Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph
To: cityplans_inc@yahoo.com
Cc: cityplans_inc@yahoo.com
Date: Thursday, April 30, 2026 at 05:10 PM GMT+8

Hi CITYPLANS, INCORPORATED,

Valid files

- EAFS000527090RPTTY122025.pdf
- EAFS000527090TCRTY122025-01.pdf
- EAFS000527090OTHTY122025.pdf
- EAFS000527090ITRTY122025.pdf
- EAFS000527090AFSTY122025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-QTYMZ4RZ033TPV3NTN12X33TM0MW144N4Y**
Submission Date/Time: **Apr 30, 2026 05:09 PM**
Company TIN: **000-527-090**

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

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

This is a system-generated e-mail. Please do not reply.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Cityplans, Incorporated
3/F Cityland Condo 10, Tower 2
154 H.V. de la Costa St. Salcedo Village
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cityplans, Incorporated (the Company), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including 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 accounting principles generally accepted in the Philippines for pre-need companies.

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's 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 (the Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of 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.

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 accounting principles generally accepted in the Philippines for pre-need companies, 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.

Auditor's 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 auditor's 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 PSAs 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 PSAs, 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 auditor's 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 auditor's 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 audit.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 24 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Cityplans, Incorporated. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Bernalette L. Ramos
Partner
CPA Certificate No. 0091096
Tax Identification No. 178-486-666
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 91096-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-081-2024, January 26, 2024, valid until January 25, 2027
PTR No. 10765113, January 2, 2026, Makati City

April 30, 2026

CITYPLANS, INCORPORATED
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Cash and cash equivalents (Note 5)	**₱107,144,362**	₱77,244,771
Short-term cash investments (Note 5)	**129,500,000**	150,100,000
Financial assets:		
Equity instruments designated at fair value through other comprehensive income (FVOCI) (Note 6)	**8,985,864**	11,305,615
Investments in trust funds (Note 7)	**35,283,053**	35,216,003
Loans and receivables (including installment contracts receivable and other receivables) (Notes 9, 12 and 20)	**49,579,866**	31,309,719
Insurance premium fund (Note 8)	**100,000**	100,000
Investment properties (Note 11)	**60,988,026**	75,920,839
Other assets (Note 12)	**417,381**	778,140
TOTAL ASSETS	**₱391,998,552**	₱381,975,087
LIABILITIES AND EQUITY		
Liabilities		
Pre-need reserves (Note 7)	**₱20,118,752**	₱21,848,202
Accounts payable and accrued expenses (Notes 13 and 20)	**10,418,974**	10,416,487
Other reserves (Notes 7 and 8)	**139,824**	153,324
Deferred income tax liabilities - net (Note 19)	**7,885,941**	4,289,448
Income tax payable	**498,754**	–
Net retirement plan liabilities (Note 18)	**3,426**	19,386
Total Liabilities	**39,065,671**	36,726,847
Equity		
Paid-up capital stock - ₱1.00 par value		
Authorized - 200,000,000 shares		
Issued and outstanding - 158,125,000 shares	**158,125,000**	158,125,000
Unrealized fair value changes on equity instruments designated at FVOCI (Note 6)	**4,814,658**	7,134,409
Unrealized fair value changes on financial assets at FVOCI held in trust funds (Note 7)	**3,280**	71,320
Accumulated re-measurement loss on defined benefit plans - net of deferred income tax effect (Note 18)	**(356,934)**	(356,934)
Retained earnings (Note 22):		
Unrestricted	**188,962,095**	178,889,663
Restricted	**1,384,782**	1,384,782
Total Equity	**352,932,881**	345,248,240
TOTAL LIABILITIES AND EQUITY	**₱391,998,552**	₱381,975,087

See accompanying Notes to Financial Statements.

CITYPLANS, INCORPORATED
STATEMENTS OF INCOME

	Years Ended December 31	
	2025	2024
REVENUE AND INCOME		
Sales of real estate properties (Note 9)	**₱38,943,292**	₱15,800,233
Interest income (Notes 5 and 9)	**16,432,420**	17,176,681
Rental income (Notes 9 and 11)	**7,572,572**	6,269,762
Trust fund income (loss) (Note 7)	**2,055,358**	(327,381)
Other income (Notes 6 and 15)	**745,980**	865,980
	65,749,622	39,785,275
COSTS AND EXPENSES		
Cost of real estate sales (Note 10)	**10,613,612**	5,869,391
Cost of contracts issued:		
Plan benefit expense (inclusive of trust fund contributions)	**17,944**	–
Documentary stamp tax and Securities and Exchange Commission and Insurance Commission registration fees	**155,000**	151,500
Decrease in pre-need reserves (Note 7)	**(1,729,450)**	(1,923,729)
Insurance liabilities and others	**(2,472)**	630
General and administrative expenses (Note 16)	**16,222,342**	11,370,296
Adjustment to premium revenue (Note 14)	**1,239,358**	3,224,367
Other direct costs and expenses	**18,225**	18,225
	26,534,559	18,710,680
INCOME BEFORE INCOME TAX	**39,215,063**	21,074,595
PROVISION FOR INCOME TAX (Note 19)	**8,396,631**	4,846,512
NET INCOME	**₱30,818,432**	₱16,228,083

See accompanying Notes to Financial Statements.

CITYPLANS, INCORPORATED
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2025	2024
NET INCOME	**₱30,818,432**	₱16,228,083
OTHER COMPREHENSIVE INCOME (LOSS)		
Not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity instruments designated at fair value through other comprehensive income (FVOCI) (Note 6)	**(2,319,751)**	(1,126,915)
Changes in fair value of financial assets at FVOCI held in trust funds (Note 7)	**(68,040)**	(27,639)
Re-measurement gain on defined obligation plan, net of income tax effect (Note 18)	**–**	6,263
	(2,387,791)	(1,148,291)
TOTAL COMPREHENSIVE INCOME	**₱28,430,641**	₱15,079,792

See accompanying Notes to Financial Statements.

CITYPLANS, INCORPORATED

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Capital Stock	Unrealized Fair Value Changes on Financial Assets at Fair value Through Other Comprehensive Income (FVOCI) (Note 6)	Unrealized Fair Value Changes on Financial Assets at FVOCI Held in Trust Funds (Note 7)	Accumulated Re-measurement Gain (Loss) on Defined Benefit Plan - Net of Deferred Income Tax Effect (Note 18)	Retained Earnings (Notes 7 and 20)		Total
					Unrestricted	Restricted	
BALANCES AT DECEMBER 31, 2023	**₱158,125,000**	**₱8,261,324**	**₱98,959**	**(₱363,197)**	**₱175,944,080**	**₱1,384,782**	**₱343,450,948**
Net income	–	–	–	–	16,228,083	–	16,228,083
Other comprehensive income (loss)	–	(1,126,915)	(27,639)	6,263	–	–	(1,148,291)
Total comprehensive income (loss)	–	(1,126,915)	(27,639)	6,263	16,228,083	–	15,079,792
Cash dividends - ₱0.084 per share (Note 22)					(13,282,500)	–	(13,282,500)
BALANCES AT DECEMBER 31, 2024	**158,125,000**	**7,134,409**	**71,320**	**(356,934)**	**178,889,663**	**1,384,782**	**345,248,240**
Net income	–	–	–	–	30,818,432	–	30,818,432
Other comprehensive loss	–	(2,319,751)	(68,040)	–	–	–	(2,387,791)
Total comprehensive income (loss)	–	(2,319,751)	(68,040)	–	30,818,432	–	28,430,641
Cash dividends - ₱0.1312 per share (Note 22)	–	–	–	–	(20,746,000)	–	(20,746,000)
BALANCES AT DECEMBER 31, 2025	**₱158,125,000**	**₱4,814,658**	**₱3,280**	**(₱356,934)**	**₱188,962,095**	**₱1,384,782**	**₱352,932,881**

See accompanying Notes to Financial Statements.

CITYPLANS, INCORPORATED
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱39,215,063**	₱21,074,595
Adjustments for:		
Interest income (Notes 5 and 9)	**(16,432,420)**	(17,176,681)
Depreciation expense (Notes 11 and 16)	**4,256,335**	4,787,954
Trust fund loss (income) (Note 7)	**(2,055,358)**	327,381
Decrease in pre-need reserves (Note 7)	**(1,729,450)**	(1,923,729)
Dividend income (Notes 6 and 15)	**(520,544)**	(602,297)
Retirement benefits costs (Note 18)	**4,805**	10,286
Operating income before working capital changes	**22,738,431**	6,497,509
Decrease (increase) in:		
Real estate properties for sale	**10,613,612**	5,869,391
Loans and other receivables	**(18,250,800)**	710,696
Other assets	**(9,672)**	1,568,887
Decrease in:		
Accounts payable and accrued expenses	**(18,277)**	(2,414,454)
Other reserves	**(13,500)**	(13,126)
Cash flows generated from operations	**15,059,794**	12,218,903
Interest received	**16,413,073**	17,832,881
Income taxes paid, including creditable and final withholding taxes	**(3,930,954)**	(4,566,519)
Net cash flows from operating activities	**27,541,913**	25,485,265
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from short-term cash investments, short-term bond and insurance premium fund (Note 5)	**363,800,000**	414,100,000
Placements of short-term cash investments, short-term bond and insurance premium fund (Note 5)	**(343,200,000)**	(380,300,000)
Withdrawals from investments in trust funds (Note 7)	**1,920,268**	2,355,449
Dividends received (Note 6)	**520,544**	602,297
Adjustment to investment properties (Note 11)	**62,866**	51,393
Dividends paid (Note 22)	**(20,746,000)**	(13,282,500)
Net cash flows from investing activities	**2,357,678**	23,526,639
NET INCREASE IN CASH AND CASH EQUIVALENTS	**29,899,591**	49,011,904
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**77,244,771**	28,232,867
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱107,144,362**	₱77,244,771

See accompanying Notes to Financial Statements.

CITYPLANS, INCORPORATED
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Cityplans, Incorporated (the Company) was incorporated in the Philippines on October 27, 1988 primarily to engage in the business of establishing, organizing, developing, maintaining, conducting, operating, marketing, and selling pension plans. The Company is 90.81%-owned by Cityland Development Corporation (CDC), a publicly listed entity domiciled in the Philippines. The Company's ultimate parent is Cityland, Inc. (CI), which has an effective ownership interest in the Company of 55.47% (consisting of 46.29% indirect ownership through CDC and 9.18% direct ownership).

The Company's secondary purpose is to own or otherwise acquire by deed, purchase or otherwise, the necessary property, building and equipment essential or incidental to said business and to purchase, own, hold, possess, lease, or otherwise acquire, and to use, operate, maintain, sell, pledge, mortgage, transfer or assign any real or personal property in the furtherance of the business and purpose of the Company.

The Company's securities, amounting to ₱600 million worth of pension plans, are registered with the Philippine Securities and Exchange Commission (SEC) and are subject to the terms and conditions provided in SEC Circular No. 2, Series of 1984. In connection with this, the Company obtained from the SEC the permit to sell the said pension plans. As of December 31, 2025 and 2024, the Company has sold about ₱297 million worth of securities.

The Company ceased from selling pension plans since February 2007 and is currently engaged in the settlement of the outstanding pension plans.

The Company's principal and registered office address is 3/F Cityland Condo 10, Tower 2, 154 H.V. dela Costa St., Salcedo Village, Makati City.

The Company's financial statements as of and for the years ended December 31, 2025 and 2024 were authorized for issuance by the Board of Directors (BOD) on April 30, 2026.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The financial statements of the Company have been prepared using the historical cost basis, except for financial assets measured at fair value through other comprehensive income (FVOCI) that have been measured at fair values. The financial statements are presented in Philippine peso (Peso), which is the Company's functional and presentation currency. All values are rounded to the nearest Peso except when otherwise indicated.

The financial statements have been prepared under the going concern assumption.

Statement of Compliance

The financial statements of the Company, which are prepared for submission to the SEC and the Bureau of Internal Revenue (BIR), have been prepared in accordance with accounting principles generally accepted in the Philippines for pre-need companies as set forth in the Pre-need Rule 31, As Amended: *Accounting Standards for Pre-Need Plans and Pre-need Uniform Chart of Accounts (PNUCA)* and applicable Insurance Commission (IC or the Commission) Circular Letter and accounting requirements.



Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Adoption of these amendments did not have an impact on financial statements of the Company:

- Amendments to PAS 21, *Lack of exchangeability*
  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

Material Accounting Policy Information
The following are the material accounting policies of the Company:

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

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

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

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

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

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

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

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

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



Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Installment contract receivables and contract assets are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of income when the asset is derecognized, modified or impaired.



The Company's financial assets at amortized cost includes cash and cash equivalents, short-term investments, installment contracts receivable, other receivables and deposits under "Other assets".

Financial assets designated at FVOCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as financial assets at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its listed equity investments under this category (Note 6).

Financial assets at FVPL
Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of income.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of income. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- the right to receive cash flows from the asset have expired, or,
- the Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

- either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognized an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Modification of contractual cash flows
When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of comprehensive income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset.

Impairment of financial assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For installment contracts receivable and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.



