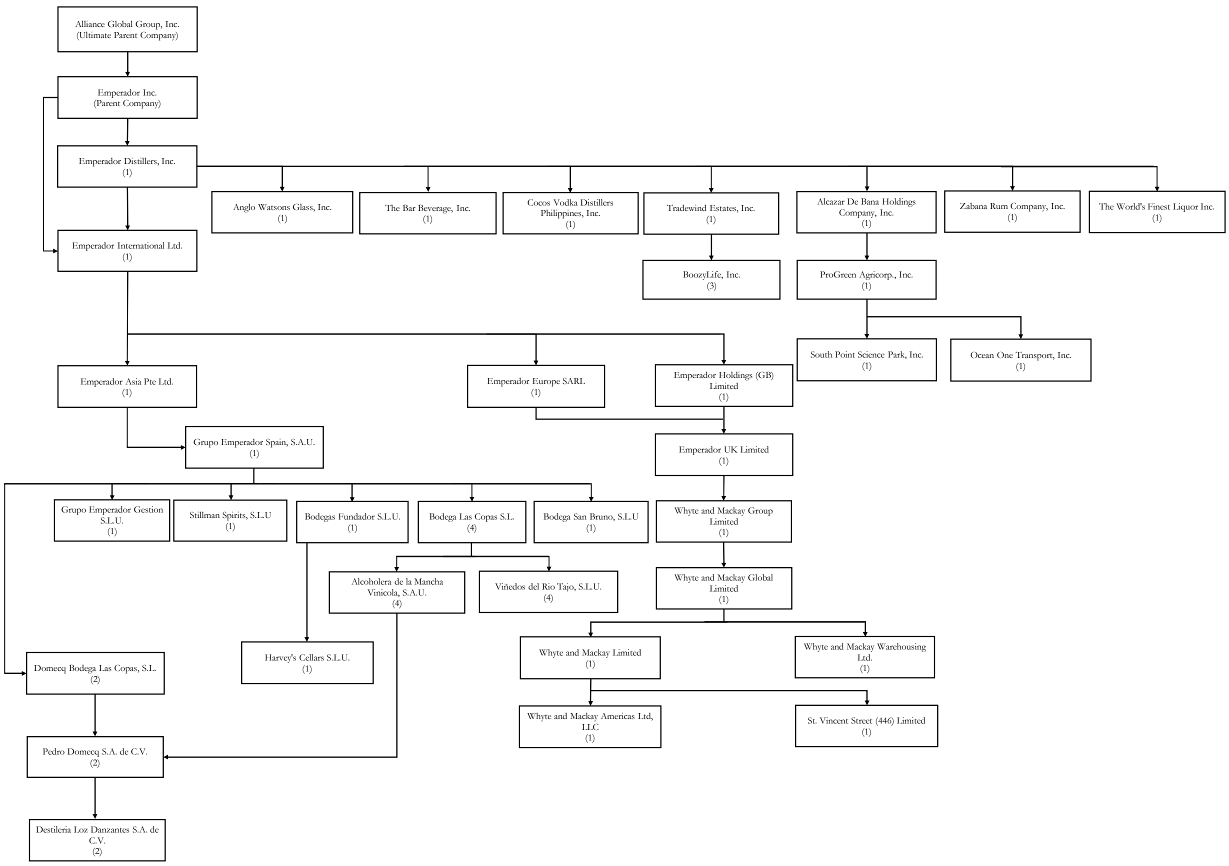


Legend

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity
(4) FVOCI

A	Megaworld Corporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.
S	Empire East Land Holdings, Inc.	T	Suntrust Home Developers, Inc.

ALLIANCE GLOBAL GROUP, INC. AND SUBSIDIARIES
Map Showing the Relationship Between Alliance Global Group, Inc.
and Emperador Group
December 31, 2025



Legend
Relationship with Emperador Inc.
(1) Subsidiary (100%)
(2) Subsidiary (50%)
(3) Subsidiary (87%)
(4) Jointly Controlled Entity

Exhibit 2

Sustainability Report for 2025

2025
Sustainability Report

SEC Form 17-A Annex A

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Contextual Information

Name of Organization	**Empire East Land Holdings, Inc.**
Location of Headquarters	2nd Floor, The Paddington Place, 632 Shaw Boulevard, Barangay Highway Hills, Mandaluyong City, 1552 Metro Manila
Location of Operations	Empire East Land Holdings, Inc ("EELHI", "The Company") operates in the Philippines, with key development in Metro Manila, Rizal, and Laguna.
Report Boundary *Legal Entities (e.g. Subsidiaries) included in this Report*	Empire East Land Holdings, Inc. (EELHI, Empire East, or the Company)
Business Model, including Primary Activities, Brands, Products, and Services	The Company specializes in transport-oriented, township, and resort-type developments, as well as the marketing of residential communities and condominiums, primarily serving the middle-income market segment.
Reporting Period	January 1, 2025 - December 31, 2025
Highest Ranking Person responsible for this report	**Atty. Celeste Z. Sioson-Bumatay** Compliance Officer, Assistant Corporate Secretary and First VP for Credit & Collection

Sustainability Strategy

EELHI embeds sustainability across the organization through three interconnected pillars: People, Planet, and Prosperity. These pillars guide how the Company designs communities, manages its operations, and creates long-term value for the people it serves.

Grounded in the sustainability direction of its parent company, the framework strengthens governance and strategic alignment while allowing EELHI to respond to the evolving needs of homeowners, employees, partners, investors, and host communities. By linking sustainability priorities with everyday decision-making, the pillars provide a clear and practical foundation for responsible growth and resilient communities.

Pillar 1: People

Building Communities where People Thrive

Strong communities begin with people. Under the People pillar, EELHI focuses on fostering a supportive workplace, delivering a positive customer experience, and strengthening relationships with partners and local communities.

By promoting respect, accountability, and open engagement, the Company cultivates trust across its stakeholder groups. This pillar ensures that developments are not only well-built structures, but environments that enhance everyday living and contribute meaningfully to those who live and work within them.

- Employee Wellness and Empowerment
- Community Transformation
- Customer Care

Pillar 2: Planet

Designing Responsibly for Future Generations

EELHI recognizes that community well-being is closely tied to environmental responsibility. Through the Planet pillar, sustainability considerations are integrated into planning, construction, and property management.

By improving resource efficiency, managing environmental impacts, and refining design standards, the Company supports safer, more resilient developments. These efforts help ensure that projects remain viable, comfortable, and environmentally responsible over time.

- Climate Action
- Resource Efficiency
- Sustainable Building Operations

Pillar 3: Prosperity

Sustaining Growth That Benefits Communities

Long-term value depends on sound governance and disciplined performance. The Prosperity pillar reflects EELHI's commitment to ethical business practices, risk management, and financial stability.

Through responsible leadership and transparent operations, the Company builds investor confidence while creating economic opportunities for employees, partners, and the communities it serves. Sustainable growth, in this context, is growth that is managed prudently and built to endure.

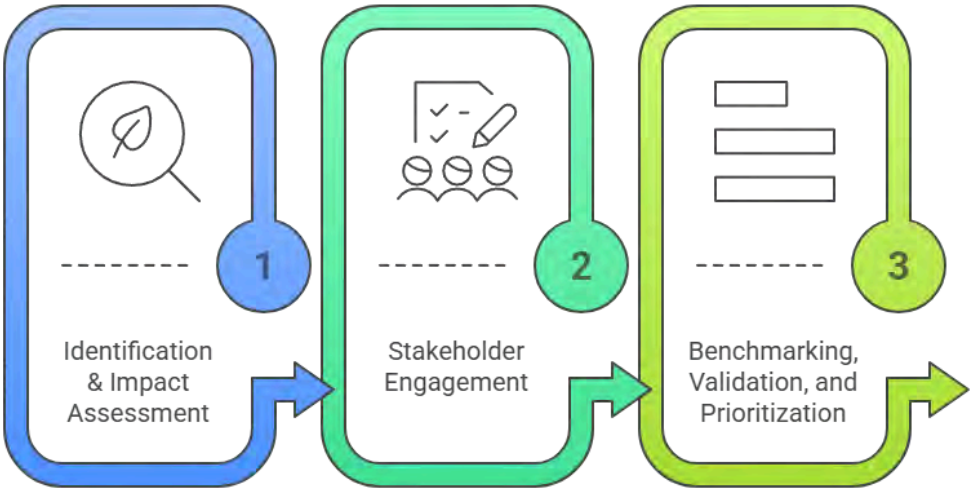
- Impactful Growth
- Good Governance

Materiality Process

Materiality defines the sustainability matters that most influence EELHI's ability to create value for homeowners, support thriving communities, and deliver long-term returns to investors. As a transit-oriented development company, these priorities guide how the Company plans and builds communities that improve accessibility, enhance quality of life, and contribute to more connected urban environments—supporting its vision of shaping tomorrow's communities.

EELHI regularly reviews and refines its material topics to reflect evolving business conditions, regulatory developments, and stakeholder expectations. Through this process, the Company ensures that its sustainability initiatives remain focused on the issues that matter most to residents, employees, partners, investors, and host communities, while strengthening the alignment between sustainability priorities and business strategy.

The materiality process follows three key steps:



- **Identification & Impact Assessment:** Previously identified material topics were reviewed to confirm their continued relevance in light of changes in business priorities, operating conditions, and the sustainability landscape, consistent with the principles of the GRI Standards.

- **Stakeholder Engagement:** Insights from ongoing engagement with customers, employees, investors, partners, and regulators were considered in validating each topic's relevance. The Company ensured that its priorities remain responsive to stakeholder expectations.