The Company considers a financial asset in default when contractual payments are 90 days past due. However, 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include accounts payable and accrued expenses.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVPL
Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of income.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Company has not designated any financial liability as at FVPL.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in statement of income.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of th1e liability and are amortized over the remaining term of the modified liability.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Real Estate Properties for Sale
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is classified as real estate properties for sale which is measured at the lower of cost and net realizable value (NRV). Cost consists of the purchase price and any directly attributable costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs to complete and the estimated costs necessary to make the sale.

Investments in Trust Funds
The trust fund assets and liabilities are recognized in accordance with the provisions of the applicable PASs and PFRS Accounting Standards and their interpretations.

Investments in trust funds are restricted to cover the Company's pre-need reserves. These are classified as current assets to the extent of the currently maturing pre-need reserves. The remaining portion is classified as noncurrent assets in the statement of financial position.

Investment Properties
Investment properties which consist of condominium units that are held for lease are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing real estate property for lease at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of the property.

Subsequent to initial measurement, investment properties (except for investment properties under investment in trust fund) are carried at cost less accumulated depreciation and impairment loss. Condominium units for lease are depreciated over their useful life of 25 years using the straight-line method. Depreciation of item in investment properties begins when the assets become available for use and ceases at the earlier of the date that the item is classified as held-for-sale in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Investment properties under investments in trust funds are carried at fair value. Gain or loss arising from change in the fair value of investment properties under investments in trust funds is recognized in the statement of income.

Investment properties are derecognized when either they have been disposed of or when the property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the statement of income in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party, or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.



Transfers between investment properties, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Impairment of Nonfinancial Assets
The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are either written down to their recoverable amount or provided with valuation allowance. The recoverable amount of the assets is the greater of fair value less cost to sell and value-in-use. Valuation allowance is provided for the carrying amount of assets which is not expected to be recovered. Impairment losses, if any, are recognized in the statement of income.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

The Company assesses at each reporting period whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. The Company considers external and internal sources of information in its assessment of the reversal of previously recognized impairment losses. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The net amount of VAT recoverable from or payable to, the taxation authority is included as part of "Other assets" or "Accounts payable and accrued expenses," respectively, in the statement of financial position.

Pre-Need Reserves (PNR)
PNR for pension plans are calculated on the basis of the methodology and assumptions set out in Pre-Need Rule 31, as Amended, as follows:

- The amount of provision is the present value of the funding expected to be required to settle the obligation with due consideration of the different probabilities as follows:

  i. Provision for termination values applying the inactivity and surrender rate experience of the Company.
  ii. The liability is equivalent to the present value of future maturity benefits reduced by the present value of future trust fund contributions required per Product Model discounted at the lower of attainable rate or discount rate provided by the IC for SEC-approved plans and the pricing discount rate for IC-approved plans.

- The rates of surrender, cancellation, reinstatement, utilization, and inflation considered the actual experience of the Company in the last three years.



- The computation of the foregoing assumptions has been validated by the internal qualified actuary of the Company.

- Based on the Company's experience, the probability of pre-termination or surrender of fully paid plans is below 5% and therefore considered insignificant. The derecognition of liability shall be recorded at pre-termination date.

- Discount interest rate for the PNR

  The transitory discount interest rate per year shall be used in the valuation of PNR shall not exceed the lower of the attainable rates as certified by the trustee banks and the following rates below:

Year	Discount interest rate
2012 - 2016	8.00%
2017	7.25%
2018	6.50%
2019 and onwards	6.00%

- Transitory PNR (TPNR)

  In effecting the transition in the valuation of reserves for old basket of plans, the IC shall prescribe a PNR with a maximum transition period of 10 years.

  For each of the pre-need plan categories, the TPNR shall be computed annually on the old basket of plans outstanding at the end of each year from 2012 to 2021 using the discount interest rates provided above. If the actual trust fund balance is higher than or equal to the resulting PNR then the liability setup shall be the PNR. However, if the resulting PNR is greater than the actual trust fund balance at the end of the year, TPNR shall be computed.

  The actual trust fund balance shall be the trust fund balance at the end of the year net of any receivables by the Company from the trustee for the contractual benefits outstanding as of the end of the year.

  The TPNR liability shall be recognized each year. As of December 31, 2025 and 2024, the actual trust fund balance is higher than the resulting PNR (see Note 7).

Other reserves
The Company sets up other provisions in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, to cover obligations such as Insurance Premium Reserves (IPR), pension bonus, and trust fund deficiency.

Unless the IC shall so specifically require, the Company may, at its option, set up other provisions as a prudent measure.

Capital Stock
Capital stock is measured at par value for all shares issued and outstanding. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of the changes in accounting policy and other capital adjustments.

Unrestricted retained earnings represent that portion which is free and can be declared as dividends to stockholders. Restricted retained earnings represent that portion which has been restricted and, therefore, is not available for any dividend declaration.

Dividend distributions
Cash dividends on common shares are deducted from retained earnings upon declaration by the BOD.

Stock dividends on common shares are measured based on the total par value of declared stock dividend. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the stockholders of the Company. Unissued stock dividends are recorded as stock dividends distributable and credited to capital stock upon issuance. Dividends for the year that are declared after the end of the reporting period but before the approval for issuance of financial statements are dealt with as an event after the reporting period.

Revenue Recognition
Revenue from contracts with customers
The Company primarily derives its real estate revenue from the sale of real estate properties. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity, wherein it is acting as agent. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Sales of real estate properties
The Company derives its revenue from sale of condominium units. Revenue from the sale of these condominium units were recognized at a point in time when control of the asset is transferred to the customer, generally when the condominium units are delivered to and accepted by the customer. The payment is collectible in monthly installments for periods ranging from one (1) to 10 years.

Cost recognition
The Company recognizes costs relating to satisfied performance obligations as these are incurred.

These mainly include:

- *Cost of contracts issued*
  This account pertains to (a) the increase or decrease in PNR as at the current year as compared to the provision for the same period of the previous year; (b) amount of trust funds contributed during the year including any trust fund deficiency; and (c) documentary stamp tax and SEC registration fees.

  Plan benefit expense includes the amount of trust fund contributions made during the year and expenses incurred in relation to the pre-termination of the contract plan.



If there is a decrease in the PNR as a result of new information or developments, the amount shall be deducted from the cost of contracts issued in the current period. In case of material prior period errors, the requirements of PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, shall be complied with by the Company.

- *General and administrative expenses*
  Operating expenses constitute costs of administering the business. These costs are expensed as incurred.

Contract Balances
Receivables
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Interest Income
Interest income from cash in banks, cash equivalents, short-term cash and bond investments and installment contracts receivable is recognized as the interest accrues taking into account the effective yield on interest.

Dividend Income
Dividend income is recognized when the Company's right to receive the payment is established.

Rental Income
Rental income from investment properties is recognized on a straight-line basis over the lease term.

Trust Fund Income
Trust fund income mainly pertains to rental income on investment properties under the trust fund account, as well as, trading gains and losses from buying and selling and changes in fair value of financial assets and financial liabilities categorized upon initial recognition as at FVPL investments under the trust fund account.

Unrealized Re-measurement Gain on Investment Properties
This pertains to changes in fair value of investment properties held in trust fund.

Retirement Benefits Cost
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Retirement benefits cost comprises the following:
- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Re-measurements of net defined benefit liability or asset.



Service cost, which includes current service costs, past service costs and gains or losses on non-routine settlements, is recognized as expense in the statement of income. Past service cost is recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary. Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of income.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the statement of comprehensive income in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are earned by the employees. The undiscounted liability for leave expected to be settled within 12 months after the end of the reporting period is recognized for services rendered by employees up to the end of the reporting period.

Provisions and Contingencies
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the effective future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provisions due to the passage of time is recognized as an interest expense.

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



Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of reporting period.

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability under "Income tax payable" account in the statement of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset under "Other assets" account in the statement of financial position.

Deferred income tax

Deferred income tax is recognized on all temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax relating to items recognized directly in equity is recognized in equity and those directly in comprehensive income such as re-measurement of defined benefit plan are recognized in the statement of comprehensive income and not in the statement of income.

Other Comprehensive Income

Other comprehensive income comprises items of income and expense that are not recognized in the statement of income in accordance with PFRS Accounting Standards. Other comprehensive income of the Company includes gains and losses on fair value changes of financial assets/available-for-sale financial assets, remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability).

Segment Reporting

The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 23 in the financial statements. The Company's asset-producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Events After the Reporting Period

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

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

  The amendments are not expected to have a material impact on the Company's accounting for financial instruments.

- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*

- Annual Improvements to PFRS Accounting Standards - Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1, *Presentation of Financial Statements* and responds to investors' demand for better information about companies' financial performance. The new requirements include:
  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

  The Company is currently assessing the impact of adopting PFRS 18 in its financial reporting, including its data collection process.

- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires management to make judgments, estimates, and assumptions that affect the amounts reported in the financial statements and accompanying notes. In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from such estimates.

Judgments

In the process of applying the Company's accounting policies, Management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements:

Revenue recognition

Selecting the appropriate revenue recognition method for a particular real estate transaction requires certain judgments based on the following, among others:

- *Existence of a contract*
  The Company's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contract to sell are not signed by both parties, the combination of other signed documentation such as reservation agreement, official receipts and other documents, would contain all the criteria to qualify as contract with the customer under PFRS 15.

  In addition, part of the assessment process of the Company before revenue recognition is to assess the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers whether the customer has met the required down payment in relation to the total contract price. Collectability is also assessed by considering factors such as the credit standing and financial capacity of the customer, age and location 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.

- *Identifying performance obligation*
  The Company has various contracts to sell covering sale of condominium units and other real estate properties. The Company concluded that there is one performance obligation in each of these contracts. For the contract covering condominium unit, the Company has the obligation to deliver the condominium unit duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan.

- *Principal versus agent considerations*
  The contract for the condominium units leased out by the Company to its tenants includes the right to charge for the electricity and water usage only.

  For the electricity and water usage, the Company determined that it is acting as an agent because the promise of the Company to the tenants is to arrange for the electricity and water supply to be provided by a utility company. The utility company, and not the real estate developer, is primarily responsible for the provisioning of the utilities while the Company, administers the leased spaces and coordinates with the utility companies to ensure that tenants have access to these utilities. The Company does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by the utility providers.



Estimates

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

Provision for expected credit losses of installment contracts receivable

The Company uses a provision matrix to calculate ECLs for installment contract receivables. The provision rates are based on past collection history and other factors, which include, but are not limited to the length of the Company's relationship with the customer, the customer's payment behavior, known market factors that affect the collectability of the accounts.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as the inflation rate, gross domestic product, interest rate and unemployment rate. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions such as inflation rate, gross domestic product, interest rate and unemployment rate and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's installment contract receivables and contract assets is disclosed in Note 21.

The carrying amounts of installment contracts receivable and other receivables as of December 31, 2025 and 2024 are disclosed in Note 9. There was no provision for expected credit loss on receivables in 2025 and 2024. The carrying amounts of financial assets at amortized cost and loans and receivables in the "Investments in trust funds" account as of December 31, 2025 and 2024 are disclosed in Note 7.

Estimation of useful lives of investment properties

The Company estimates the useful lives of investment properties based on the internal technical evaluation and experience with similar assets. Estimated lives of investment properties are reviewed periodically and updated if expectations differ from previous estimates due to wear and tear, technical and commercial obsolescence and other limits on the use of the assets.

Net book values of investment properties as of December 31, 2025 and 2024 are disclosed in Note 11.

Determination of fair value of investment properties

Real estate properties included in the "Investments in trust funds" account is measured at fair value. Fair value is determined based on the valuation performed. The fair value represents the amount that would be received to sell an asset in an orderly transaction between market participants at the date of valuation. The carrying amounts of investment property included under the "Investments in trust funds" account as of December 31, 2025 and 2024 are disclosed in Note 7. The fair values of the Company's investment properties not held under trust funds as of December 31, 2025 and 2024 are disclosed in Notes 11 and 21.



Estimation of retirement benefits cost
The cost of the defined benefit plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, and future retirement increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the PH BVAL Reference Rates at various tenors, rates for intermediate durations were interpolated and the rates were then weighted by the expected benefits payments at those durations to arrive at the single weighted average discount rate.

The mortality rate is based on publicly available mortality table in the Philippines. Future salary increases are based on expected future inflation rates. Further details about assumptions used are given in Note 18. The carrying amounts of net retirement plan liabilities as of December 31, 2025 and 2024 are disclosed in Note 18.

Estimation of reserves
Reserves are set up for all pre-need benefits guaranteed and payable by the Company as defined in the pre-need plan contracts. The determination of the Company's reserves is based on the actuarial formula, methods, and assumptions allowed by applicable SEC and IC circulars. This is dependent on management's selection of certain assumptions used by actuaries in computing this amount.

As of December 31, 2025 and 2024, the carrying amounts of total reserves are disclosed in Note 7.

As of December 31, 2025 and 2024, the principal assumptions used in determining the Company's reserves were based on the IC Circular Letter No. 23-2012 dated November 28, 2012 (see Note 4).

The transitory discount interest rate that shall be used in the valuation of pre-need reserves shall not exceed the lower of the attainable rates as certified by the Trustee of 4.31% and 3.76% in 2025 and 2024, respectively, and the IC rate of 6.00%.