- **Benchmarking, Validation, and Prioritization:** The reviewed topics were benchmarked against SASB guidance and relevant industry peers to ensure alignment with sector standards and evolving best practices. The refined topics were then reviewed by Management and endorsed by the Board, and prioritized to guide sustainability focus areas, resource allocation, and disclosures.

Unified Impact: An ESG Blueprint

The Company's material topics are operationalized through an integrated ESG Blueprint that connects governance, operations, and performance across the People, Planet, and Prosperity pillars.

Rather than managing sustainability issues in isolation, EELHI aligns workforce initiatives, environmental programs, customer-focused improvements, ethical standards, and risk oversight within a coordinated framework. This approach ensures that actions taken under one pillar reinforce progress across the others.

The ESG Blueprint translates priorities into policies, programs, controls, and measurable outcomes. It strengthens accountability, promotes consistency across business units, and embeds sustainability into everyday decision-making.

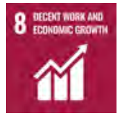
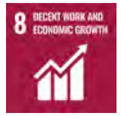
By integrating impact management with strategic oversight, EELHI advances balanced value creation that supports people, protects resources, and sustains long-term growth.

PEOPLE	PLANET	PROSPERITY
Employee Wellness and Empowerment • Diversity and Equal Opportunity • Labor Management and Human Rights • Employee Training and Education • Workforce Health and Safety **Community Transformation** • Community Impacts of Development **Customer Care** • Customer Satisfaction	**Climate Action** • GHG Emissions • Climate Change **Resource Efficiency** • Water • Waste Management • Energy • Material Consumption **Sustainable Building Operations** • Continued Development of Design Standards	**Impactful Growth** • Economic Performance **Good Governance** • Risk Management • Business Ethics and Integrity • Anti-Corruption • Procurement Practices • Supplier Management
		

United Nations Sustainable Development Goals

EELHI's initiatives are deeply rooted in its commitment to contribute to sustainable development in line with the United Nations Sustainable Development Goals (SDGs). By focusing on employee wellness, human rights, community development, and sustainability, it aims to create positive and lasting impacts on society and the environment. Through programs that promote training, safety, and well-being, it empowers its employees while upholding ethical business practices. Additionally, its sustainable design standards and resource efficiency efforts support environmental stewardship to ensure a balance between growth and sustainability with the UN SDGs, driving progress in these key areas:

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
Employee Wellness and Empowerment					
Diversity and Equal Opportunity: Empire East promotes an inclusive workplace by applying non-discriminatory hiring and advancement practices and fostering equal access to opportunities across roles and levels.	**GRI 401:** Employment **GRI 405:** Diversity and Equal Opportunity	• Inclusive and merit-based hiring across roles and levels • Equal access to career advancement and professional development	• Longer recruitment cycles due to broader candidate evaluation	• Optimize recruitment processes while maintaining inclusive hiring standards • Strengthen inclusive workplace policies and diversity programs	
Labor Management and Human Rights: Empire East safeguards lawful and ethical employment by preventing child and forced labor, strengthening labor-management relations, and extending labor expectations to suppliers and contractors.	**GRI 402:** Labor/Management Relations **GRI 408**: Child Labor **GRI 409**: Forced or Compulsory Labor	• Protection of worker rights across operations • Fair and lawful employment practices • Responsible labor standards for contractors and suppliers • Reduced risk of labor exploitation across the value chain	• Risk of labor law or regulatory non-compliance • Labor rights violations within the contractor or supplier network • Workplace disputes or reputational risks	• Regular labor compliance monitoring and audits • Clear labor and human rights requirements in contracts • Accessible worker grievance and feedback mechanisms • Timely corrective actions for identified issues	

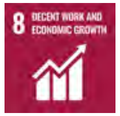
Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
Employee Training and Education Empire East builds workforce capability through structured learning, role-based upskilling, and development pathways that support performance, retention, and long-term organizational resilience.	**GRI 404:** Training and Education	• Strengthened workforce skills and capabilities • Improved operational and service performance • Clearer career development and internal mobility pathways • Higher employee retention and engagement	• Increased training costs and time investment • Skills gaps if training programs are misaligned with role needs • Lower engagement if career pathways are unclear	• Role-based training needs assessments • Post-training evaluations and feedback mechanisms • Individual development plans and mentoring support • Monitoring of training outcomes and career mobility	
Workforce Health and Safety Empire East maintains safe work environments by preventing incidents, managing site risks, and strengthening a culture of safety across employees, contractors, and project locations.	**GRI 403:** Occupational Health and Safety	• Reduced workplace injuries and incidents • Safer project sites and operational environments • Stronger safety culture among employees and contractors • Improved contractor safety compliance	• Work disruptions from safety incidents • Project delays due to safety non-compliance findings • Inconsistent safety practices across project sites	• Mandatory safety orientations and toolbox meetings • Routine site inspections and corrective actions • Incident reporting and root-cause analysis • Contractor safety monitoring and alignment	
Community Transformation					
Community Impact of Developments Empire East advances responsible development by minimizing construction disruption, engaging stakeholders early, and supporting community	**GRI 413:** Local Communities	• Development of residential communities that support urban growth and local economic activity • Improved access to housing,	• Temporary construction impacts such as noise, dust, traffic, and access disruptions • Concerns from nearby communities	• Early stakeholder consultation with local communities and authorities • Implementation of construction management and environmental	

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
priorities across the project lifecycle.		infrastructure, and community amenities • Engagement with local stakeholders during project planning and development • Job creation and business opportunities during construction and development phases	regarding project scale or environmental effects • Increased demand on local infrastructure and public services	mitigation measures • Coordination with local government on traffic management and community advisories • Grievance mechanisms to receive and address community concerns	
Customer Care					
Customer Satisfaction Empire East strengthens customer trust by improving transparency, service quality, and data protection across customer touchpoints—from inquiry to turnover and after-sales.	**GRI 418:** Customer Privacy	• Delivery of quality housing that meets customer needs and expectations • Transparent communication on project timelines, documentation, and turnover processes • Provision of after-sales support and customer assistance channels • Protection of customer data and personal information	• Customer dissatisfaction due to project delays or turnover issues • Service gaps affecting responsiveness to customer concerns • Risks related to data privacy or handling of customer information	• Monitoring of project progress and communication of updates to buyers • Customer service channels for inquiries, feedback, and complaints • Continuous improvement of service processes and response times • Data privacy policies and information security controls	

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
Climate Action					
GHG Emissions Empire East manages emissions by tracking key sources and implementing practical efficiency and greening measures that support lower-carbon property operations.	**GRI 305:** Emissions	• Reduced operational emissions through efficiency improvements • Greener property operations and facility management • Practical decarbonization initiatives across developments • Increased climate awareness among employees and stakeholders	• Higher upfront costs for energy efficiency upgrades • Limited participation affecting program impact	• Phased implementation with budget prioritization • Assigned accountability for property sustainability initiatives • Monitoring of emissions and efficiency programs • Partnerships to support greening and decarbonization initiatives	
Climate Change Empire East strengthens climate resilience by integrating climate considerations into planning and adopting practical design and operational measures for extreme weather and resource risks.		• More climate-resilient developments and infrastructure • Improved long-term habitability of communities • Reduced exposure of projects and residents to climate risks • Support for sustainable and resilient urban growth	• Higher costs for climate-resilient upgrades • Longer planning and design timelines	• Integration of climate risk considerations in project planning • Long-term cost–benefit evaluation of resilience upgrades • Phased implementation aligned with the project pipeline • Alignment with regulatory and industry climate standards	

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
Resource Efficiency					
Water Empire East promotes water security by maintaining water systems, monitoring quality, and encouraging efficient water use across properties and operations.	**GRI 303:** Water and Effluents	• Reliable water supply for occupants and communities • Improved water quality management across properties • Reduced water wastage through efficiency measures • Stronger operational continuity of water systems	• Service disruptions from infrastructure failures • Water loss if leaks are not promptly addressed	• Preventive maintenance of water systems • Regular water quality monitoring and testing • Leak detection and timely repairs • Water conservation guidance for occupants	
Waste Management Empire East reduces waste impacts by strengthening segregation, responsible hauling, and awareness programs that minimize landfill dependence and environmental risks.	**GRI 306:** Waste	• Reduced pollution through proper waste management • Improved resource efficiency through waste segregation • Cleaner and healthier shared spaces • Lower landfill waste contribution	• Environmental risks from improper waste segregation • Waste handling lapses by vendors or contractors • Increased landfill use if compliance declines	• Clear waste handling guidelines and vendor requirements • Routine compliance checks and corrective actions • Awareness programs for occupants and site teams • Monitoring and documentation of waste practices	
Energy Empire East Improves energy performance by promoting conservation initiatives and adopting efficiency measures that reduce operating costs and environmental impact.	**GRI 302**: Energy	• Lower energy consumption through efficiency measures • Reduced operational carbon footprint • Greater awareness of energy	• Low participation in energy conservation programs • Inconsistent implementation across properties	• Targeted engagement and incentive programs • Monitoring of energy initiatives across properties • Integration of energy-saving	 