As of December 31, 2025, the principal assumptions used in determining the PNR are shown as follows:

Currently-Being-Paid Pension Plans - Actively Paying Plans

Type of Pre-need Product	PNR Using Attainable Interest Rate		PNR Using the SEC/IC-Approved Hurdle Rate Per Product Model				Computation of Reserves Using Other Interest Rate, if applicable	
	Rate (%)	Amount	Rate (%)	Date of Approval	SEC Order Number	Amount	Rate (%)	Amount
Total	–	~~₱~~ –	–	–	–	–	–	–
Product A	4.31%	–	–	02/19/1996	37	–	–	–
Product B	4.31%	–	–	02/19/1996	37	–	–	–
				10/13/1995	1			
				11/26/1993	1006			
				05/17/1993	359			
				07/16/1992	601			
				09/10/1991	899			
				12/14/1990	938			
				02/05/1990	116			

Currently-Being-Paid Pension Plans - Lapsed Plans

Type of Pre-need Product	PNR Using Attainable Interest Rate		PNR Using the SEC/IC-Approved Hurdle Rate Per Product Model				Computation of Reserves Using Other Interest Rate, if applicable	
	Rate (%)	Amount	Rate (%)	Date of Approval	SEC Order Number	Amount	Rate (%)	Amount
Total	–	~~₱~~ –	–	–	–	–	–	–
Product A	4.31%	–	–	02/19/1996	37	–	–	–
Product B	4.31%	–	–	02/19/1996	37	–	–	–
				10/13/1995	1			
				11/26/1993	1006			
				05/17/1993	359			
				07/16/1992	601			
				09/10/1991	899			
				12/14/1990	938			
				02/05/1990	116			

Fully Paid Plans - Availing and Not Yet Availing

Maturity Period and Type of Pre-need Product	PNR Using Attainable Interest Rate		PNR Using the SEC/IC-Approved Hurdle Rate Per Product Model				Computation of Reserves Using Other Interest Rate, if applicable	
	Rate (%)	Amount	Rate (%)	Date of Approval	SEC Order Number	Amount	Rate (%)	Amount
Total	–	₱20,118,752	–	–	–	–	–	–
Product A	4.31%	645,307	–	02/19/1996	37	–	–	–
Product B	4.31%	19,473,445	–	02/19/1996	37	–	–	–
				10/13/1995	1			
				11/26/1993	1006			
				05/17/1993	359			
				07/16/1992	601			
				09/10/1991	899			
				12/14/1990	938			
				02/05/1990	116			

As of December 31, 2024, the principal assumptions used in determining the PNR are shown as follows:

Currently-Being-Paid Pension Plans - Actively Paying Plans

Type of Pre-need Product	PNR Using Attainable Interest Rate		PNR Using the SEC/IC-Approved Hurdle Rate Per Product Model				Computation of Reserves Using Other Interest Rate, if applicable	
	Rate (%)	Amount	Rate (%)	Date of Approval	SEC Order Number	Amount	Rate (%)	Amount
Total	–	~~₱~~ –	–	–	–	–	–	–
Product A	3.76%	–	–	02/19/1996	37	–	–	–
Product B	3.76%	–	–	02/19/1996	37	–	–	–
				10/13/1995	1			
				11/26/1993	1006			
				05/17/1993	359			
				07/16/1992	601			
				09/10/1991	899			
				12/14/1990	938			
				02/05/1990	116			

Currently-Being-Paid Pension Plans - Lapsed Plans

Type of Pre-need Product	PNR Using Attainable Interest Rate		PNR Using the SEC/IC-Approved Hurdle Rate Per Product Model				Computation of Reserves Using Other Interest Rate, if applicable	
	Rate (%)	Amount	Rate (%)	Date of Approval	SEC Order Number	Amount	Rate (%)	Amount
Total	–	₱ –	–	–	–	–	–	–
Product A	3.76%	–	–	02/19/1996	37	–	–	–
Product B	3.76%	–	–	02/19/1996	37	–	–	–
				10/13/1995	1			
				11/26/1993	1006			
				05/17/1993	359			
				07/16/1992	601			
				09/10/1991	899			
				12/14/1990	938			
				02/05/1990	116			

Fully Paid Plans - Availing and Not Yet Availing

Maturity Period and Type of Pre-need Product	PNR Using Attainable Interest Rate		PNR Using the SEC/IC-Approved Hurdle Rate Per Product Model				Computation of Reserves Using Other Interest Rate, if applicable	
	Rate (%)	Amount	Rate (%)	Date of Approval	SEC Order Number	Amount	Rate (%)	Amount
Total	–	₱21,848,202	–	–	–	–	–	–
Product A	3.76%	657,024	–	02/19/1996	37	–	–	–
Product B	3.76%	21,191,178	–	02/19/1996	37	–	–	–
				10/13/1995	1			
				11/26/1993	1006			
				05/17/1993	359			
				07/16/1992	601			
				09/10/1991	899			
				12/14/1990	938			
				02/05/1990	116			

Management believes that the amount of PNR recognized in the financial statements closely reflects actual potential plan claims as of end of reporting period.

The following are the assumptions used in the computation of PNR:

December 31, 2025:

a. Currently-Being-Paid Pension Plans - Actively Paying Plans
   - Plans issued prior to 2006 and after – 4.31% discount rate (ROI rate) and no surrender/lapse rates were used.

b. Currently-Being-Paid Pension Plans - Lapsed Plans
   - Plans issued prior to 2006 and after - reserves equal the termination values (as originally computed) at the date of lapse and no reinstatement rate was assumed.

c. Fully paid plans - Availing and Not Yet Availing
   - Plans with maturity dates in years 2025 and after – 4.31% discount rate (ROI rate) and no surrender rates were assumed for fully paid plans.

December 31, 2024:

a. Currently-Being-Paid Pension Plans - Actively Paying Plans
   - Plans issued prior to 2006 and after - 3.76% discount rate (ROI rate) and no surrender/lapse rates were used.

b. Currently-Being-Paid Pension Plans - Lapsed Plans
   - Plans issued prior to 2006 and after - reserves equal the termination values (as originally computed) at the date of lapse and no reinstatement rate was assumed.

c. Fully paid plans - Availing and Not Yet Availing
   - Plans with maturity dates in years 2024 and after - 3.76% discount rate (ROI rate) and no surrender rates were assumed for fully paid plans.

Recognition of deferred income tax assets
The Company reviews the carrying amounts at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow deferred tax assets to be utilized. The gross deferred tax assets as of December 31, 2025 and 2024 are disclosed in Note 19.

4. Pre-need Rule 31, As Amended and Other SEC and IC Circulars

Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9829
After the issuance of RA No. 9829, the Commission issued IRR on March 8, 2010. The salient provisions of the IRR are the same with that of RA No. 9829.

RA No. 9829
RA No. 9829, *An Act Establishing the Pre-need Code of the Philippines*, took effect upon its approval on December 3, 2009. This act shall be known as the "Pre-need Code of the Philippines".

The following are the more significant provisions under RA No. 9829:

- *Authority of the Insurance Commission.* All pre-need companies shall be under the primary and exclusive supervision and regulation of the IC (the "Commission").
- *Paid-up capital.* A pre-need company incorporated after the effectivity of the Code shall have a minimum paid-up capital of ₱100.00 million. Existing pre-need companies shall comply with the following minimum unimpaired paid-up capital:

  a. ₱100.00 million for companies selling at least three (3) types of plan;
  b. ₱75.00 million for companies selling two (2) types of plan; and
  c. ₱50.00 million for companies selling a single type of plan.

- *Trust fund.* The trust fund shall at all times be sufficient to cover the required pre-need reserve. The RA specifies the minimum amount of corresponding contributions to the trust fund.
- *Limitations on different investments of the trust funds.* To ensure the liquidity of the trust fund to guarantee the delivery of the benefits provided for under the plan contract and likewise obtain sufficient capital growth to meet the growing actuarial reserve liabilities, all investments of the trust fund(s) of a pre-need company shall be limited and subject to limitations specified by the RA.

SEC Memorandum Circular (SMC) No. 6, Series of 2002

The SEC issued SMC No. 6, *Standards for Valuation of Actuarial Reserve Liabilities for Pre-Need Plans* (SEC Circular No. 6), effective June 27, 2002 (amended April 10, 2003). The following are the more significant provisions of this Circular:

a. Actuarial reserve liabilities (ARL) must be set up for all pre-need benefits guaranteed and payable by the pre-need company as defined in the pre-need plan contracts;

b. Where insurance coverage is provided in the plan contract, insurance premium reserves must be set up as a separate liability account;

c. The ARL must be determined by using a prospective method in accordance with the Guidelines and Standards of the Actuarial Society of the Philippines;

d. Actuarial reserve valuation methods must be consistent with any allowed accounting adjustments for deferred expenses. The net level contribution method of prospective valuation for both pre-need benefits reserve and insurance premium reserve (IPR) shall be used when there is deferment of expenses. Only first year commissions, overrides and bonuses may be deferred. Administrative and other marketing expenses shall not qualify for deferral. The period of deferment shall not exceed the installment payment period and shall be in accordance with the New Pre-Need Rules which took effect on September 21, 2001;

e. The ARL for a contract that has defaulted in payment of installments of the price, but which may still be reinstated, shall not be less than its reserve minus the uncollected contributions to reserve up to the date of valuation, multiplied by a validated reinstatement factor as determined by the actuary, provided the uncollected contributions to reserve is not reflected as an asset;

f. The interest rate assumption in reserve valuation should be reflective of expenses and taxes incurred on investments, but the rate shall in no case exceed 80% of the average interest rate for the longest-term Philippine government security traded during the previous three (3) months. If the experience net yield rate of the trust fund is higher than the set maximum, the actuary must show conclusive proof of the contracts whose reserves are being valued, before assuming such experience net yield;

   Rates of surrender, cancellation, utilization and inflation, when applied, must consider the actual experience of the Company in the last three (3) years, or the industry, in the absence of a reliable company experience;

g. In determining the ARL of fully paid plans, no decrement rates other than utilization rates for the contingent principal benefits may be used. The actuary shall submit to the SEC for approval the necessary justification for any exception made to this rule; and

h. The actuary shall validate every year the actuarial assumptions used in the reserve valuation and shall include in the actuarial certification a statement of the validation procedure.

Memorandum Circular No. 1, Series of 2009

On February 25, 2009, the SEC issued SEC Memorandum Circular No. 1, granting pre-need companies an extension of time until April 15, 2009 within which to apply for a multi-year funding scheme, known as the Multi-year Capital and Trust Fund Build-up, for the purpose of addressing the pre-need companies' concern on capital and trust fund deficiencies.



Pre-need Rule 31, As Amended: Accounting Standards for Pre-need Plans and PNUCA

On May 10, 2007, the SEC issued Pre-need Rule 31, as amended, which adopted the revised accounting standards and chart of accounts that shall be considered the generally accepted accounting principles for pre-need companies in the Philippines. This Amended Pre-need Rule 31 became effective for interim financial statements covering periods ended June 30, 2007 and onwards, and for annual financial statements for the period ended December 31, 2007 and thereafter.

For presentation purposes:

a. The PNR calculated under the Amended Rule have been presented in the statement of financial position as PNR account and changes in PNR have been included in the "Cost of contracts issued" account in the statement of income.
b. IPR has been presented as "Other reserves" account in the statement of financial position and changes have been included in the "Cost of contracts issued" account in the statement of income.
c. Documentary stamp tax and SEC registration fees have been included in the "Cost of contracts issued" in the statement of income.
d. Group life insurance expense, commissions, and service fees have been included in the "Other direct costs and expenses" account in the statement of income.

The following are the more significant provisions under the Amended Pre-Need Rule 31:

Trust funds

a. The net asset value in the trust funds shall be at least equal to the required PNR as determined by a qualified actuary using the method prescribed in this Rule.
b. All requirements under the rules and regulations as may be promulgated by the SEC on trust funds shall be complied with.
c. The recognition and measurement of the assets in the trust funds shall be in accordance with PAS 39, PAS 40, and other applicable standards, depending on the composition of the fund.
d. The component assets and liabilities of the trust funds shall be presented separately in the notes to financial statements.