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
		conservation among occupants and employees • Improved energy performance across properties		practices into operations • Periodic review to improve program adoption	13 CLIMATE ACTION
Material Consumption Empire East strengthens resource efficiency by improving procurement planning and encouraging responsible material selection that supports durability and reduces waste.	**GRI 301:** Materials	• More efficient material use that reduces operational waste • Improved lifecycle value through durable and fit-for-purpose materials • Better supply continuity through planned sourcing approaches • Encourages responsible consumption in the value chain	• Higher costs for sustainable or higher-quality inputs • Material scarcity or supply delays affecting project timelines	• Strategic sourcing and supplier partnerships • Long-term procurement planning with alternates for critical materials • Material efficiency review during design and planning stages • Supplier performance monitoring (quality, timeliness, compliance)	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Sustainable Building Operations					
Continued Development of Design Standards Empire East enhances design practices by integrating efficiency, green building considerations, and climate responsiveness to meet evolving standards and community needs.		• More efficient use of construction materials • Reduced waste through responsible sourcing • Improved durability of building materials • More reliable supply of key materials	• Higher costs for sustainable materials • Supply shortages affecting project timelines	• Strategic sourcing and supplier partnerships • Long-term procurement planning for key materials • Material efficiency reviews during design • Supplier performance monitoring	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
Impactful Growth					
Economic Performance Sustains business viability through disciplined planning and performance management that supports investment, jobs, and long-term value creation.	**GRI 201:** Economic Performance	• Financial stability supporting long-term growth • Contribution to economic activity and employment • Responsible capital allocation and planning	• Exposure to financial risks and market volatility • Economic downturn affecting project delivery	• Strengthened financial resilience strategies • Scenario planning and forecasting • Disciplined capital management	
Good Governance					
Risk Management Empire East strengthens resilience through structured risk identification, mitigation planning, and crisis preparedness to manage operational and market uncertainties.		• Stronger organizational resilience • Reduced operational disruptions • Improved governance and accountability • Better crisis preparedness	• Market fluctuations impacting returns • Operational disruptions during crises	• Proactive risk identification and mitigation • Strengthened crisis response protocols • Continuous review of risk governance	

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
Business Ethics and Integrity Empire East reinforces ethical conduct and regulatory compliance by promoting accountable decision-making and fair competition across business activities.	**GRI 206:** Anti-competitive Behavior	• Strengthens trust through ethical conduct • Promotes fair competition and compliance • Improves governance and accountability • Reduces integrity risks in business dealings	• Regulatory exposure from compliance breaches • Reputational damage from unethical conduct • Inconsistent policy enforcement	• Regular compliance audits and checks • Policy reinforcement and employee training • Monitoring mechanisms and leadership oversight • Clear investigation and escalation procedures	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Anti-Corruption Empire East prevents bribery and unethical conduct by building awareness, strengthening controls, and enabling safe reporting to protect stakeholder trust.	**GRI 205:** Anti-corruption	• Protects integrity of transactions and decisions • Strengthens stakeholder trust and confidence • Promotes ethical culture across employees and partners • Reduces corruption risks in operations	• Misconduct if controls are bypassed • Underreporting due to fear of retaliation	• Ethics and anti-corruption awareness programs • Confidential reporting and whistleblower protection • Investigation procedures and disciplinary actions • Periodic control reviews and leadership oversight	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 10 REDUCED INEQUALITIES
Procurement Practices Empire East improves procurement integrity by applying transparent supplier selection and integrating ESG considerations to support responsible, reliable sourcing.	**GRI 204:** Procurement Practices **GRI 2-27:** Environmental Standards Compliance	• Stronger supply chain accountability • ESG-aware procurement decisions • Improved vendor quality and compliance • Reduced sustainability risks	• Smaller supplier pool due to ESG screening • Procurement delays if vendors lack compliance	• Supplier due diligence and screening • Clear ESG expectations in contracts • Vendor performance monitoring • Periodic supplier reassessment	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Material Topic and Description	Relevant GRI Indicators	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact	SDGs
		in sourcing			
Supplier Management Empire East strengthens supplier accountability by assessing environmental and social practices and setting expectations on labor, ethics, and responsible operations.	**GRI 308:** Supplier Environmental Assessment **GRI 414:** Supplier Social Assessment	• Promotes responsible practices among suppliers • Reduces labor and environmental risks in the value chain • Strengthens transparency in procurement • Supports long-term supplier partnerships	• Supplier non-compliance with ESG requirements • Increased costs or delays from supplier upgrades • Risk of hidden issues if assessments are limited	• Supplier evaluation and accreditation processes • ESG requirements embedded in contracts • Corrective action plans for non-compliance • Ongoing supplier engagement and reassessment	

ECONOMIC

Economic Performance

EELHI continues to safeguard the Company's long-term operations while generating sustainable returns for shareholders and broader value for stakeholders. The Company maintains an optimal capital structure designed to manage financing costs while supporting stable business growth. Operational efficiency is strengthened through continuous process improvements that reduce redundancies and eliminate non-value-adding activities across business units.

Direct Economic Value Generated and Distributed

Disclosure (in millions)	Unit	2022	2023	2024	2025
Direct Economic Value Generated (Revenue)	Php	4,707	5,203	4,951	5,397
Direct Economic Value Distributed:					
a. Operating Costs	Php	7,073	6,119	4,249	4,113
b. Employee Wages and Benefits	Php	398	431	468	494
c. Dividends given to Stockholders and Interest Payments to Loan Providers	Php	47	79	69	46
d. Taxes given to Government	Php	333	306	304	342
e. Investments to Community (e.g. Donations, CSR)	Php	0.11	0.76	0.38	0.06

In 2025, EELHI's revenue increased to PHP 5,397 million, generating PHP 446 million more in direct economic value than the revenue PHP 4,951 recorded in 2024. While revenue experienced a slight dip in 2024 compared with PHP 5,203 million in 2023, the Company sustained overall growth momentum from 2022. This performance reflects EELHI's strengthened operational management and disciplined capital planning amid evolving market conditions.

During the year, the Company continued to allocate economic value across key stakeholders through operating expenditures, employee compensation, shareholder returns, taxes, and community investments. Operating costs amounted to PHP 4,113 million in 2025, supporting construction activities, supplier payments, and operational services across development projects. Employee wages and benefits reached PHP 494 million, reflecting the Company's continued investment in its workforce.

EELHI also generated value for investors through interest payments to loan providers totaling PHP 46 million, while contributing PHP 342 million in taxes to national and local governments. These contributions support public infrastructure and services that enable economic activity in the communities where the Company operates. In addition, the Company continues to invest in communities through various social initiatives and development programs.

Our Management Approach

Financial Resilience for Sustainable Growth

Empire East utilizes a multi-strategic financial management to address economic shifts while prioritizing long-term value. Its financial resilience management approach enables it to navigate market fluctuations and emerging trends. It integrates a sustainability-focused management strategy that allocates its resources to sustainable investments, through the SustainAGIlity Framework. The Company maintains stakeholder commitment of investing in competitive wages and community development, empowering its staff while building resilient internal and external communities. It implements an operational balance strategy that weighs growth initiatives against efficiency measures for sustainable and long-term expansion while enhancing its financial performance.

Climate-Related Risks and Opportunities

Empire East recognizes that climate change may influence the long-term resilience of its developments, project execution, and operational performance. As a property developer, the Company considers climate-related factors in its planning and risk management processes to help safeguard assets, maintain operational continuity, and support sustainable community development.

In line with the Task Force on Climate-related Financial Disclosures (TCFD) framework, Empire East evaluates climate-related considerations across four pillars—Governance, Strategy, Risk Management, and Metrics and Targets. This approach helps the Company identify potential financial exposures from physical hazards, regulatory developments, and market conditions that may affect property development and operations.

TCFD Pillar	Disclosure
Governance	**Board Oversight:** The Board of Directors provides oversight of sustainability and climate-related considerations as part of its strategic and risk governance responsibilities. Through the Corporate Governance and Audit Committees, the Board monitors compliance, operational risks, and sustainability initiatives that may affect the Company's developments and operations. **Senior Management Role:** Senior management implements sustainability and resilience initiatives through operational programs and project-level planning. Functions such as Property Development, Administration, Audit, and Management Information Systems (MIS) support initiatives including energy efficiency, responsible resource management, and compliance monitoring. Relevant sustainability indicators are periodically reported to the Board.

TCFD Pillar	Disclosure
Strategy	Empire East evaluates climate-related risks and opportunities that may affect its developments, project timelines, and long-term asset performance. These considerations inform project planning and operational decisions across the Company's development portfolio. ● **Physical Risks:** Extreme weather events such as typhoons, storms, and earthquakes may disrupt construction activities, affect project schedules, or increase maintenance requirements for property assets. ● **Transition Risks:** Evolving environmental regulations and sustainability standards may introduce additional compliance requirements and influence building practices and operational processes. ● **Market Factors:** Changes in interest rates, construction material prices, and supply chain conditions may affect development costs and project feasibility. ● **Opportunities:** Integrating resilience and efficiency considerations into project planning may support more durable developments, improved operational performance, and sustained asset value.
Risk Management	Climate-related risks are managed through the Company's broader risk management and operational planning processes, which include: ● Monitoring regulatory developments and environmental compliance requirements ● Assessing exposure to physical risks that may affect project sites and operations ● Integrating resilience considerations into development planning and construction activities ● Maintaining business continuity and operational preparedness measures
Metrics and Targets	While the Company does not yet maintain dedicated climate-related financial metrics, it monitors indicators that may reflect potential exposure, including: ● Costs associated with property damage or operational disruptions ● Potential penalties related to regulatory non-compliance ● Changes in operating costs linked to energy use, inflation, or regulatory developments Empire East continues to strengthen its sustainability monitoring practices by integrating environmental and resilience indicators into project planning and operational oversight.

Procurement Practices

Proportion of Spending on Local Suppliers

EELHI upholds ethical procurement practices by engaging responsibly with its vendors under its Supply and Procurement Policy. The Company recognizes that transparent and equitable procurement processes help distribute economic value across the supply chain while creating opportunities for suppliers and communities that support its operations. By prioritizing vendors that comply with government regulations, environmental standards, and fair labor practices, EELHI seeks to contribute to responsible business conduct while minimizing potential economic, environmental, and social risks within its supply chain.

Disclosure	Units	2022	2023	2024	2025
Percentage of Procurement Budget Used for Significant Locations of Operations that is Spent on Local Suppliers	%	100	100	100	100

The Company further supports local economic development by prioritizing local suppliers, with 100% of procurement spending allocated to suppliers located in areas where the Company operates. Through this approach, EELHI helps strengthen local supply chains while supporting community livelihoods and business growth.

Our Management Approach

Responsible Procurement and Supplier Management

Empire East employs a stringent supplier evaluation process to maintain quality, transparency and sustainability. The Company's structured procurement procedures require its suppliers, contractors, and consultants to register and log in through its dedicated Accreditation Portal to optimize supplier selection and management. Suppliers and partners undergo screening and evaluation to verify operational stability, legality and equitability. This includes due diligence in vendor selection and technical assessment of products or services to ensure compliance. Those who fail to comply with the established standards are subject to disqualification.

Adhering to government regulations and prohibiting unethical practices, such as accepting favors or incentives from suppliers, is a cornerstone of Empire East's corporate governance designed to prevent corruption and maintain integrity. Its Code of Business Conduct and Ethics requires employees to decline gifts, entertainment, or personal benefits from vendors to ensure business decisions remain objective and free from conflicts of interest.

Empire East enforces an ethical procurement process that promotes fair and transparent selection, equal opportunity for small, local, and large-scale businesses, fostering positive business relationships with vendors. It extends the policy of fair labor practices, safe working conditions, and inclusion to its vendors.

Anti-Corruption

EELHI reinforces its commitment to integrity by promoting transparency and accountability across its operations and business relationships. The Company recognizes that ethical conduct and responsible business practices help prevent corruption risks that could undermine fair competition, distort market practices, and erode stakeholder trust. Upholding integrity in financial and commercial transactions helps ensure that the Company's activities support a stable and transparent business environment.

Through these principles, EELHI seeks to ensure that transactions remain transparent and that resources are used responsibly. The Company recognizes that strong anti-corruption safeguards strengthen trust among homebuyers, employees, business partners, and investors, while supporting fair market practices. By preventing irregular payments and unnecessary costs, the Company helps ensure that financial resources are directed toward construction quality, operational efficiency, and long-term value creation.

Training on Anti-Corruption Policies and Procedures

Disclosure	Unit	2022	2023	2024	2025
Percentage of Employees to whom the Organization's Anti-Corruption Policies and Procedures have been Communicated To	%	100	100	100	100
Percentage of Directors and Management that have Received Anti-Corruption Training	%	100	100	100	100
Percentage of Employees that have Received Anti-Corruption Training	%	100	100	100	100

Incidents of Corruption

Disclosure	Unit	2022	2023	2024	2025
Number of Incidents in which Directors were Removed or Disciplined for Corruption	#	0	0	0	0
Number of Incidents in which Employees were Dismissed or Disciplined for Corruption	#	0	0	0	0
Number of Incidents when Contracts with Business Partners were Terminated due to Incidents of Corruption	#	0	0	0	0

During the reporting period, 100% of employees and governance body members received communication and training on anti-corruption policies, and no confirmed incidents of corruption were recorded.

Our Management Approach

Anti-Corruption and Ethical Business Practices

To enhance transparency and reduce corruption risks, EELHI has integrated measures to strengthen its internal control systems. These include adopting anti-corruption policies, conducting due diligence and regular training on ethical and anti-corruption for employees to increase awareness of risks and reinforce integrity in its operations. It integrates streamlined procedures to enhance efficiency in securing permits and licenses, ensuring that transactions are conducted in accordance with regulations without resorting to improper, unethical, or illegal practices. The following measures specifically outline the Company's process of mitigating corruption risks.

1. **Submission of Letter 101** – Based on the directive by Dr. Tan, Letter 101 is a mandatory submission for all vendors operating within AGI (Alliance Global

Group, Inc.) companies. This document serves as a compliance form to ensure that suppliers adhere to the specific ethical standards, corporate governance, and integrity policies mandated by the group.

2. **Site Gate Pass** – Empire East employs a Site Gate Pass system as a crucial security and operational management tool designed to monitor, control, and record the movement of personnel, materials, and vehicles entering or leaving a site. It functions as a control mechanism filtering transactions that are authorized, recorded and audited to aid in preventing theft or unauthorized access, and enhance accountability and transparency.

3. **Material Transfer Documentation** – EELHI implements material transfer documentation to track the movement of materials to prevent unauthorized transfers and minimize inventory discrepancies. By maintaining accurate audit trails, the Company strengthens its ability to detect discrepancies or potential fraud.

4. **Vendors' Accreditation and Formal Bidding Process** – An accreditation system for vendors, combined with a formal bidding process, serves as a multi-safeguarding approach against corruption by ensuring that only qualified, ethical, and capable suppliers participate in procurement, while maintaining a fair and equal transactions upholding ethical standards.

5. **No-Gift Policy** – The Company prohibits the solicitation or acceptance of gifts or favors, related to transactions or regulatory processing to avoid conflicts of interest.

6. **Reporting Mechanism** – The Company encourages stakeholders to report any unethical or questionable transactions, reinforcing their commitment to safeguarding against corruption.

7. **Enhanced Monitoring System** – EELHI monitors on-site facilities and its headquarters to ensure compliance and effectiveness of the anti-corruption protocols. To further mitigate risk of corruption, EELHI aims to utilize a risk-based approach to identify high-risk areas or departments that need more frequent monitoring and to establish consistent monitoring practices at all locations.

ENVIRONMENT

Resource Management

Energy Consumption of the Organization

Energy represents a significant component of EELHI's operational requirements, supporting construction activities, property management operations, offices, and showroom facilities. Reliable energy supply is essential to business continuity, resident services, and operational stability. Energy use also carries economic and environmental implications across the Company's developments. Efficient electricity consumption can help reduce utility costs for unit owners and support better cost management across operations, while responsible energy use contributes to lowering environmental impacts associated with electricity consumption. At the same time, certain operational requirements, such as the use of diesel-powered generators during power interruptions or testing activities, may contribute to air emissions and environmental pollution if not properly managed.

Recognizing these impacts, EELHI considers energy efficiency and responsible energy use as important factors in maintaining operational stability while supporting environmental stewardship and long-term value creation for homeowners, communities, and other stakeholders.

Disclosure	Unit	2022	2023	2024	*2025
Gasoline	GJ	10.36	136.40	393.74	228.09
Diesel	GJ	1,109.4	1,161.58	3,014.81	1,617.26
Mobile	GJ	-	-	2,641.73	1,535.33
Stationary	GJ	-	-	373.08	81.93
Electricity	GJ	3,367.88	4,057.88	13,401.92	11,280.06
Non-renewable	GJ	-	-	-	11,265.86
Renewable	GJ	-	-	-	14.20
Total	GJ	4,487.64	5,355.86	16,810.47	13,125.40

**This is the first year the Company has disclosed a more detailed breakdown of energy consumption. In prior years, energy consumption was reported on an aggregated basis.*

In 2025, total energy consumption within the organization decreased by approximately 22% compared to the previous year, reflecting strengthened efficiency measures and moderated operational demand. Electricity consumption decreased by about 16%, while diesel and gasoline usage decreased by roughly 46% and 42%, respectively. The reductions were driven by improved energy management practices, optimization of generator operations, and normalization of energy demand following the elevated consumption levels recorded in 2024 during periods of expanded showroom operations and intensified project activity.

Our Management Approach

Energy Efficiency and Responsible Energy Management

EELHI employs energy management measures that aim to enhance efficiency while reducing environmental impacts across its operations. The Company recognizes that shared responsibility on energy management results in lower energy costs and reduced air pollution. It remains cautious that frequent usage of diesel generators generates exhaust containing toxic air contaminants which contributes to pollution.

The following energy efficiency measures are implemented:

1. **Conversion to energy-efficient fixtures** – Empire East installed LED lighting in common areas, and strictly implemented operating hours of aircon units in machine rooms and admin offices.

2. **Regular maintenance of generator sets** – Engineers include regular no-load and with-load testing of generator sets as part of maintenance activities, while ensuring that the emissions are within the acceptable values. The project sites engage with service providers to partner in maintaining the operation of generator sets.

3. **Training on energy management** – Empire East's Project Management Group provides training to engineers for Pollution Control Officers (PCOs) accreditation in compliance with DENR and other regulatory bodies' requirements. Engineers who completed PCOs must be able to monitor consumption using common area equipment, and to timely document the findings through submission of reportorial requirements to DENR.

4. **Target setting of energy-efficient measures** – Empire East targets to convert at least 50% lighting system to LED and to renew permits to operate for all generator sets across project sites. Through this target setting, sites were able to convert an average of at least 57% of lighting systems to LED in streets, hallways, lobbies, clubhouses, parking areas, perimeter gardens, and roof decks and machine rooms.

5. **Reporting and monitoring** – Documenting and cascading lessons learned across project sites play a crucial role in replicating best practices in energy-saving. Engineers learned that alternating operation of LED lights in hallways is enough to light the property which translates to savings for the associations. These lessons learned are communicated across project sites to replicate effective practices. The status of conversion of the lighting system is reported during the quarterly board meeting. The use of diesel generators are regularly reported to the DENR through Self-Monitoring Reports (SMR).