Pre-need reserves

a. PNR shall be set up for all pre-need benefits guaranteed and payable by the pre-need company as defined in the pre-need plan contracts.

b. In recognizing PNR for educational and pension plans, the general requirements of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, on provisioning and the specific methodology provided under this item shall be complied with by the Company. For life plans, the requirements of PFRS 4, *Insurance Contracts*, shall be complied with by the Company.

c. The amount recognized as a provision to cover the PNR shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. The risks and uncertainties that inevitably surround many events and circumstances shall be taken into account in reaching the best estimate of a provision.

d. Since the effect of the time value of money for pre-need plans is material, the amount of provision shall be the present value of the funding expected to be required to settle the obligation with due consideration of the different probabilities as shown below:
   (i) On Currently-Being-Paid Plans

- Provision for termination values applying the surrender rate experience of the Company. The trend of surrender rate experience shall be disclosed in the Company's notes to financial statements (see Note 3); and

- Liability shall be set up for the portion of currently-being-paid plans that will reach full payment, applying the full payment experience of the Company. It shall be equivalent to the present value of future maturity benefits reduced by the present value of future trust fund contributions required per Product Model discounted at the approved hurdle rate per Product Model of the Company;

(ii) On Lapsed Plans within the Allowable Reinstatement Period

- Provision for termination values applying the reinstatement experience of the Company. The trend of reinstatement experience shall be disclosed in the Company's notes to financial statements (see Note 3);

(iii) On Fully Paid Plans

- For those due for payment within the next five years, the reserve shall be the present value of future maturity benefits discounted at the attainable rate, as determined and certified by the Company's trustee using industry best practices and principles which shall be indicated in such certification; and

- For those not yet due for payment within the next five years, the reserves shall be the present value of future maturity benefits discounted at the approved hurdle rate per Product Model of the Company.

e. Future events that may affect the foregoing amounts shall be reflected in the amount of provision for PNR where there is sufficient objective evidence that they will occur.

f. The rates of surrender, cancellation, reinstatement, utilization, and inflation when applied, must consider the actual experience of the company in the last three years, or the industry, in the absence of a reliable Company experience.

g. The computation of the foregoing assumptions shall be validated by the internal qualified actuary of the pre-need company. His or her validation report shall be provided to its external auditors for purposes of statutory audit of the financial statements of the Company, and shall be submitted to the IC as a separate report.

h. The probability of pre-termination on surrender of fully paid plans shall be considered in determining the PNR of fully paid plans. A pre-termination experience on fully paid plans of 5% and below shall be considered insignificant. In such cases, derecognition of liability shall be recorded at pre-termination date.

i. The disclosure requirement under PAS 1 relative to methods and assumptions used to estimate the PNR, including the sensitivity of the PNR amount, shall be complied with.

j. Any excess in the amount of the trust funds as a result of the revised reserving method shall neither be released from the fund nor be credited to offset against future required contributions.



Insurance premium fund
This represents corporate assets that are restricted to cover the payment of insurance premiums after the paying period of the pre-need plan. This shall be equal to the amount computed for the IPR under paragraph 13 of Amended Pre-need Rule.

Other reserves
The Company shall set-up other provisions in accordance with PAS 37 to cover obligations such as IPR, pension bonus, and trust fund deficiency.

Unless the IC shall so specifically require, a company may, at its option, set up other provisions as a prudent measure.

Premium revenue
Premiums from sale of pre-need plans shall be recognized as earned when collected. When premiums are recognized as income, the related cost of contracts shall be computed with the result that benefits and expenses are matched with such revenue.

Trust fund income
Income generated by the trust fund shall be included in the "Investment in trust funds" account under the asset section of the statement of financial position.

The amount of the trust fund income shall be disclosed in the notes to the financial statements (see Note 7). The portion of the retained earnings representing the trust fund income shall be automatically restricted to payments of benefits of plan holders and such other related payments as allowed under the Pre-Need Rules.

Cost of contracts issued
This account pertains to:

a. the increase in PNR as at the current year as compared to the provision for the same period of the previous year. If there is a decrease in the PNR as a result of new information or developments, the amount shall be deducted from the "Cost of contracts issued" of the current period. In case of material prior period errors, the requirements of PAS 8 shall be complied with by the pre-need company;

b. amount of trust funds contributed during the year; and

c. Documentary stamp tax and SEC registration fees.

The foregoing item shall be presented separately on the face of the statement of income.

SEC Interpretative Bulletin No. 1, Series of 2008
On January 17, 2008, SEC issued a bulletin to guide pre-need corporations, pre-need actuaries, and pre-need external auditors on the implementation of Pre-Need Rule 31, as amended, Accounting Standards for Pre-Need Plans and PNUCA.



The more significant provisions of this bulletin are as follows:

Pre-need reserves
The PNR or the reserve for education plan, life plan, and pension plan, represents present value of future trust fund contributions. The PNR of the three plan types should be maintained separately as they differ in treatment and assumptions. The amount indicated as PNR shall be the same as that stated in the actuarial valuation report and audited financial statements with the required disclosures.

Discount rate
The Company should compute the PNR using the SEC-approved hurdle rate per product model for currently-being-paid plans and fully-paid plans whose benefit payments are not due within the next five (5) years.

The Company may also compute the present value of its liabilities using a lower discount rate other than the SEC-approved hurdle rate and the difference between the two computations shall be booked under the account "Other Reserves" in the audited financial statements, per Pre-Need Rule 31, as amended.

Other reserves
Under the account "Other reserves," the Company may, at its option and as a prudent measure, set up other provisions.

Thus, the "Other reserves" account may include the following items:

a) general administrative expense after the paying period;
b) paid-up capital reserves;
c) reserve for the difference in the PNR computation using a rate other than the SEC-approved hurdle rate; and
d) Other reserves as may be allowed by the Commission.

IC Circular Letter No. 23-2012
On November 28, 2012, the IC issued Circular No. 23-2012, *Valuation of Transitory Pre-Need Reserves.* This provides regulatory leeway for old basket plans, previously approved by the SEC, and the valuation of pre-need reserves starting as of year-end 2012 shall be governed by the following:

The transitory discount interest rates per year used in valuation of PNR shall not exceed the lower of attainable rates as certified by the Trustee, and the following rate below:

Year	Discount Interest Rates
2012-2016	8.00%
2017	7.25%
2018	6.50%
2019 and onwards	6.00%

To effect a smooth transition in the valuation of reserves for old basket of plans, IC shall prescribe the TPNR. A maximum transition period of ten years shall be observed in the implementation of TPNR.

For each pre-need plan category, namely education, pension, and life plans, the TPNR shall be computed annually on all old baskets of plans outstanding on the 31st of December of each year from 2012 to 2021 using the discount rate provided in the table above. If the actual trust fund balance is higher than or equal to the resulting PNR then the liability to be set up shall be the PNR. However, if the resulting pre-need reserve is greater than the actual trust fund balance at the end of the year, the TPNR shall be computed in accordance with the schedule provided.

The actual trust fund balance shall be the trust fund balance at the end of the year net of any receivables by the pre-need company from the trustee for contractual benefits outstanding as of the end of the year.

The TPNR liability based on the above schedule shall be recognized and booked each year. The trust fund deficiency shall be recognized and booked each year. The trust fund deficiency shall be funded by the pre-need company within 60 days from April 30 following the valuation date.

IC Circular Letter No. 8-2012

On March 15, 2012, the IC issued Circular Letter No. 8-2012, *Allowable Investments for Pre-need Trust Funds*. In addition to the provisions of Section 34 of the Pre-need Code, Investment of the Trust Fund, the following additional investment outlets shall be allowed as "Other Investments" with corresponding maximum limits and subject to prior approval of the IC.

The amount allocated shall not exceed 20% of the total trust fund while the investment in any particular item below shall not exceed 15% of the trust fund.

Provided, further, that no investment in any single entity shall exceed 10% of the total value of the trust fund.

a. Preferred shares - Preferred stock, also called preferred shares, preference shares, or simply preferred, is a special equity security that has properties of both an equity and a debt instrument and is generally considered a hybrid instrument. Preferred are senior (i.e., higher ranking) to a common stock but are subordinate to bonds. Preferred shares stock usually carries no voting rights, but may carry a dividend and may have priority over common stock in the payment of dividends and upon liquidation.

b. Real estate investment trust (REIT) - Real estate investment trust or REIT as defined under Republic Act No. 9856 is a stock corporation established in accordance with the Corporation Code of the Philippines and the rules and regulations promulgated by the IC principally for the purpose of owning income-generating real estate assets. For purposes of clarity, a REIT, although, designated as a "trust" does not have the same technical meaning as "trust" under existing laws and regulations but is used herein for the sole purpose of adopting the internationally accepted description in accordance with global best practices.

c. Tier 2 Notes - Tier 2 notes that generally constitute direct, unconditional, unsecured and subordinated obligations of a bank. More commonly, claims of all noteholders will enjoy priority over the rights and claims of holders of all classes of equity securities of a bank, including holders of preference shares, if any. The issuer bank should have a credit rating of no less than "A" from Philippine Rating Services Corporation (Phil Ratings).

d. Service assets - Under Republic Act No. 9829, Section 35 Responsibilities of the Trustee of Pre-need Companies under (c) "Not use the trust fund to invest in or extend any loan or credit accommodation to the pre-need company, its directors, officers, stockholders and related interests as well as to persons or enterprises controlling, owned or controlled by, or under common control with said Company, its directors, officers, stockholders and related interests except for entities which are direct providers of pre-need companies.

   Service assets are investment by a pre-need company directly or through a service provider in resources or capabilities that may be used to offset a future liability. These are assets or shares which are not intended for resale or investment but to offset future liabilities.

   i. Pre-need companies differ from insurance companies because their obligations are not necessarily financial in nature. Some of their liabilities may be in the form of assets or services. Hence, there are arbitrage opportunities where the pre-need company is able to provide the service or asset at a cost below the amount originally projected in the financial model.

   ii. Mortuaries - Historically investments by pre-need companies in mortuaries have allowed some pre-need companies to answer their life plan obligation. Investments take the form of buying or investing in mortuaries, purchasing assets required to provide memorial services, such as hearses, cremation machines or loaning funds to independent mortuaries where conditions of the loan include providing discounted memorial services.

   iii. Memorial lots and/or columbaries - Some life plan liabilities are in the form of memorial lots or columbaries, where the commitment of the life plan Company is to provide a complete funeral service including a memorial lot.

      Memorial lots or columbaries that are not part of the package of a funeral service shall be considered as inventories held for sale. In which case, the asset shall be considered as real estate.

   iv. Schools - Investments by pre-need companies in educational institutions would reduce the cost of servicing education plans, because the cost of education additional students is only marginal. The pre-need company would only have to spend on the marginal cost of educating additional students.

   v. Retirement homes - Some pension plans may include the provision of adult oriented housing for retirees as a benefit of the pension plan. Consequently, the ownership of such service assets will inoculate or control the liability of the pre-need company.

As of December 31, 2025 and 2024, the Company has complied with the allowable investments under IC Circular Letter No. 8-2012 (Note 7).

IC Circular Letter No. 43-2015

On August 7, 2015, the IC has issued Circular Letter 43-2015 relating to the Guidelines on the Management of the Trust Fund to govern the management and administration of the trust fund established for the payment of pre-need benefits under plan contracts and to provide an updated and more flexible choice of investments for the net surplus fund subject to rules and regulations that would ensure prudent investment management and protection of the interests of the planholders, including the promotion of the sound, stable and sustainable growth of the pre-need industry as provided for in Section 2 of the Pre-Need Code.

Trust fund surplus
The net asset value in the trust fund shall be at least equal to the required pre-need reserve liability (PRL) as determined by an accredited actuary. The PRL shall be computed in accordance with the prescribed applicable rate at the time of valuation.

Net surplus fund
The net surplus fund is an extended fund of the trust fund. Its availability shall be determined based on the trust fund income as of December 31 of the immediately preceding calendar year. The net surplus fund is determined as the difference between the trust fund surplus against the sum of provision for adverse deviation and excess liability reserve.

Trust fund surplus refers to the excess of the net asset value in the trust fund over the pre-need reserve liability. The net asset value is the trust fund balance at time of valuation. The net asset value is also referred to as trust fund equity.

Investment of the trust fund and net surplus fund
Investment of the trust fund shall be limited to the allowable investments provided for under Section 34 of the Pre-Need Code and to such other investments approved by the Commission, and shall be subject to the limitations found therein.

In case there is a net surplus, investment of the same shall be limited to the items enumerated under Section 34 of the Pre-Need Code and other allowable investments approved by the Commission, without the percentage limits set forth. Any investment outlet not enumerated therein may be allowed subject to the prior approval of the Commission.

The net surplus shall be placed in net surplus fund of each of the plan type (life, pension and education plan).

Withdrawal of the excess liability reserves of closed accounts
Withdrawal of the excess liability reserve (ELR) of closed accounts from the trust fund may be allowed subject to the prior approval of the Commission and payment of processing fee of 50,000 per application.

Request for the withdrawal of the ELR of closed accounts shall be submitted within 30 days from receipt by the Commission of the Actuarial Valuation Report.

In case the Commission acts favorably on the request, withdrawal shall be made within 60 days from receipt of approval. No withdrawal after the 60-day period shall be allowed by the trustee bank.

The total plan deposit and ELR information per plan contract shall be included in the monthly trust fund withdrawal report submitted to the Commission.

<u>IC Circular Letter No. 2018-58</u>
On November 14, 2018, the IC issued Circular Letter 2018-58 providing Regulatory Relief for the Pre-need Industry due to High Volatility in the Philippine Market. The circular provides the following regulatory relief:

a. Valuation of Publicly Listed Equity Securities
   For listed equity securities acquired on or before December 31, 2017, pre-need companies shall have the option to use the prevailing market rate prescribed by PFRSs or the market rate as of December 31, 2017.

For listed equity securities acquired after December 31, 2017, pre-need companies shall have the option to use the prevailing market rate prescribed by PFRSs or the acquisition cost.

The above options apply provided the equity securities are not intended for sale in the short-term.

b. Valuation of Fixed Income Debt Securities
Pre-need companies shall have the option to value all the fixed income debt securities at amortized cost.
c. Pre-need reserves
Pre-need companies shall have the option to use the prevailing market rate or the discount rate for the reserves under Circular Letter 23-2012 in the valuation of pre-need reserves.

As of December 31, 2025 and 2024, the Company did not avail of the above regulatory relief on the valuation of assets and pre-need reserves. Hence, the assets and pre-need reserves are valued using market rates.