Water and Effluents

Water supports both construction activities and daily residential operations. Reliable water supply is essential to maintaining project development, property operations, and the daily needs of residents. Responsible water use also carries important economic, environmental, and social implications. Proper water management helps reduce potential regulatory risks and associated remediation costs, while efficient consumption helps lessen pressure on local freshwater resources. Access to reliable and safe water also supports hygiene, sanitation, and overall well-being for residents and building occupants.

EELHI sources water from regulated service providers such as Maynilad and Manila Water, supplemented by deepwell systems where permitted. In residential developments, potable water supply is stored in cisterns and elevated tanks to support consistent distribution to units and shared facilities. Maintaining water quality and reliability remains essential to supporting safe and livable communities within the Company's developments.

Disclosure	Unit	2022	2023	2024	2025
Water Withdrawal	ML	1,299.80	1,922.8	1,484.59	1,432.08
Water Consumption	ML	692.53	541.99	299.27	188.68
Water Recycled and Reused	ML	N/A	6.58	-	-
Total Volume of Water Discharges	ML	607.27	1,380.8	1,185.32	1,243.40
Percent of Wastewater Recycled	%	N/A	0.34	-	-

Water withdrawal decreased slightly by approximately 4% in 2025, reflecting relatively stable operational and development activity across Empire East's project sites. The level of withdrawal remains consistent with the water requirements associated with ongoing construction works and property operations during the year.

Despite the slight decline in withdrawal volumes, water consumption decreased further by about 37% year-on-year, indicating more efficient use of water across operations. The reduction reflects improved monitoring practices and the implementation of water conservation measures in managed properties and construction sites.

Water discharges increased by around 5%, broadly in line with operational water use. The modest increase suggests that operational controls continue to support responsible water management.

Our Management Approach

Water Management and Responsible Wastewater Treatment

EELHI promotes efficient water use and responsible wastewater management by implementing strategies that support operational efficiency while complying with water regulations. Effective water management also helps reduce the risk of regulatory penalties, sanctions, or remediation costs.

The Company's PCOs regularly monitor sewage treatment plants (STPs) and coordinate with service providers to ensure proper wastewater handling in line with regulatory standards. Influent and effluent samples are routinely collected and tested using standardized methods, with results compared against permitted discharge limits to verify compliance.

EELHI also implements water-saving initiatives across its operations and conducts regular potability testing to safeguard domestic water safety. These practices strengthen the

Company's ability to manage water resources responsibly while maintaining regulatory compliance.

Materials Used by the Organization

Construction activities require substantial material inputs, including concrete, steel, masonry components, and finishing materials. These materials support the structural integrity and safety of residential developments while enabling the Company to deliver durable housing and community infrastructure. Responsible material use also carries economic, environmental, and social implications across the construction value chain. Efficient use of materials can help control project costs and reduce construction waste, supporting better resource allocation throughout development activities.

Material extraction, processing, and transportation may also contribute to environmental impacts such as resource depletion, waste generation, and greenhouse gas emissions. At the same time, careful material selection and optimized construction planning can help reduce unnecessary material consumption and support more efficient use of resources. The use of durable and quality-assured materials also contributes to the long-term safety, resilience, and livability of residential developments, helping protect the well-being of residents and communities that rely on these structures.

Disclosure	Unit	2022	2023	*2024	2025
Construction Stage					
Cement/RMC	MT	5,707.91	20,188.37	64,946.03	105,959.09
Ceramic tiles	MT	169.58	228.04	132.44	855.16
Paint	MT	31.32	17.73	30.66	16.69
Sand	MT	0.27	0.07	0.57	0.48
Gypsum board	MT	3.96	297.99	29.47	80.29
PVC pipes	MT	71.41	37.74	0.01	96.81
Steel (pipes and bars)	MT	5,858.12	8,103.41	16,207.32	9,772.98
Wood (doors and cabinets)	MT	249.15	42.59	0.05	1.18
Glass	MT	66.11	153.97	256.30	238.79
Wires/Copper	MT	319.67	200.40	11.62	10.82
Concrete Hollow Blocks (CHB)**	MT	-	-	-	5,174.71
Aerated Autoclaved Concrete (AAC)**	MT	-	-	-	2,392.73
Phenolic Boards**	MT	-	-	158.45	651.57
Reinforced Concrete Pipe**	MT	-	-	158.42	647.42

Disclosure	Unit	2022	2023	*2024	2025
Property Operation Stage					
Fluorescent Lights	MT	0.40	2.56	0.71	1.21
LED Lights	MT	0.24	0.24	8.24	1.29
Magnetic Contactors	MT	0.02	0.02	0.02	0.40
Total		**12,478.16**	**29,273.13**	**81,940.31**	**125,901.62**
Percentage of recycled input materials used to manufacture the organization's primary products and services	%	0	0	0	0

**Data for 2024 reflect improvements in data collection and management processes.*
***Comparative data for certain material categories are not available, as these were not tracked in prior years.*

Material consumption in 2025 reflects the Company's transition to more advanced construction stages, with usage aligned to project phasing beyond peak structural works.

Structural materials, including cement, ready-mix concrete (RMC), and steel, continued to support ongoing construction activities, while reduced reliance on certain materials indicates that major structural and utility installations were largely completed in earlier phases. The Company also expanded its use of Autoclaved Aerated Concrete (AAC), supporting faster construction, reduced material waste, and improved building performance.

Finishing works progressed during the year, supporting unit completion, while variations in materials such as pipes and glass were primarily driven by construction scheduling and the timing of installations across projects.

The Company continues to strengthen materials management through improved data monitoring and the adoption of more resource-efficient materials.

Our Management Approach

Responsible and Sustainable Materials Sourcing

Empire East implements sustainable procurement by selecting durable and high-quality materials and exploring alternative sources like renewable materials to reduce waste across its operations. The Company highlighted its remarkable energy transition by increasing adoption of LED lighting operations and investing substantially in high-volume materials like paint for extensive refurbishments and maintenance.

Environmental Impact

Air Emissions

EELHI recognizes that real estate development is energy-intensive and closely linked to land use, mobility, and resource consumption. Construction activities, building operations, and supply chain requirements may contribute to greenhouse gas emissions associated with fuel use, electricity consumption, and the production and transportation of construction materials. These emissions can exacerbate broader environmental challenges such as climate change and air quality impacts. At the same time, managing emissions supports operational efficiency and helps avoid potential regulatory risks, energy cost volatility, and long-term environmental liabilities.

Transit-oriented developments remain a core structural approach that may help reduce indirect emissions by encouraging residents to access public transportation and reducing reliance on private vehicles. This planning model can support lower mobility-related carbon intensity over the long term while promoting more accessible and connected urban communities. By integrating developments near transport corridors and activity centers, the Company contributes to urban planning approaches that may help reduce travel distances, traffic congestion, and associated emissions.

Disclosure	Unit	2022	2023	2024	2025
Gross Emissions					
Scope 1	Tonnes CO_2e	75.44	95.84	211.89	128.90
Scope 2	Tonnes CO_2e	666.28	802.78	2,639.44	2,398.55
Scope 3	Tonnes CO_2e	9,903.28	6,315.98	21,793.48	23,841.49

EELHI's GHG emissions trends reflect the pace of construction activities and energy use across its developments and operations. Scope 1 emissions decreased by 39% in 2025, indicating lower fuel consumption from company vehicles, generators, and other on-site equipment as certain project phases stabilized.

Scope 2 emissions also declined by 9% year-on-year, reflecting more stable electricity consumption across project sites and operational facilities.

Meanwhile, Scope 3 emissions increased by 9%, remaining the largest contributor to the Company's overall carbon footprint. The increase was primarily driven by ongoing construction activities and supply chain-related emissions associated with the procurement and transportation of construction materials and services.

Our Management Approach

Managing Greenhouse Gas Emissions and Energy Efficiency

Empire East employs management practices that reduce its greenhouse gas (GHG) emissions and enhance energy efficiency as part of its sustainability commitment to contributing in achieving carbon neutrality by 2030. The Company has implemented the following operational, technical, and strategic initiatives to meet these goals:

1. **Transit-oriented Development** – Empire East adopts transit-oriented development that encourages public transport usage, reducing reliance on private vehicles in order to cut off emissions.

2. **Energy-Saving Materials** – Empire East has implemented energy-saving initiatives, including the installation of motion-sensing lights, and switching to LED lighting fixtures to reduce emissions from electricity consumption.

3. **Operational Management** – Project sites integrate energy-saving in its operations by maintaining optimal air conditioning settings. It has shifted from generator sets to using electricity from the grid for construction sites to reduce fuel consumption.

4. **Eco-Friendly Design** – Various projects incorporate high-quality windows, insulation, and efficient cooling systems to prevent energy loss. Empire East utilizes "on-stilts" development and uses non-toxic materials, incorporating green space and solar-powered streetlights to reduce its carbon footprint.

5. **Waste Management** – Solid waste management cuts off emissions by diverting organic waste from landfills to reduce methane. At Empire East, solid wastes undergo recycling or repurposing processes to minimize emissions.

6. **Tree Planting Program** – Annual participation in tree planting activities is part of the Company's Corporate Social Responsibility to contribute to carbon capture and emission reduction.

7. **Monitoring and Reporting** – Empire East tracks its operations fuel consumption and limits emissions by conducting weekly five-minute no-load testing of generator sets and maintaining detailed monitoring sheets. The Company continues to refine its emissions calculation methods to ensure accurate reporting and to identify key areas for improvement in its sustainability performance.

Solid and Hazardous Wastes

Construction activities and property operations generate various waste streams, including construction debris, packaging materials, domestic waste, and regulated hazardous materials. EELHI recognizes that these waste streams carry economic, environmental, and social implications across project sites and surrounding communities. Responsible handling and segregation of waste can support efficient collection by local government units and accredited service providers, while helping reduce potential costs and risks associated with improper disposal or regulatory non-compliance.

The Company also recognizes that waste generated from construction and building operations may contribute to environmental impacts such as land and water contamination if not properly managed. Certain materials, including broken fluorescent lamps, are classified as hazardous waste and may contain substances such as mercury that could pose environmental and health risks if mishandled. By acknowledging these risks, EELHI underscores the importance of responsible waste handling practices in protecting the environment, safeguarding worker and community health, and maintaining safe and orderly development sites.

Disclosure	Unit	2022	2023	2024	2025
Total Solid Waste Generated	**MT**	**18,734.77**	**26,990.99**	**16,966.93**	**31,437.64**
Waste diverted from disposal					
Recyclable	MT	1.37	2,601.19	3,129.56	3,029.94
Waste directed to disposal					
Residuals / Landfilled	MT	18,733.40	24,389.80	13,837.37	28,407.70

In 2025, total waste generation increased significantly, by approximately 85% compared with the previous year. The increase reflects intensified construction activity and the expansion of development works across multiple project sites during the year.

Waste directed to disposal followed a similar trend, increasing by around 105% year-on-year as construction volumes expanded. Construction activities typically generate large quantities of non-hazardous materials such as concrete debris, soil, and packaging waste, which account for the majority of waste streams during active building phases.

Waste diversion from disposal recorded a slight decline of about 3% compared with 2024. Despite the increase in overall waste generation, project sites continued to implement waste segregation and recovery practices where feasible, including the collection of recyclable materials.

Our Management Approach

Waste Management and Resource Recovery

Empire East implements the Waste Management Framework that is the foundation of its waste reduction and disposal strategies to reduce landfill waste across its operations. With its digital transformation strategy, paper wastes are reduced significantly. The Company established its Material Recovery Facilities (MRFs) in several projects, including Kasara Urban Resort Residences, The Paddington Place, The Rochester, Pioneer Woodlands, Covent Garden, and Mango Tree Residences. The Company's housekeeping personnel conduct regular inspections of garbage storage areas. The PCO manages the storage and disposal of hazardous waste and the operations of its third-party collector. The MRFs operate waste segregation and material recycling like metals and PVC, which are sold to third-party buyers. These third-party collectors monitor reports on collected and disposed wastes to enhance transparency, fostering transparency and circular economy.

Environmental Compliance

Empire East upholds strict compliance with environmental laws, regulations, and permitting requirements across all phases of project development. From planning and design to construction and property operations, the Company ensures that its activities align with national environmental standards to safeguard surrounding ecosystems and communities. Strong compliance practices also help minimize regulatory risks such as penalties, project delays, and operational disruptions.

In 2025, the Company continued to reinforce its compliance culture by strengthening coordination with contractors, suppliers, and project teams to ensure adherence to environmental guidelines and regulatory requirements. Through these efforts, Empire East seeks to maintain responsible development practices while supporting environmental protection and long-term operational stability.

Disclosure	Unit	2022	2023	2024	2025
Total Amount of Monetary Fines for Non – Compliance with Environmental Laws and / or Regulations	PHP	0	0	0	0
No. of Non – Monetary Sanctions for Non – Compliance with Environmental Laws and / or Regulations	#	0	0	0	0
No. of Cases Resolved through Dispute Resolution Mechanism	#	0	0	0	0

Our Management Approach

Environmental Due Diligence in the Supply Chain

Empire East integrates environmental considerations into its supply chain through procurement policies that require suppliers to comply with applicable environmental laws, manage waste and emissions responsibly, and promote efficient resource use. These requirements are embedded in vendor selection, contracting, and monitoring processes.

The Company recognizes that environmental risks may arise from supplier activities, particularly in construction waste, material sourcing, and equipment emissions. These risks are managed through ongoing monitoring aligned with Department of Environment and Natural Resources (DENR) regulations.

Supplier screening and accreditation remain central to risk management. Vendors undergo evaluation based on regulatory compliance, including the submission of environmental permits, certifications, and relevant documentation. Suppliers with records of environmental violations or non-compliance with legal and ethical standards are disqualified. The Design, Pre-Construction, and Construction Management Groups oversee this process in accordance with Company policies.

The Company implements environmental criteria in vendor selection to support the use of compliant and sustainable materials, consistent with minimum Green Building standards.

Accredited suppliers are expected to meet required environmental and quality specifications.

Monitoring mechanisms include document verification, procurement tracking, and periodic site inspections of supplier facilities and project sites. Vendors that fail to meet documentation or compliance requirements may be excluded from bidding or accreditation processes.

To strengthen oversight, the Company continues to enhance its supplier verification processes, including the use of digital tools to validate certifications and improve data management. Supplier engagement is maintained through regular communication and coordination to reinforce compliance expectations and support continuous improvement.

These measures aim to reduce environmental non-compliance risks within the supply chain while promoting more efficient and responsible supplier practices.

SOCIAL

Employee Management

Employee Hiring & Benefits

At EELHI, every development begins with the people behind it. Engineers, project teams,, and support staff each play a vital role in delivering safe homes, responsive service, and reliable operations for homeowners and communities. As the Company continues to expand its developments and strengthen its operations, building a capable and well-supported workforce remains central to sustaining this growth.

Employee hiring is aligned with the Company's development pipeline and evolving operational needs. As projects advance and organizational functions grow, staffing levels and role assignments are regularly reviewed to ensure that teams remain well-equipped to support construction progress, customer engagement, and efficient day-to-day operations.

Employee Data

Disclosure	Units	2022	2023	2024	*2025
EELHI Total Number of Employees	#	569	648	659	708
a. Number of Female Employees	#	305	379	365	401
b. Number of Male Employees	#	264	269	294	307
Ratio of Lowest Paid Employee Against Minimum Wage	Ratio	1.04:1	1.03:1	1.03:1	1.05:1
Attrition Rate	%	26	22	21	27

**Prior year data include both EPHI and ELI, while 2025 data cover ELI only.*

The Company's workforce grew to 708 employees in 2025, up 7% year-on-year, reflecting targeted hiring to support operational requirements while maintaining a disciplined approach to headcount expansion.

Gender representation remained balanced, with female employees increasing by 10% to 401, accounting for 57% of the workforce. Male employees rose by 4% to 307, supporting a diverse and inclusive workforce across functions.

Compensation remained aligned with regulatory standards, with the ratio of the lowest-paid employee to minimum wage at 1.05:1, indicating continued compliance and fair wage practices.

Attrition increased to 27% in 2025 (from 21% in 2024), reflecting higher workforce mobility in a competitive labor market, particularly in project-based and operational roles.

Employee Benefits

EELHI provides employees with core benefits that include government-mandated contributions such as the Social Security System (SSS), PhilHealth, and Pag-IBIG, along with statutory leave entitlements and other Company-provided allowances where applicable. Through these benefits, EELHI helps employees safeguard their health, financial security, and family well-being, enabling them to manage personal responsibilities while maintaining stability and continuity in their roles.

Disclosure	2022	2023	2024	2025	Female	Male
SSS	Y	Y	Y	Y	3.74	2.61
PhilHealth	Y	Y	Y	Y	2.49	0.98
PAG - IBIG	Y	Y	Y	Y	4.99	5.86
Parental Leaves	Y	Y	Y	Y	2.49	1.95
Vacation Leaves	Y	Y	Y	Y	61.10	57.00
Sick Leaves	Y	Y	Y	Y	22.19	11.40
Medical Benefits *(Aside from PhilHealth)*	Y	Y	Y	Y	14.46	11.07
Housing assistance (aside from Pag-ibig)	Y	Y	Y	Y	1.00	2.93
Retirement Fund (Aside from SSS)	Y	Y	Y	Y	0	0.98
Further Education Support	N	N	N	N	0	0
Company Stock Options	N	N	N	N	0	0
Telecommuting	N	N	N	N	0	0
Flexible – Working Hours	N	N	N	N	0	0
Life Insurance	N	N	Y	Y	0	0.33
Disability and invalidity coverage	Y	Y	Y	Y	0	0.33

In 2025, benefit utilization patterns reflected both workforce demographics and operational adjustments. Vacation leave utilization remained high, with 57.00% of female employees and 61.10% of male employees availing of leave benefits. This indicates active use of rest and recovery entitlements, reinforcing the Company's support for work-life balance while maintaining service continuity.

Medical benefits utilization increased compared to the prior year, reaching 14.46% for female employees and 11.07% for male employees. This upward movement suggests improved awareness and accessibility of healthcare support programs, particularly as operational demands expanded. Housing assistance participation also rose among female employees to 1.00%, reflecting growing engagement with long-term financial support mechanisms.

EELHI grants parental leave in accordance with national labor laws, including maternity and paternity leave entitlements. Beyond compliance, the Company monitors return-to-work and retention outcomes to ensure that employees are supported through major life transitions without compromising career continuity.

Our Management Approach

Employee Well-Being and Inclusive Workplace Practices

Empire East prioritizes employee well-being through fair hiring practices and competitive benefits. Employees receive mandatory government benefits along with additional perks such as leave entitlements, housing assistance, and medical benefits. The Company ensures that its processes align with Sustainable Development Goals (SDGs) by promoting non-discriminatory policies, gender diversity, and equal opportunities.

Employee Training & Development

EELHI invests in employee learning to strengthen professional capability and support consistent service delivery across its operations. Training and development enhance workforce productivity and competitiveness while supporting employees' career growth and long-term employability. Learning programs also promote environmental awareness, ethical conduct, and respectful workplace practices, helping ensure that employees are equipped to contribute responsibly to the Company's operations and communities.