5. Cash and Cash Equivalents and Short-term Cash Investments

Cash and cash equivalents consist of:

	2025	2024
Cash on hand and in banks	**₱10,644,362**	₱10,744,771
Cash equivalents	**96,500,000**	66,500,000
	₱107,144,362	₱77,244,771

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term investment rates.

As of December 31, 2025 and 2024, short-term cash investments amounting to ₱129.50 million and ₱150.10 million, respectively, are investments in banks with maturities of more than three (3) months to one (1) year from dates of acquisition and earn interest at the prevailing market rates.

Interest income earned from cash in banks, cash equivalents, short-term cash investments amounted to ₱12.81 million and ₱13.57 million in 2025 and 2024, respectively.

6. Equity Instruments Designated at Fair Value through Other Comprehensive Income

Equity instruments designated at FVOCI consist of investments in equity securities amounting to ₱8.99 million and ₱11.31 million as of December 31, 2025 and 2024, respectively. These pertain to shares of stock of related parties - City & Land Developers, Incorporated (CLDI) and CDC.

Movement in unrealized fair value changes on equity instruments designated at FVOCI in 2025 and 2024 are as follows:

	2025	2024
Balances at beginning of year	**₱7,134,409**	₱8,261,324
Mark to market loss for the year	**(2,319,751)**	(1,126,915)
Balances at end of year	**₱4,814,658**	₱7,134,409

The fair values of financial assets at FVOCI were determined based on published prices in an active market. Dividend income from these stocks amounted to ₱0.52 million and ₱0.60 million in 2025 and 2024, respectively (see Note 15), included under "Other income" account in the statements of income.

There were no acquisitions of financial assets at FVOCI in 2025 and 2024.

7. Investments in Trust Funds

Pursuant to the provisions of Republic Act (RA) No. 9829, *An Act Establishing the Pre-Need Code of the Philippines,* known as the *'Pre-Need Code of the Philippines.',* the companies engaged in the sale of pre-need plans and similar contracts to planholders set up a trust fund to guarantee the delivery of property or performance of service in the future. Withdrawals from these trust funds are limited to, among others, payments of pension plan benefits, bank charges and investment expenses in the operation of the trust funds, termination value payable to plan holders, contributions to the trust funds of cancelled plans and final taxes on investment income of the trust funds.

In accordance with the said requirements, the Company has funds deposited with two (2) local trustee banks and are recorded under "Investments in trust funds" account in the statements of financial position.

The details of the Company's investments in trust funds as of December 31 are disclosed below.

	2025	2024
Assets		
Cash and cash equivalents:		
Cash in banks	**₱93,489**	₱149,964
Cash equivalents	**2,227,434**	2,699,343
Financial assets at amortized cost	**19,998,407**	20,386,041
Financial assets at FVOCI	**561,725**	647,412
Financial assets at FVPL	**6,335,989**	5,002,724
Loans and receivables - net	**1,281,495**	1,615,794
Investment properties	**5,149,283**	5,149,283
Other assets	**312,230**	304,902
	35,960,052	35,955,463
Liabilities		
Accrued trust fees	**(22,310)**	(42,332)
Accrued taxes	**(173,345)**	(210,754)
Unrealized gain on sale of investment property	**(293,136)**	(298,166)
Other liabilities	**(188,208)**	(188,208)
	(676,999)	(739,460)
Net equity	**₱35,283,053**	₱35,216,003

Details of the net equity as of December 31 are as follows:

	2025	2024
Net Equity		
Fund balances at beginning of year	**₱35,216,003**	₱37,926,472
Withdrawals	**(1,920,268)**	(2,355,449)
Trust fund income (loss)	**2,055,358**	(327,381)
Other comprehensive loss for the year:		
Unrealized fair value changes on financial assets at FVOCI	**(68,040)**	(27,639)
Fund balances at end of year	**₱35,283,053**	₱35,216,003

a. Cash equivalents

Cash equivalents comprise time deposits and short-term investments with maturity periods of 30 to 92 days and earn interest ranging from 4.10% to 4.65% and 4.70% to 6.15% in 2025 and 2024, respectively.

b. Financial assets at amortized cost

The investments in trust funds include debt securities amounting to ₱20.00 million and ₱20.39 million as of December 31, 2025 and 2024, respectively, of which ₱18.50 million pertains to government securities. These investments in government securities will mature on September 27, 2032 and December 16, 2035.

c. Financial assets at FVOCI

As of December 31, 2025 and 2024, the financial assets at FVOCI pertain to listed equity shares amounting to ₱561,725 and ₱647,412, respectively. The investment in government securities amounting to ₱1.00 million has already matured in April 2024. Movement in unrealized fair value changes on financial assets at FVOCI in 2025 and 2024 are as follows:

	2025	2024
Balances at beginning of year	**₱71,320**	₱98,959
Mark to market loss for the year	**(68,040)**	(27,639)
Balances at end of year	**₱3,280**	₱71,320

d. Financial assets at FVPL

Financial assets at FVPL pertain to debt securities measured at fair value amounting to ₱6.34 million and ₱5.00 million as of December 31, 2025 and 2024, respectively.

e. Loans and receivables

	2025	2024
Loans	**₱1,128,096**	₱1,417,044
Less allowance for ECL	**(2)**	(6,586)
Net loans	**1,128,094**	1,410,458
Accrued interest receivable	**153,401**	205,336
	₱1,281,495	₱1,615,794

f. Investment properties

Investment properties are recorded in accordance with Section 34 (c) of the Pre-Need Code wherein it allows the appraisal increase of real estate to be recorded up to 60%, provided that the recorded value shall not exceed 12% of the total trust fund amount as prescribed under the same section.

Accordingly, the following are the values submitted to the IC and as certified by the trustees:

	2025	2024
Investment properties, beginning	**₱5,149,283**	₱6,839,000
Unrealized remeasurement loss	–	(1,689,717)
Investment properties, ending/ Investment properties reported to IC	**₱5,149,283**	₱5,149,283

Based on the appraisal reports by SEC-accredited and independent firms of appraisers using market data and sales comparison approach at various dates in 2025 and 2024, the fair values of the investment properties held in trust fund amounted to ₱8.47 million and ₱7.86 million, as of dates of appraisal in 2025 and 2024, respectively. Original cost of the properties amounted to ₱2.61 million as of December 31, 2025 and 2024. Changes in the fair value of the investment properties are recognized as "Unrealized remeasurement gain (loss) on investment properties" recorded as part of income of the trustee bank amounted to nil and (₱1.69) million in 2025 and 2024, respectively.

Unrealized gain on sale of investment property amounting to ₱0.29 million and ₱0.30 million as of December 31, 2025 and 2024, respectively, were recorded under the liabilities portion of the investments in trust fund.

g. Other liabilities

Other liabilities comprise rental deposits on real estate properties held for lease and custodial fee.

Pre-Need Code of the Philippines
On March 8, 2010, the IC issued the IRR of the Republic Act No. 9829 otherwise known as the "Pre-Need Code of the Philippines". Pursuant to the authority vested in the IC under Section 58 of the Pre-Need Code, the following are the more significant provisions as stated in Rule 8 Section 34 and 36:

Trust fund
A trust fund shall be established separately for each type of plan with the trust department of a trust company, bank, or investment house doing business in the Philippines. No trust fund shall be established by a pre-need company with an affiliate trust entity subject to Section 38 thereof.

To ensure the liquidity of the trust fund to guarantee the delivery of the benefits provided for under the plan contract and likewise obtain sufficient capital growth to meet the growing actuarial reserve liabilities, all investments of the trust funds of a pre-need company shall be limited to the following and subject to limitations to wit:

a. Fixed income instruments - These may be classified into short-term and long-term instruments. The instrument is short-term if the maturity period is 365 days or less. This category includes:

    1. Government securities which shall not be less than 10% of the trust fund amount;

2. Savings/time deposits and unit investment trust funds maintained with and managed by a duly authorized bank with satisfactory examination rating as of the last examination by the Bangko Sentral ng Pilipinas (BSP);

3. Commercial papers duly registered with the SEC with a credit rating of "1" for short term and "AAA" for long term based on the rating scale of an accredited Philippine Rating Agency or its equivalent at the time of investment.

   The maximum exposure to long-term commercial papers shall not exceed 15% of the total trust fund amount while the exposure to each commercial paper issuer shall not exceed 10% of the allocated amount; and

4. Direct loans to corporations which are financially stable, profitable for the last three (3) years and have a good track record of paying their previous loans.

   These loans shall be fully secured by a real estate mortgage up to the extent of 60% of the zonal valuation of the property at the time the loan was granted. The property shall be covered by a transfer certificate of title registered in the name of the mortgagor and free from liens and encumbrances.

   The maximum amount to be allocated for direct loans shall not exceed 5% of the total trust fund amount while the amount to be granted to each corporate borrower shall not exceed 10% of the amount allocated.

   The maximum term of the loan should be no longer than four (4) years.

   Direct loans to planholders are exempt from the limitations set forth under Section 34; provided, that such loans to planholders shall not exceed 10% of the total trust fund amount.

b. Equities - Investments in equities shall be limited to shares of stock listed on the main board of a local stock exchange.

   Investments in duly registered collective investment instruments such as mutual funds are allowed hereunder; provided, that such funds are invested only in fixed income instruments and blue chips securities, subject to the limitations prescribed by laws, rules, and regulations.

   These investments shall include shares of stock issued by companies that are financially stable, actively traded, possess good track record of growth, and have declared dividends for the past three (3) years. Notwithstanding the prohibition against transactions with directors, officers, stockholders, and related interests, the trustee may invest in equities of companies related to the trustee provided these companies comply with the foregoing criteria provided in this paragraph for equity investments.

   The amount to be allocated for this purpose shall not exceed 30% of the total trust fund while the investment in any particular issue shall not exceed 10% of the allocated amount. The investment shall be recorded at the aggregate of the lower of cost or market.

   Existing investments which are not in accordance herewith shall be disposed of within three (3) years from the effectivity of this Act.

c. Real Estate - These shall include real estate properties located in strategic areas of cities and first class municipalities. The transfer certificate of title (TCT) shall be in the name of the seller, free from liens and encumbrances, and shall be transferred in the name of the trustee in trust for the planholders unless the seller/transferor is the pre-need company wherein an annotation to the TCT relative to the sale/transfer may be allowed. It shall be recorded at acquisition cost.

However, the real estate shall be appraised every three (3) years by a licensed real estate appraiser, accredited by the Philippine Association of Real Estate Appraisers, to reflect the increase or decrease in the value of the property. In case the appraisal would result in an increase in the value, only 60% of the appraisal increase is allowed to be recorded in the books of the trust fund but in case of decline in value, the entire decline shall be recorded. Appraisal increment should not be used to cover-up the required monthly contribution to the trust fund.

The total recorded value of the real estate investment shall not exceed 10% of the total trust fund amount of the pre-need company. In the event that the existing real estate investment exceeds the aforesaid limit, the same shall be leveled off to the prescribed limit within three (3) years from the effectivity of this Code.

Investment of the trust fund, which is not in accordance with the preceding paragraphs, shall not be allowed unless the prior written approval of the Commission had been secured: provided, further, that no deposit or investment in any single entity shall exceed 15% of the total value of the trust fund; provided, finally, that the Commission is authorized to adjust the percentage allocation per category set forth herein not in excess of 2% points upward or downward and no oftener than once every five (5) years. The first adjustment hereunder may be made no earlier than five (5) years from the effectivity of this Act. The pre-need company shall not use the trust fund to extend any loan to or to invest in its directors, stockholders, officers or its affiliates. The accounting policies adopted by the Company for its investments in trust funds are discussed in Note 2.

In 2017, the Commission issued Circular Letter No. 28-2017 allowing a 2% upward adjustment on the investment threshold allocation under the Pre-Need Code.

As of December 31, 2025 and 2024, the Company's liquidity reserve amounting to ₱28.71 million and ₱27.14 million, respectively, on its investments in trust funds comprised 81.45% and 74.16% of the net asset value of the trust funds as of these dates, respectively.

Pre-need and other reserves
In the opinion of management and the independent actuary, the Company's net contractual liabilities (i.e., TPNR, reserve for trust fund deficiency) amounting to ₱20.12 million and ₱21.85 million as of December 31, 2025 and 2024, respectively, which are based on the actuarial reports, closely reflect actual potential plan claims as of those dates.

In accordance with IC Circular Letter No. 23-2012 issued on November 28, 2012, the Company computed for the TPNR. The TPNR (also referred to as "Pre-need reserves") amounted to ₱20.12 million and ₱21.85 million as of December 31, 2025 and 2024, respectively, and is shown under "Pre-need reserves" account in the statements of financial position.

As of December 31, the Company has recognized trust fund surplus as follows:

	2025	2024
Adjusted fund balance available for reserves per actuarial report	**₱28,123,416**	₱27,177,585
Pre-need reserves	**(20,118,752)**	(21,848,202)
Trust fund surplus	**₱8,004,664**	₱5,329,383

The following presents the breakdown of the pre-need reserves by maturity:

	2025	2024
Due within one year	**₱755,401**	₱838,584
Due after one year	**19,363,351**	21,009,618
	₱20,118,752	₱21,848,202

As of December 31, total reserves consist of the following:

	2025	2024
Pre-need reserves	**₱20,118,752**	₱21,848,202
Other reserves:		
Pension bonus reserve	**109,716**	117,364
Insurance premium reserve (Note 8)	**30,108**	35,960
	139,824	153,324
	₱20,258,576	₱22,001,526

Decrease in pre-need reserves amounted to ₱1.73 million and ₱1.92 million in 2025 and 2024, respectively. There is no decrease in reserves for trust fund deficiency in 2025 and 2024.