Disclosure	Units	2022	2023	2024	2025
Total Training Hours Provided to Employees					
a. Female Employee	Hours	635.5	521.5	7,000	7,650
b. Male Employee	Hours	634.5	399	6,120	6,900
Average Training Hours Provided to Employees					
a. Female Employees	Hrs/Employee	2.19	1.38	20.82	19.08
b. Male Employees	Hrs/Employee	2.65	1.48	19.18	22.48

Training hours continued to expand in 2025, increasing by approximately 11% year-on-year, reflecting the Company's sustained investment in workforce development as operational and project requirements grew.

Training participation remained balanced across genders. Total training hours for female employees increased by about 9%, while training hours for male employees rose by roughly 13%, indicating broader participation in learning programs across both administrative and operational roles.

Average training hours per employee remained at a comparable level overall, with female employees recording a slight decrease of around 8%, while the average for male employees increased by approximately 17%, reflecting stronger emphasis on technical and operational capability building during the year.

Beyond direct employees, the Company continued to provide targeted learning touchpoints for independent contractors and sales agents to reinforce safety practices, regulatory compliance, and product knowledge across its extended workforce.

Our Management Approach

Employee Training and Professional Development

Training and development play a key role in enhancing employee productivity, ensuring that employees remain motivated, skilled, and equipped with the knowledge needed to contribute meaningfully to the Company.

Empire East's Human Resources Department facilitates knowledge transfer related to employee benefits, including health programs, compensation, and employee rights. Each department is responsible for assessing competencies, setting training objectives, and implementing upskilling programs. Training effectiveness is evaluated through routine KPI assessments aligned with individual tasks and learning outcomes.

The Company remains committed to supporting employee growth through bi-annual performance appraisals, which help identify opportunities for career development and promotion among high-performing employees.

Labor-Management Relations

EELHI upholds lawful, ethical, and transparent employment practices across its operations. The Company recognizes that respect for labor standards and human rights is fundamental to maintaining a fair and accountable workplace.

Employment policies are aligned with applicable Philippine labor laws and regulations, including standards on working hours, wages, leave entitlements, and workplace conditions. These policies guide day-to-day workforce management and are communicated to employees through established internal channels.

Disclosure	Unit	2022	2023	2024	2025
% of Employees Covered with Collective Bargaining Agreements*	%	N/A	N/A	N/A	N/A
Number of Consultations Conducted with Employees Concerning Employee – Related Policies	#	0	0	0	0

**EELHI does not operate under a Collective Bargaining Agreement (CBA) structure.*

Our Management Approach

Employee Voice and Workplace Dialogue

Empire East promotes effective labor management through regular consultations, meetings, and grievance resolution processes that address employee concerns. The Company has established a grievance policy to handle workplace issues, and employees may also approach the Human Resources Department directly to communicate their concerns.

Employee engagement initiatives further strengthen workplace communication through email and social media groups, dialogues, meetings, surveys, and focus group discussions that gather employee feedback and perspectives.

Diversity, Equal Opportunity, & Anti-Discrimination

EELHI believes that a fair and inclusive workplace begins with equal access to opportunity. Employment decisions across the Company are guided by merit, defined competencies, and role requirements, ensuring that people are evaluated based on performance and capability.

The Company's commitment to diversity and equal opportunity supports both organizational performance and responsible business practices. Inclusive employment practices strengthen talent attraction and retention while supporting career progression across the workforce. By cultivating a workplace that values varied perspectives, EELHI benefits from broader insights that support responsible decision-making and innovation.

Disclosure	Unit	2022	2023	2024	2025
% of Female Workers in the Workforce	%	53.60	58.49	55.39	56.64
% of Male Workers in the Workforce	%	46.40	41.51	44.61	43.36
Number of Employees from Indigenous Communities and/or Vulnerable Sector	#	0	0	0	0

In 2025, women comprised 56.64% of EELHI's workforce, while men accounted for 43.36%, reflecting a workforce composition where female employees continue to represent the majority of personnel across the organization. This distribution remains broadly consistent with previous years, indicating stable gender representation within the Company's workforce.

EELHI's workforce profile highlights sustained female participation in its operations, supporting a balanced and inclusive working environment across operational, technical, sales, and corporate functions. Maintaining this representation contributes to diversity of perspectives and strengthens the Company's ability to support its growing development and service operations.

The Company also reports no employees from indigenous communities or vulnerable sectors during the reporting period. EELHI continues to promote fair and inclusive employment practices that provide equal opportunities regardless of gender, background, or social status.

Our Management Approach

Shaping Unique Talents

Empire East is dedicated to fostering an inclusive workplace through non-discriminatory policies and diversity-driven initiatives. The Company ensures that hiring and promotions are based on skills, experience, and potential, providing equal opportunities for all employees. Career advancement is merit-based, ensuring that leadership roles are awarded fairly, without gender bias.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health & Safety

EELHI is committed to providing safe and healthy working environments for employees, contractors, and third-party workers across its offices and project sites. Protecting people from workplace hazards is a core operational responsibility integrated into daily activities.

The Company implements an Occupational Safety and Health (OSH) Program aligned with applicable Philippine regulations and industry standards. The program covers hazard identification, risk assessment, incident reporting, emergency preparedness, and continuous monitoring across Company-controlled sites.

Disclosure	Units	2022	2023	2024	2025
Safe Man-Hours	Hours	4,857,198	3,258,005	26,435,900	4,857,198
No. of Work – Related Injuries	#	0	4	325	0
No. of Work – Related Fatalities	#	0	0	0	0
No. of Work – Related Ill-Health	#	0	0	8	0
No. of Safety Drills	#	11	7	21	9

In 2025, the Company recorded 4,857,198 safe-man hours, reflecting continued implementation of safety controls across project sites and operational areas. Work-related injuries were reduced to 0 cases, with zero fatalities and zero recorded cases of work-related ill-health, indicating strengthened incident prevention and monitoring measures.

The Company also conducted 9 safety drills during the year to reinforce emergency preparedness and response readiness.

These results underscore EELHI's commitment to maintaining a safe and health-conscious work environment. By proactively monitoring safety performance and investing in preventive measures, the Company protects its workforce, safeguards operational continuity, and reinforces a culture where employee well-being remains integral to business performance.

Our Management Approach

Ensuring Occupational Health and Safety

Empire East follows a structured approach to occupational health and safety by implementing risk assessments, emergency preparedness programs, and training initiatives. The Company ensures compliance with DOLE Department Order 198-18 and Department Order 13, series of 1998, and conducts safety inspections and risk assessments to help prevent workplace injuries. To address natural disasters, accidents, and security incidents, hazard reporting protocols and emergency response plans are regularly reviewed and updated.

The Company provides comprehensive training programs, regular safety drills, and awareness sessions on hazard identification, alongside employee wellness programs that support a healthy and engaged workforce.

Through strict safety policies, continuous training, and proactive risk management, Empire East fosters a safe and healthy workplace while maintaining regulatory compliance and supporting employee well-being.

Labor Standards & Human Rights

EELHI strictly prohibits child labor and forced or compulsory labor within its operations and upholds labor standards that align with applicable labor laws and internationally recognized human rights principles. Pre-employment screening procedures verify age and eligibility prior to hiring, ensuring that all employment arrangements comply with lawful labor practices and ethical standards.

The Company extends these expectations to contractors and service providers operating within Company-controlled sites. Agreements with third parties include provisions requiring compliance with labor regulations and responsible employment practices, reinforcing EELHI's commitment to protecting workers from exploitation and maintaining fair and lawful labor conditions across its operations and business relationships.

No incidents of child labor or forced labor were identified during the reporting period.

Disclosure	Units	2022	2023	2024	2025
No. of Legal Actions or Employees Grievance involving Forced or Child Labor	#	0	0	0	0

Policies

Topic	2022	2023	2024	2025	Reference in Company Policy
Forced Labor	Y	Y	Y	Y	Prohibited under the Employee Handbook in compliance with labor laws.
Child Labor	Y	Y	Y	Y	Hiring policies require valid identification to verify age, ensuring strict compliance with minimum age requirements.
Human Rights	Y	Y	Y	Y	The Employee Code of Discipline protects employees from harassment, intimidation, and other abusive conduct, with violations subject to disciplinary action. Further guidance is provided in the Empire East Code of Discipline (Parts II and IV).

Our Management Approach

Upholding Labor Standards and Human Rights

Empire East upholds high standards for labor and human rights, as evident in the Company's strict hiring policies, workplace protections, and compliance with government regulations.

The Empire East Code of Discipline explicitly prohibits harassment and workplace misconduct, ensuring a safe and respectful work environment in alignment with local labor laws. Additionally, the Company conducts regular policy reviews, employee training, and awareness programs to reinforce workplace ethics and ensure compliance with legal requirements.

Supply Chain Management

Sustainability Topics when Accrediting Suppliers

EELHI maintains a structured supplier management system to ensure that partners meet the Company's environmental, social, and regulatory standards. Through responsible supplier engagement, the Company promotes transparency, accountability, and sustainable practices across its supply chain.

Topic	2022	2023	2024	2025	Reference in Company Policy
Environmental Performance	Y	Y	Y	Y	Supplier accreditation requires submission of relevant environmental permits issued by government agencies.
Forced Labor	Y	Y	Y	Y	Supplier policies prohibit forced labor and require compliance with applicable labor regulations.
Child Labor	Y	Y	Y	Y	Vendor forms require age verification to ensure suppliers do not employ minors.
Human Rights	Y	Y	Y	Y	Supplier due diligence includes requirements on human rights, including prohibitions on forced labor and child labor.
Bribery and Corruption	Y	Y	Y	Y	The Company's Code of Ethics prohibits bribery and discourages suppliers from offering gifts or improper advantages.