8. Insurance Premium Fund

Insurance premium fund amounting to ₱0.10 million as of December 31, 2025 and 2024, was invested in a separate time deposit account in a bank. This is restricted to cover the payment of insurance premium after the paying period.

Insurance premium reserve under the liabilities in the statements of financial position amounted to ₱0.03 million as of December 31, 2025 and 2024 (see Note 7).

9. Revenue from Contracts with Customers

a. Disaggregated Revenue Information

The Company derives revenue from real estate sales at a point in time for one product type and geographical location. Real estate sales amounting to ₱38.94 million and ₱15.80 million in 2025 and 2024, respectively, pertain to sale of medium-rise condominium units located in Metro Manila. The Company's real estate sales are revenue from contracts with customers recognized at a point in time.

There were no intercompany real estate sales made in 2025 and 2024.

Installment contracts receivable as of December 31, 2025 and 2024 amounted to ₱47.56 million and ₱29.48 million, respectively (see Note 12). The installment contracts receivable arises from sale of real estate properties and is collectible in monthly installments for periods ranging from one (1) to ten (10) years which bear monthly interest rates ranging from 0.92% to 1.33% in 2025 and 2024 computed based on the diminishing balance.

Interest income earned from installment contracts receivable amounted to ₱3.62 million and ₱3.61 million in 2025 and 2024, respectively.

As of December 31, 2025, and 2024, no contract liability was recognized by the Company since all sales of condominium units pertain to completed projects.

b. Performance obligations

Information about the Company's performance obligations are summarized below:

Real estate sales
The Company entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the customer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate covers condominium unit and the Company concluded that there is one (1) performance obligation in this contract. The Company recognizes revenue from the sale of these real estate projects at a point in time when control of the asset is transferred to the customer, generally when the condominium units are delivered to and accepted by the customer.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include down payment of generally 5% to 10% of the contract price with the remaining balance payable through in-house financing which ranges from one (1) month to 10 years with fixed monthly payment. As at December 31, 2025 and 2024, the Company has no remaining performance obligations as its sales of condominium units pertain to completed projects.

Rental agreements
The Company entered into lease agreements for its condominium units for lease with the following identified performance obligations: (a) lease of space and (b) provisioning of water and electricity. Revenue from lease of space is recognized on a straight-line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to issue post-dated check on the monthly rental payments. In case of delay in payments, a penalty of about 4% per annum is charged for the amount due for the duration of delay. The lease arrangement for the Company's lease transactions would typically require a tenant to pay advance rental equivalent to one (1) month and a security deposit equivalent two (2) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

Rental income from investment properties for lease amounted to ₱7.57 million and ₱6.27 million in 2025 and 2024, respectively (see Note 11).

10. Real Estate Properties for Sale

Real estate properties for sale consist of condominium units for sale. The movements of real estate properties for sale are as follows:

	2025	2024
Balances at beginning of year	**₱–**	₱–
Transfer from investment properties (Note 11)	**10,613,612**	5,869,391
Disposals (Cost of real estate sales)	**(10,613,612)**	(5,869,391)
Balances at end of year	**₱–**	₱–

11. Investment Properties

Movements in investment properties are as follows:

	2025	2024
Cost		
Balances at beginning of year	**₱117,862,930**	₱125,698,847
Transfer to real estate properties for sale (Note 10)	**(15,747,784)**	(7,784,524)
Cost adjustment	**(62,866)**	(51,393)
Balances at end of year	**102,052,280**	117,862,930
Accumulated Depreciation		
Balances at beginning of year	**41,942,091**	39,069,270
Depreciation (Note 16)	**4,256,335**	4,787,954
Transfer to real estate properties for sale (Note 10)	**(5,134,172)**	(1,915,133)
Balances at end of year	**41,064,254**	41,942,091
Net Book Values	**₱60,988,026**	₱75,920,839

The fair value of investment properties amounted to ₱252.86 million and ₱290.07 million as of December 31, 2025 and 2024, respectively (see Note 21), which is based on the current selling price of the condominium units.

The Company has no restrictions on the realizability of its investment properties and has no contractual obligations to purchase, construct, or develop the investment properties. Some investment properties are rented out at different rates, generally for a one-year term renewable every year.

As of December 31, 2025 and 2024, there were no long-term lease contracts entered into by the Company.

Rental income from investment properties for lease amounted to ₱7.57 million and ₱6.27 million in 2025 and 2024, respectively (see Note 9). Direct operating expenses on investment properties amounting to ₱4.83 million and ₱5.02 million pertain to depreciation charges and repairs and maintenance in 2025 and 2024, respectively (see Note 16).

12. Loans and Receivables and Other Assets

Loans and receivables consist of:

	2025	2024
Installment contracts receivable (Note 9)	**₱47,559,639**	₱29,476,935
Accrued interest receivable	**1,627,431**	1,608,084
Advances to customers	**383,423**	221,477
Due from related parties (Note 20)	**9,373**	3,223
	₱49,579,866	₱31,309,719

Other assets consist of:

	2025	2024
Prepaid income tax	**₱–**	₱370,431
Deposits and others	**417,381**	407,709
	₱417,381	₱778,140

13. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	2025	2024
Benefits payable	**₱5,283,110**	₱5,956,372
Customers' deposits	**2,445,204**	2,129,875
Trade payables	**1,589,858**	1,644,759
Due to related parties (Note 20)	**761,129**	484,811
Accrued expenses	**293,215**	151,399
Others	**46,458**	49,271
	₱10,418,974	₱10,416,487

Benefits payable consists of unclaimed maturity values, pension bonus and termination value of planholders. Trade payables consist of payables to suppliers, contractors and other counterparties. Customers' deposits consist of customers' reservation fees, rental deposits and collected deposits for water and electric meters of the sold units. Accrued expenses consist of taxes and licenses, premiums, and other accruals. Other payables consist substantially of contributions payable, planholders' deposits, withholding taxes payable and counselor's bond reserves.

14. Compliance with PNUCA

In compliance with the SEC Circulars mentioned in Note 4, the following information as of December 31 is disclosed:

- There were no premium collections in 2025 and 2024. There were no outstanding and reinstated lapsed plans in 2025 and 2024.
- Adjustments to premium revenue amounting to ₱1.24 million and ₱3.22 million in 2025 and 2024, respectively, were made to comply with the policy that increase (decrease) in pre-need reserves should be the difference between pre-need reserves beginning and ending balances.

15. Other Income

Other income consists of:

	2025	2024
Dividend income (Note 6)	**₱520,544**	₱602,297
Miscellaneous income	**225,436**	263,683
	₱745,980	₱865,980

Miscellaneous income pertains to penalties for customers' late payments, charges made to the client for the application of billed deposits to MERALCO and fees charged to client for handling notarial, titles and other legal fees.

16. General and Administrative Expenses

General and administrative expenses consist of:

	2025	2024
Personnel (Note 17)	**₱8,184,200**	₱3,394,182
Depreciation (Note 11)	**4,256,335**	4,787,954
Taxes and licenses	**743,753**	934,411
Membership dues	**666,177**	890,789
Repairs and maintenance (Note 11)	**578,316**	235,474
Rentals	**355,742**	264,674
Communication, light, and water	**343,082**	151,704
Outside services	**335,580**	263,596
Professional fees	**332,343**	308,032
Others	**426,814**	139,480
	₱16,222,342	₱11,370,296

17. Personnel Expenses

Personnel expenses consist of:

	2025	2024
Salaries and wages	**₱3,568,768**	₱1,560,474
Bonuses and other employee benefits	**2,908,508**	1,100,476
Commissions	**1,706,924**	733,232
	₱8,184,200	₱3,394,182

18. Employee Benefits

The Company, jointly with affiliated companies, has a funded, noncontributory defined benefit retirement plan, covering all of its permanent employees. This provides for payment of benefits to covered employees upon retirement subject to certain condition which is based on a certain percentage of employee's final monthly salary and the number of years of service. The fund is administered by a trustee bank under the supervision of the retirement committee of the plan. The retirement committee is responsible for the investment strategy of the plan.

The details of net retirement benefits cost, which is included in "Personnel expense" account (see Notes 16 and 17) are as follows:

	2025	2024
Current service cost	**₱4,615**	₱9,223
Net interest cost on net defined benefit obligation	**190**	1,063
Net retirement benefits cost	**₱4,805**	₱10,286

Re-measurement gain on defined benefit pension plan recognized as other comprehensive income comprised the following:

	2025	2024
Actuarial gain (loss) on defined benefit obligation:		
Due to change in financial assumption	**₱112**	₱7,332
Due to experience adjustments	**(112)**	1,019
Re-measurement gain	**–**	8,351
Tax effect	**–**	(2,088)
	₱ –	₱6,263

Changes in the accumulated re-measurement loss on defined benefit plan, net of deferred taxes, are as follows:

	2025	2024
Beginning balances	**₱356,934**	₱363,197
Re-measurement gain on defined obligation plan	**–**	(6,263)
Ending balances	**₱356,934**	₱356,934

Movements in the net retirement plan liabilities during the years ended December 31 are as follows:

	2025	2024
Beginning balances	**₱19,386**	₱17,451
Retirement benefits cost	**4,805**	10,286
Net transfers to CI	**(20,765)**	–
Re-measurement gain	**–**	(8,351)
Ending balances	**₱3,426**	₱19,386

Changes in the present value of defined benefit obligation are as follows:

	2025	2024
Beginning balances	**₱19,386**	₱17,451
Current service cost	**4,615**	9,223
Interest cost on defined benefit obligation	**190**	1,063
Net transfers to CI	**(20,765)**	–
Actuarial gain	**–**	(8,351)
Ending balances	**₱3,426**	₱19,386

The actual return amounted to nil in 2025 and 2024, respectively.

The major categories of plan assets of the Company with its affiliated companies as a percentage of the fair value of net plan assets are as follows:

	2025	2024
Investment properties	**61.57%**	56.95%
Cash and cash equivalents	**34.85%**	39.42%
Investments in equity and government securities	**3.57%**	3.62%
Receivables	**0.08%**	0.14%
Payables	**(0.07%)**	(0.13%)
	100.00%	100.00%

Investment properties pertain to condominium units which are held for lease and are stated at fair value. Cash and cash equivalents consist of savings deposits and short-term time deposits with maturities of less than three (3) months. Investments in equity securities consist of investment in shares of stock of listed companies. Investments in equity securities have quoted market prices in an active market. Loans and receivables include loans to individuals and accrued interest income.

The Company expects contribution to the retirement fund amounting to ₱0.01 million in 2026.

The Company does not currently employ any asset-liability matching.

The latest actuarial valuation report is as of December 31, 2025. The principal assumptions as of January 1 used in determining retirement benefits cost for the Company's plan are shown below.

	2025	2024
Discount rate	**6.11%**	6.09%
Future salary increases	**4.00%**	5.00%
Mortality rate	**1994 Group Annuity Mortality 1952**	1994 Group Annuity Mortality 1952
Disability rate	**Disability Study**	Disability Study

As of December 31, 2025, the discount rate is 6.32% and the future increase in salary is 4.00%.

There is only one (1) employee covered by the plan as of December 31, 2025 and 2024.

The defined benefit obligation is subject to several key assumptions. The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, assuming all other assumptions were held constant:

	Increase (decrease) in Basis Points	Increase (decrease) in defined benefit obligation	
		2025	2024
Discount rate	+0.50%	**(₱716)**	(₱3,880)
	-0.50%	**522**	2,797
Salary increase rate	+1.00%	**1,358**	7,141
	-1.00%	**(1,200)**	(6,475)

There are no changes in the method of computing for sensitivity analysis for the years ended December 31, 2025 and 2024.

The maturity analysis of the undiscounted expected benefit payments as of December 31 follows:

	Number of	**Total benefits**	
Plan year	**retiree**	**2025**	2024
More than 20 years	1	**₱3,593,450**	₱4,109,732

The average duration of the defined benefit obligation is 25 and 28 years in 2025 and 2024.

19. Income Taxes

a. Provision for income tax consists of:

	2025	2024
Current	**₱2,237,595**	₱1,854,708
Deferred	**3,596,492**	277,852
	5,834,087	2,132,560
Final tax on interest income	**2,562,544**	2,713,952
	₱8,396,631	₱4,846,512

The Company's current provision for income tax represents the regular corporate income tax (RCIT) in 2025 and 2024.

b. The reconciliation of income tax computed at the statutory tax rates to provision for income tax follows:

	2025	2024
Income tax at statutory tax rate	**₱9,803,766**	₱5,268,649
Adjustments to income tax resulting from:		
Nontaxable income subjected to final tax	**(640,637)**	(678,488)
Trust fund loss (income)	**(513,839)**	81,845
Nontaxable dividend income	**(130,136)**	(150,574)
Nontaxable movement in pre-need reserves and reserves for trust fund deficiency	**(122,523)**	325,159
Derecognition of retirement plan assets	**–**	(79)
Provision for income tax	**₱8,396,631**	₱4,846,512

c. The components of net deferred tax liabilities are as follows:

	2025	2024
Deferred income tax assets on:		
Retirement liabilities	**₱10,275**	₱9,075
Accrued expenses	**–**	2,614
	10,275	11,689
Deferred income tax liabilities on difference between tax basis and book basis of accounting for real estate transactions	**(8,015,194)**	(4,420,115)
Net deferred income tax liabilities recognized in profit or loss	**(8,004,919)**	(4,408,426)
Deferred income tax asset recognized in other comprehensive income - actuarial loss on defined benefit plan	**118,978**	118,978
Net deferred income tax liabilities	**(₱7,885,941)**	(₱4,289,448)

20. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

The Company discloses the nature of the related party relationship and information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements, including, as a minimum, the amount of outstanding balances and its terms and conditions including whether they are secured, and the nature of the consideration to be provided in settlement.