In 2025, EELHI recorded zero environmental violations, reflecting the collaborative efforts of teams across the Design, Pre-Construction, and Construction Management Groups, together with contractors and technical consultants, in upholding environmental and social standards across the Company's projects.

Our Management Approach

Strengthening Supplier Due Diligence

EELHI promotes sustainable and ethical business practices through strict supplier screening and environmental compliance requirements. All new suppliers in the Property Development Division (PDD) undergo social screening, while suppliers are also assessed based on environmental criteria. The Purchasing Department requires suppliers to submit government permits, while the General Administrative Services (GAS) Department requires Mayor's/Sanitary Permits and PCAB licenses as indicators of regulatory and environmental compliance.

The Company also enforces compliance with the Philippine Green Building Code, requiring contractors and consultants to obtain Environmental Compliance Certificates (ECCs) from DENR and LLDA. To further mitigate risks, the Pre-Construction Group (PrCG) conducts technical competence evaluations and background checks to ensure that suppliers meet the Company's ethical and legal standards.

Certificates for Activities Impacting Indigenous Peoples (IPs)

Certificates	Units	2022	2023	2024	2025
FPIC process is still undergoing	#	N/A	N/A	N/A	N/A
CP secured	#	N/A	N/A	N/A	N/A

Our Management Approach

Community Engagement and Social Responsibility

EELHI is committed to sustainable community engagement through employee-led initiatives and strategic development programs that focus on educational support, disaster readiness, animal welfare, and environmental protection. The Company collaborates with Local Government Units (LGUs) and prioritizes strong stakeholder relationships to strengthen community ties and enhance corporate accountability.

Through the initiatives carefully organized by its employees, EELHI also empowers employees by allowing them to participate in selecting engagement projects, including potential support for Indigenous Peoples in the Visayas and Mindanao. This optional participation reinforces the Company's commitment to employee involvement in CSR and helps expand the reach and impact of these initiatives based on individual or regional priorities.

Customer Management

Customer Satisfaction

Disclosure	Units	2022	2023	2024	2025
Customer Satisfaction Score	%	-	-	N/A	4.28/5

**Data not reported/available in 2022-2023.*

Empire East manages customer inquiries related to accounts, construction progress, documentation, and post-turnover concerns through defined coordination workflows across relevant departments, with escalation procedures in place to support timely resolution.

The Company continues to strengthen engagement with homebuyers by enhancing customer service operations, focusing on transparency, responsive communication, and consistent service delivery. Homebuyers are provided with timely project updates and clear information on their purchases and transactions.

Customer satisfaction efforts remain centered on homebuyers. Digital feedback channels, including QR codes, have long been used to capture buyer comments and ratings. Formal disclosure began in 2025 following the consolidation of customer-related functions into one office, enabling more consistent and reliable feedback collection.

These initiatives are reinforced under the SCORE (Sustainability Core) Initiative, which embeds service quality and accountability into departmental KPIs across key functions. This alignment has improved coordination and responsiveness across operations.

As a result, Empire East achieved a customer satisfaction score of 4.28 out of 5, reflecting strengthened service delivery, effective feedback mechanisms, and a more consistent customer experience.

Customer Health & Safety

Customer health and safety considerations are integrated into project planning, construction oversight, and property management activities. In 2025, 100% of EELHI's product and service categories were assessed for health and safety impacts.

Potential risks related to construction quality, contractor performance, and environmental conditions are monitored through inspection protocols and compliance checks prior to turnover and during property management operations.

Disclosure	Units	2022	2023	2024	2025
No. of Substantiated Complaints on Product or Service Health and Safety	#	0	0	0	0

Disclosure	Units	2022	2023	2024	2025
No. of Complaints Addressed	#	0	0	0	0

Empire East recorded no substantiated complaints related to product, service, health, or safety during the reporting period, reflecting the Company's continued focus on maintaining high safety standards and responsive customer service.

The Company will continue to strengthen its monitoring mechanisms, improve communication channels with homebuyers, and regularly review safety protocols to sustain service reliability and customer confidence.

Our Management Approach

Enhancing Customer Experience and Safety

EELHI integrates digital solutions and service innovations to improve customer experience and operational efficiency. The Empire East Highland City Walkthrough App enables virtual property tours, allowing prospective buyers to explore developments remotely. This is complemented by the AskAboutYourHome.com portal, which provides a centralized platform for customers to access account information, track purchase details, and manage transactions conveniently.

To further streamline processes, the Company partners with Pilipinas Teleserv to facilitate faster access to civil registry documents through an integrated E-Certificate portal, reducing processing time for homebuyers.

In 2025, EELHI also introduced the CARE (Client Appointment & Registration Engagement) initiative, offering a more structured and personalized approach to in-office transactions. This enables homebuyers to schedule visits and receive dedicated assistance, improving service efficiency and overall customer experience.

Customer feedback is regularly reviewed to identify service gaps and enhance response consistency across developments, supporting continuous improvement in service delivery.

Alongside service enhancements, the Company maintains established health and safety protocols across all properties. Preventive measures, regular inspections, and maintenance activities are implemented to ensure compliance with safety standards and to support a secure and reliable living environment for residents.

Marketing and Labeling

At Empire East, ethical marketing practices are integral to how the Company presents its developments and communicates with prospective homebuyers. All marketing materials are reviewed to ensure compliance with industry standards and consumer protection regulations. As a member of the Philippine Association of National Advertisers (PANA), Empire East upholds principles of fair advertising and responsible communication, reinforcing its commitment to transparency and consumer trust.

Disclosure	Units	2022	2023	2024	2025
No. of Substantiated Complaints on Marketing and Labeling	#	-	-	0	0
No. of Complaints Addressed*	#	-	-	0	0

**Data not reported/available in 2022-2023.*

Empire East recorded zero complaints related to marketing and labeling, reflecting the Company's adherence to ethical advertising practices and regulatory compliance. This approach helps safeguard brand credibility while reinforcing its commitment to responsible communication with homebuyers and stakeholders.

Our Management Approach

Ethical Marketing and Advertising Compliance

EELHI implements a comprehensive marketing framework that adheres to ethical marketing practices, transparency, and consumer security. The Company's print advertisements undergo internal review and approval from Department of Human Settlements and Urban Development (DHSUD), Ads Standards Council (ASC), and Philippine Association of National Advertisers (PANA). The ASC and PANA are both non-profit organizations established by the industry to promote truthfulness of advertising content, ethical brand building and responsible communication to protect consumer interests. Digital materials are strictly for announcement purposes only.

The Company conducts regular training for brokers and sales agents to update and align with ethical marketing standards and best practices. The Customer Experience Team is responsible for monitoring and addressing complaints. The Company utilizes real-time communication channels such as official social media platforms and the Ask About Your Home portal to actively engage with customers.

Customer Privacy & Data Security

EELHI safeguards customer information in accordance with applicable data privacy regulations. Access controls, secure documentation processes, and defined handling procedures are implemented to protect personal and financial data.

Any concerns related to information security are addressed through established reporting and review mechanisms.

Disclosure	Units	2022	2023	2024	2025
No. of Substantiated Complaints on Customer Privacy	#	0	0	0	0
No. of Complaints Addressed	#	0	0	0	0

No. of Customers, Users, and Account Holders whose Information is Used for Secondary Purposes	#	0	0	0	0
No. of Data Breaches, including Leaks, Thefts, and Losses of Data	#	0	0	0	0

Empire East has maintained zero reported incidents related to privacy or data security, reflecting the Company's continued commitment to safeguarding customer information and complying with applicable data protection regulations. The Company remains focused on strengthening its security protocols and data management practices to protect customer information and sustain stakeholder trust.

Our Management Approach

Safeguarding Customer Information

Empire East is committed to protecting customer data through strict privacy policies and security measures. It strongly adheres to the Data Privacy Act of 2012 (Republic Act No. 10173). The following data privacy measures are employed to secure customer information:

1. **Training of Staff -** Employees handling sensitive information undergo training on proper data management to comply with legal requirements and to implement best practices. Only trained staff handle payments to maintain customer confidentiality.

2. **Compliance Seal -** The Human Resource Department has complied with the National Privacy Commission (NPC) Data Protection Officer and Data Processing Systems (DPS/DPO) Seal of Registration, ensuring clear and transparent communication of privacy compliance.

3. **Enhanced Data Management System -** The Management Information Systems (MIS) department oversees cybersecurity efforts, conducts IT audits, monitoring payment security logs, and ensures compliance with data privacy laws. The MIS has implemented enhanced data privacy protocols to strengthen information security. The Company has strengthened its IT security to protect against cyber threats and unauthorized access. The Company implements secure payment methods with all its payment partners such as Aqwire, Dragonpay, and banks using encryption to protect transactions. Customer data is stored in a secured warehouse, accessible only to select employees. Only selected employees are given data access to reduce risks of leaks.

4. **Target Setting** - Among the KPIs on data privacy adherence include zero reported data breaches as a key success metric and reduction in reported payment issues or security concerns, along with annual compliance with DPS/DPO standards.

5. **Monitoring, Internal and External Audits -** The Company also conducts monitoring and enhancing access controls for sensitive customer data. Regular IT security audits are conducted to check vulnerabilities to data threats. The Monitoring of payment system security system has a feature that logs for unauthorized access. Internal compliance checks for staff handling sensitive data. Annual compliance

audits with privacy laws are conducted to ensure compliance with DPS/DPO standards, improving transparency and trust among stakeholders. Third-party security experts are also engaged for independent assessments.