The Company, in the normal course of business, has the transactions and account balances with related parties consisting mainly of the following:

		Outstanding balance as of December 31, 2025		
Nature of transaction	**Amount of Transactions**	**Receivable (Note 12)**	**Payable (Note 13)**	**Terms and Conditions**
Ultimate Parent Company (CI)				
Sharing of expenses charged by CI (a)	**₱171,628**	**₱–**	**(₱171,628)**	To be settled in cash; due and demandable; non-interest-bearing
Affiliate (CLDI)				
Sharing of expenses charged by CLDI (a)	**70,794**	**9,373**	**(80,167)**	To be settled in cash; due and demandable; non-interest-bearing;
Parent Company (CDC)				
Sharing of expenses charged by CDC (a)	**509,334**	**–**	**(509,334)**	To be settled in cash; due and demandable; non-interest-bearing
		₱9,373	**(₱761,129)**	

Nature of transaction	Amount of Transactions	Outstanding balance as of December 31, 2024 Receivable (Note 12)	Payable (Note 13)	Terms and Conditions
Ultimate Parent Company (CI)				
Sharing of expenses charged by CI (a)	₱125,618	₱–	(₱125,618)	To be settled in cash; due and demandable; non-interest-bearing
Affiliate (CLDI)				
Sharing of expenses charged by CLDI (a)	65,752	986	(66,738)	To be settled in cash; due and demandable; non-interest-bearing;
Parent Company (CDC)				
Sharing of expenses charged by CDC (a)	290,218	2,237	(292,455)	To be settled in cash; due and demandable; non-interest-bearing
		₱3,223	(₱484,811)	

a. The Company has an existing agreement with CI, CLDI and CDC whereby personnel costs and common recurring expenses such as water, electricity, rental, and other expenses for which the companies have benefited from such service shall be shared among the companies and billed with a pre-agreed mark-up rate. These are recorded as part of "General and administrative expenses" in the statements of income. The income recognized as a result of the mark-up charged is recorded as "Other income" in the statements of income. These are unsecured, unguaranteed, non-interest bearing, and due within 30 to 60 days.

b. The Company, jointly with affiliated companies under common control, has a trust fund for the retirement plan of their employees. The trust fund is being maintained by a third-party trustee bank under the supervision of the Retirement Committee of the plan who is responsible for the investment strategy of the plan. The Company's share in the Group's fair value of plan assets amounted to nil as of December 31, 2025 and 2024, respectively. The Company's share in the carrying value of plan assets is equivalent to its share in the fair value

   The major categories of plan assets are cash and cash equivalents, investment properties, investments in equity and government securities and loans and receivables (see Note 19). Investments in equity securities of plan assets include investment in shares of CDC. The third-party trustee bank exercises the voting rights over the shares. The fair value of the investment in CDC amounted to ₱4.00 million and ₱4.38 million as of December 31, 2025 and 2024, respectively, with original cost of ₱3.40 million. There were no unrealized gains on changes of fair value of these investments as of December 31, 2025 and 2024. Loans and receivables of plan assets pertain to accrued interest receivable amounting to ₱0.09 million and ₱0.17 million as of December 31, 2025 and 2024, respectively. The retirement plan assets as of December 31, 2025 and 2024 include fair value of investment properties held for lease amounting to ₱68.91 million, which was purchased from CDC in 2013. The sale was conducted in the normal course of business and was measured at current selling price and settled in cash.

c. The Company has no standard arrangement with regard to the remuneration of its existing officers aside from the compensation received or any other arrangements in the employment contracts and compensatory plan. The Company does not have any arrangements for stock warrants or options offered to its employees.

d. Key management personnel did not receive any compensation in 2025 and 2024.

21. Financial Instruments

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents and short-term cash investments. The main purpose of these financial instruments is to finance the Company's operations. The Company's other financial instruments consist of equity instrument designated at FVOCI and financial assets at amortized cost, which are held for investing purposes and investments in trust funds to cover pre-need reserves obligation. The Company has various other financial instruments such as installment contracts receivables, other receivables, and accounts payable and accrued expenses which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk, equity price risk, and liquidity risk.

The BOD reviews and approves policies for managing these risks and they are summarized below:

Credit Risk

Credit risk arises when the Company will incur a loss because its customers, clients, or counterparties fail to discharge their obligations. The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant. The risk is further mitigated because the Company holds the title to the real estate properties with outstanding installment contracts receivable balance and the Company can repossess such real estate properties upon default of the customer in paying the outstanding balance.

The Company's policy is to enter into transactions with a diversity of credit-worthy parties to mitigate any significant concentration of credit risk. There are no significant concentrations of credit risk within the Company.

The tables below show the exposure to credit risk for the components of the statement of financial position. The exposure as of December 31, 2025 and 2024 is shown at gross, before taking the effect of mitigation through the use of collateral agreements and other credit enhancement and the maximum exposure at net, after taking the effect of mitigation through the use of collateral agreements and other credit enhancement.

Assets held in trust

December 31, 2025:

	Gross maximum Exposure	Fair value of collaterals	Net exposure	Financial effect of collaterals
Financial assets at amortized cost:				
Cash and cash equivalents	**₱2,320,923**	**₱–**	**₱2,320,923**	**₱–**
Receivable from:				–
Clients	**1,128,094**	–	**1,128,094**	–
Accrued interest	**153,401**	–	**153,401**	–
Financial assets at amortized cost	**19,998,407**	–	**19,998,407**	–
Financial assets at FVOCI	**561,725**	–	**561,725**	–
Financial assets at FVPL	**6,335,989**	–	**6,335,989**	–
Total credit risk exposure	**₱30,498,539**	**₱–**	**₱30,498,539**	**₱–**

December 31, 2024:

	Gross maximum Exposure	Fair value of collaterals	Net exposure	Financial effect of collaterals
Financial assets at amortized cost:				
Cash and cash equivalents	₱2,849,307	₱–	₱2,849,307	₱–
Receivable from:				–
Clients	1,410,458	–	1,410,458	–
Accrued interest	205,336	–	205,336	–
Financial assets at amortized cost	20,386,041	–	20,386,041	–
Financial assets at FVOCI	647,412	–	647,412	–
Financial assets at FVPL	5,002,724	–	5,002,724	–
Total credit risk exposure	₱30,501,278	₱–	₱30,501,278	₱–

Assets not held in trust

December 31, 2025:

	Gross maximum exposure	**Fair value of collaterals**	**Net exposure**	**Financial effect of collaterals**
Financial assets at amortized cost:				
Cash and cash equivalents, excluding cash on hand	**₱107,143,862**	**₱–**	**₱107,143,862**	**₱–**
Short-term cash investments	**129,500,000**	**–**	**129,500,000**	**–**
Installment contracts receivable	**47,559,639**	**57,071,567**	**–**	**47,559,639**
Refundable deposits under "Other assets"	**64,986**	**–**	**64,986**	**–**
Other receivables:				**–**
Accrued interest	**1,627,431**	**–**	**1,627,431**	**–**
Advances to customers	**2,005**	**–**	**2,005**	**–**
Others	**390,791**	**–**	**390,791**	**–**
Total credit risk exposure	**₱286,288,714**	**₱57,071,567**	**₱238,729,075**	**₱47,559,639**

December 31, 2024:

	Gross maximum exposure	Fair value of collaterals	Net exposure	Financial effect of collaterals
Financial assets at amortized cost:				
Cash and cash equivalents, excluding cash on hand	₱77,244,271	₱–	₱77,244,271	₱–
Short-term cash investments	150,100,000	–	150,100,000	–
Installment contracts receivable	29,476,936	40,206,382	–	29,476,936
Refundable deposits under "Other assets"	64,986	–	64,986	–
Other receivables:				–
Accrued interest	1,608,084	–	1,608,084	–
Advances to customers	48,598	–	48,598	–
Others	176,101	–	176,101	
Total credit risk exposure	₱258,718,976	₱40,206,382	₱229,242,040	₱29,476,936

The tables below show the credit quality by class of asset for loan-related statement of financial position lines based on the Company's credit rating system:

Assets held in trust

December 31, 2025:

	High Grade*	Medium Grade**	Impaired	Total
Financial assets at amortized cost:				
Cash and cash equivalents	**₱2,320,923**	**₱–**	**₱–**	**₱2,320,923**
Receivables from:				
Clients	**–**	**1,128,094**	**–**	**1,128,094**
Accrued interest	**–**	**153,401**	**–**	**153,401**
Financial assets at amortized cost	**19,998,407**	**–**	**–**	**19,998,407**
Financial assets at FVOCI	**561,725**	**–**	**–**	**561,725**
Financial assets at FVPL	**6,335,989**	**–**	**–**	**6,335,989**
	₱29,217,044	**₱1,281,495**	**₱–**	**₱30,498,539**

**High Grade - financial assets with reputable counterparties and which management believes to be reasonably assured as recoverable.*
***Medium Grade - financial assets for which there is low risk of default of collectivity from counterparties.*

December 31, 2024:

	High Grade*	Medium Grade**	Impaired	Total
Financial assets at amortized cost:				
Cash and cash equivalents	₱2,849,307	₱–	₱–	₱2,849,307
Receivables from:				
Clients	–	1,410,458	–	1,410,458
Accrued interest	–	205,336	–	205,336
Financial assets at amortized cost	20,386,041	–	–	20,386,041
Financial assets at FVOCI	647,412	–	–	647,412
Financial assets at FVPL	5,002,724	–	–	5,002,724
	₱28,885,484	₱1,615,794	₱–	₱30,501,278

**High Grade - financial assets with reputable counterparties and which management believes to be reasonably assured as recoverable.*
***Medium Grade - financial assets for which there is low risk of default of collectivity from counterparties.*

Assets not held in trust

December 31, 2025:

	High Grade*	Medium Grade**	Impaired	Total
Financial assets at amortized cost:				
Cash and cash equivalents, excluding cash on hand	**₱107,143,862**	**₱–**	**₱–**	**₱107,143,862**
Short-term cash investments	**129,500,000**	**–**	**–**	**129,500,000**
Installment contracts receivable	**47,559,639**	**–**	**–**	**47,559,639**
Refundable deposits	**64,986**	**–**	**–**	**64,986**
Other receivables:				
Accrued interest	**1,627,431**	**–**	**–**	**1,627,431**
Advances to customers	**–**	**2,005**	**–**	**2,005**
Others	**390,791**	**–**	**–**	**390,791**
	₱286,286,709	**₱2,005**	**₱–**	**₱286,288,714**

**High Grade - financial assets with reputable counterparties and which management is reasonably assured to be recoverable.*
***Medium Grade - financial assets for which there is low risk of default of counterparties.*

December 31, 2024:

	High Grade*	Medium Grade**	Impaired	Total
Financial assets at amortized cost:				
Cash and cash equivalents, excluding cash on hand	₱77,244,271	₱–	₱–	₱77,244,271
Short-term cash investments	150,100,000	–	–	150,100,000
Installment contracts receivable	29,476,936	–	–	29,476,936
Refundable deposits	64,986	–	–	64,986
Other receivables:				
Accrued interest	1,608,084	–	–	1,608,084
Advances to customers	–	48,598	–	48,598
Others	176,101	–	–	176,101
	₱258,670,378	₱48,598	₱–	₱258,718,976

**High Grade - financial assets with reputable counterparties and which management is reasonably assured to be recoverable.*
***Medium Grade - financial assets for which there is low risk of default of counterparties.*

The Company has performed an ECL calculation for its financial assets at amortized cost. The ECL is a product of the probability of default, loss given default and exposure at default.

In determining the probability of default, the Company used historical default rates for the last five years for the installment sales from its customers and last two years for other receivables. The Company applied the possible effects of macroeconomic factors to the historical loss rate. For loss given default, the Company determined the fair value less cost of repossession of collaterals upon default is higher than the exposure at default. Thus, no expected credit loss was recognized for the Company's installment contract receivables and other receivables from its customer.

The Company considers its cash and cash equivalent and short-term investments as high grade since these are placed in financial institution of high credit standing. Accordingly, ECL relating to cash and cash equivalents and short-term cash investments rounds to nil.

The tables below summarize the aging analysis of receivables on which expected credit loss rate was applied:

Assets held in trust

December 31, 2025:

		Days Past Due			
	Current	**Less than 30 days**	**31 to 90 days**	**Over 90 days**	**Total**
Financial assets at amortized cost:					
Cash and cash equivalents, excluding cash on hand	**₱2,320,923**	**₱–**	**₱–**	**₱–**	**₱2,320,923**
Receivables from:					
Clients	**1,128,094**	**–**	**–**	**–**	**1,128,094**
Accrued interest	**153,401**	**–**	**–**	**–**	**153,401**
Financial assets at amortized cost	**19,998,407**	**–**	**–**	**–**	**19,998,407**
	₱23,600,825	**₱–**	**₱–**	**₱–**	**₱23,600,825**

December 31, 2024:

		Days Past Due			
	Current	Less than 30 days	31 to 90 days	Over 90 days	Total
Financial assets at amortized cost:					
Cash and cash equivalents, excluding cash on hand	₱2,849,307	₱–	₱–	₱–	₱2,849,307
Receivables from:					
Clients	1,410,458	–	–	–	1,410,458
Accrued interest	205,336	–	–	–	205,336
Financial assets at amortized cost	20,386,041	–	–	–	20,386,041
	₱24,851,142	₱–	₱–	₱–	₱24,851,142

Assets not held in trust

December 31, 2025:

	Days Past Due				
	Not Past Due	**Less than 30 days**	**31 to 90 days**	**Over 90 days**	**Total**
Financial assets at amortized cost:					
Cash and cash equivalents, excluding cash on hand	**₱107,143,862**	**₱–**	**₱–**	**₱–**	**₱107,143,862**
Short-term cash investments	**129,500,000**	**–**	**–**	**–**	**129,500,000**
Installment contracts receivable	**47,559,639**	**–**	**–**	**–**	**47,559,639**
Other receivables:					
Accrued interest	**1,627,431**	**–**	**–**	**–**	**1,627,431**
Advances to customers	**2,005**	**–**	**–**	**–**	**2,005**
Others	**317,014**	**–**	**6,360**	**67,417**	**390,791**
	₱286,149,951	**₱–**	**₱6,360**	**₱67,417**	**₱286,223,728**

December 31, 2024:

		Days Past Due			
	Not Past Due	Less than 30 days	31 to 90 days	Over 90 days	Total
Financial assets at amortized cost:					
Cash and cash equivalents, excluding cash on hand	₱77,244,271	₱–	₱–	₱–	₱77,244,271
Short-term cash investments	150,100,000	–	–	–	150,100,000
Installment contracts receivable	29,476,936	–	–	–	29,476,936
Other receivables:					
Accrued interest	–	38,826	1,569,258	–	1,608,084
Advances to customers	–	48,598	–	–	48,598
Others	115,711	–	–	60,390	176,101
	₱256,936,918	₱87,424	₱1,569,258	₱60,390	₱258,653,990

The main considerations for impairment assessment include whether any payments are overdue or if there are any known difficulties in the cash flows of the counterparties. The Company assesses impairment into two areas: individually assessed allowances and collectively assessed allowances.

The Company determines allowance for each significant receivable on an individual basis. Among the factors that the Company considers in assessing impairment is the inability to collect from the counterparty based on the contractual terms of the receivables. The Company also considers the fair value of the real estate collateralized in computing the impairment of the receivables. Receivables subjected to specific assessment are those classified under the installment contracts receivable account.

For collective assessment, allowances are assessed for receivables that are not individually significant and for individually significant receivables where there is no objective evidence of individual impairment. Impairment losses are estimated by taking into consideration the age of the receivables, past collection experience, and other factors that may affect collectability.

Liquidity Risk

Liquidity risk is defined as the risk that the Company would not be able to settle or meet its obligations on time or at a reasonable price. The Company manages its liquidity needs by carefully monitoring cash outflows due in a day-to-day business. The tables below summarize the maturity analysis of the Company's financial assets held for managing liquidity and financial liabilities based on contractual undiscounted payments, including benefits payable:

Assets not held in trust

December 31, 2025:

	On demand	90 days or less	91-180 Days	181-365 days	Above 1 year	Total
Financial assets:						
Cash and cash equivalents	**₱10,644,362**	**₱96,500,000**	**₱–**	**₱–**	**₱–**	**₱107,144,362**
Short-term cash investments*	**–**	**108,056,747**	**23,331,467**	**–**	**–**	**131,388,214**
Installment contracts receivable**	**–**	**–**	**–**	**6,374,925**	**41,184,714**	**47,559,639**
Other receivables	**215,885**	**1,601,874**	**–**	**202,468**	**–**	**2,020,227**
Refundable deposits	**–**	**–**	**–**	**–**	**64,986**	**64,986**
Equity instruments designated at FVOCI	**–**	**–**	**–**	**–**	**8,985,864**	**8,985,864**
	10,860,247	**206,158,621**	**23,331,467**	**6,577,393**	**50,235,564**	**297,163,292**
Financial liabilities						
Accounts payable and accrued expenses***						
Benefits payable	**5,283,110**	**–**	**–**	**–**	**–**	**5,283,110**
Due to affiliates	**761,129**	**–**	**–**	**–**	**–**	**761,129**
Trade payables	**1,583,188**	**–**	**2,225**	**4,445**	**–**	**1,589,858**
Accrued rental and deposits	**704,492**	**–**	**–**	**–**	**1,740,712**	**2,445,204**
Accrued expenses	**23,209**	**–**	**–**	**–**	**–**	**23,209**
Others	**41,210**	**–**	**–**	**–**	**–**	**41,210**
	8,396,338	–	**2,225**	**4,445**	**1,740,712**	**10,143,720**
Liquidity position	**₱2,463,909**	**₱206,158,621**	**₱23,329,242**	**₱6,572,948**	**₱48,494,852**	**₱287,019,572**

**Includes interest to maturity amounting to ₱1,888,214.*
***Includes interest to maturity amounting to ₱28,890,523.*
****Excludes statutory liabilities amounting to ₱275,254.*

December 31, 2024:

	On demand	90 days or less	91-180 Days	181-365 days	Above 1 year	Total
Financial assets:						
Cash and cash equivalents	₱10,744,771	₱66,500,000	₱–	₱–	₱–	₱77,244,771
Short-term cash investments*	–	–	141,693,324	11,067,000	–	152,760,324
Installment contracts receivable***	–	–	–	4,464,802	36,602,331	41,067,133
Other receivables	200,898	1,571,495	–	–	60,390	1,832,783
Refundable deposits	–	–	–	–	64,986	64,986
Equity instruments designated at FVOCI	–	–	–	–	11,305,615	11,305,615
	10,945,669	68,071,495	141,693,324	15,531,802	48,033,322	284,275,612
Financial liabilities						
Accounts payable and accrued expenses****						
Benefits payable	5,956,372	–	–	–	–	5,956,372
Due to affiliates	484,811	–	–	–	–	484,811
Trade payables	1,644,759	–	–	–	–	1,644,759
Accrued rental and deposits	584,860	–	–	1,532,627	–	2,117,487
Accrued expenses	47,246	–	–	–	–	47,246
Others	41,435	–	–	–	–	41,435
	8,759,483	–	–	1,532,627	–	10,292,110
Liquidity position	₱2,186,186	₱68,071,495	₱141,693,324	₱13,999,175	₱48,033,322	₱273,983,502

**Includes interest to maturity amounting to ₱2,660,324.*
***Includes interest to maturity amounting to ₱10,590,197.*
****Excludes statutory liabilities amounting to ₱124,377.*

Fair Values

The following tables provide fair value hierarchy of the Company's financial assets and investment properties, other than those with carrying amounts which are reasonable approximations of fair values:

As of December 31, 2025:

	Carrying amount	**Fair value**		
		Level 1	**Level 2**	**Level 3**
Assets Held in Trust				
Assets measured at fair value				
Financial assets at FVOCI				
Equity securities - listed	**₱561,725**	**₱561,725**	**₱–**	**₱–**
Investment properties	**5,149,283**	**–**	**–**	**8,471,800**
Assets Not Held in Trust				
Assets measured at fair value				
Financial assets at FVOCI				
Equity securities - listed	**8,985,864**	**8,985,864**	**–**	**–**
Assets for which fair value is disclosed				
Investment properties	**60,988,026**	**–**	**–**	**261,462,372**

As of December 31, 2024:

	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Assets Held in Trust				
Assets measured at fair value				
Financial assets at FVOCI				
Equity securities - listed	₱647,412	₱647,412	₱–	₱–
Investment properties	5,149,283	–	–	7,857,000
Assets Not Held in Trust				
Assets measured at fair value				
Financial assets at FVOCI				
Equity securities - listed	11,305,615	11,305,615	–	–
Assets for which fair value is disclosed				
Investment properties	75,920,839	–	–	290,066,153

The following method and assumptions were used to estimate the fair value of each class of financial instruments and investment properties, for which it is practicable to estimate such value.

Cash and cash equivalents, short-term cash and bond investments, installment contracts receivable and other receivables

Due to the short-term nature of the transactions, the fair values of cash and cash equivalents, short-term cash investments, other receivables approximate their carrying amounts. The fair values of installment contracts receivable approximate it carrying amount as these carry interest rates that approximate the interest rates for comparable instruments in the market.

Accounts payable and accrued expenses

The accounts payable and accrued expenses are stated based on the actual expenses or the amount in which the Company expects the liabilities to be settled. These consist of meter deposit refund, refundable deposits, benefits payable, estimated registration expenses, and other related accrued expenses. These are normally settled in a 30-day to one-year term and are not interest-bearing. The fair value of these accounts approximates their carrying amounts.

Financial assets at FVOCI
Financial assets at FVOCI are stated at fair value based on quoted market prices.

Investment properties
The fair value of certain investment properties is determined using sales comparison. Sales comparison approach considers the sales of similar or substitute properties and other related market data had the investment properties been transacted in the market. The significant unobservable inputs used in determining the fair value are the sales price per square meter of similar or substitute property, location, size, shape of lot and the highest and best use. The higher the sales price per square meter, the higher the fair value.

The fair values of the investment properties as of December 31, 2025 and 2024 represent the highest and best use of the said properties which is the same with its current use.

22. Capital Management

Under existing SEC rules for Pre-Need, which became effective September 21, 2001, the paid-up capital of a Pre-Need Company should not be less than ₱100.00 million.

As of December 31, 2025 and 2024, the Company is in compliance with the minimum capital requirement for a Pre-Need Company. As such, the Company did not avail of the Multi-Year Capital & Trust Fund Build up discussed in Note 4.

The Company manages its capital structure and makes adjustment to it in light of changes in economic conditions. The Company considers as capital its equity excluding the accumulated other comprehensive items.

As of December 31, 2025 and 2024, the Company's capital is as follows:

	2025	2024
Total equity	**₱352,932,881**	₱345,248,240
Less (add):		
Reserve for fluctuation in value of financial assets at FVOCI (Note 6)	**(4,814,658)**	(7,134,409)
Reserve for fluctuation in value of financial assets at FVOCI held in trust funds (Note 7)	**(3,280)**	(71,320)
Accumulated re-measurement loss on defined benefit plans (Note 18)	**356,934**	356,934
	(4,461,004)	(6,848,795)
Capital	**348,471,877**	₱338,399,445

Retained earnings
As of December 31, 2025 and 2024, the Company has a restriction of retained earnings amounting to ₱1.38 million for the appraisal increase of its investment properties under investments in trust funds.

On March 18, 2024, the BOD approved a cash dividend declaration of ₱0.084 per share with record date of April 03, 2024 and payment date on April 18, 2024.

On March 14, 2025, the BOD approved a cash dividend declaration of ₱0.1312 per share with record date of March 25, 2025 and payment date on April 8, 2025.

On March 12, 2026, the BOD approved a cash dividend declaration of ₱0.1780 per share with record date of March 23, 2026 and payment date on April 8, 2026.

23. Segment Reporting

The Company derives its revenue from sales of real estate and its investments in trust funds. The Company does not have any major customers and all sales of real estate properties are made to external customers.

Segment Revenue and Expenses

	2025		
	Sales/Lease of Real Estate Properties	**Pension Plan Operations**	**Total**
Income:			
Sales of real estate	**₱38,943,292**	**₱–**	**₱38,943,292**
Interest income	**16,187,059**	**245,361**	**16,432,420**
Rental income	**7,572,572**	**–**	**7,572,572**
Trust fund income	**–**	**2,055,358**	**2,055,358**
Other income	**213,364**	**532,616**	**745,980**
Expenses:			
Cost of real estate sales	**10,613,612**	**–**	**10,613,612**
Cost of contracts issued - net	**–**	**(1,558,979)**	**(1,558,979)**
General and administrative expenses	**10,343,712**	**5,878,631**	**16,222,343**
Adjustment to premium revenue	**–**	**1,239,358**	**1,239,358**
Others	**–**	**18,225**	**18,225**
Provision for (benefit from) income tax	**9,940,369**	**(1,543,738)**	**8,396,631**
Net income (loss)	**₱32,018,594**	**(₱1,200,162)**	**₱30,818,432**

	2024		
	Sales/Lease of Real Estate Properties	Pension Plan Operations	Total
Income:			
Sales of real estate	₱15,800,233	₱–	₱15,800,233
Rental income	6,269,762	–	6,269,762
Interest income	16,870,683	305,998	17,176,681
Trust fund loss	–	(327,381)	(327,381)
Other income	254,587	611,393	865,980
Expenses:			
Cost of real estate sales	5,869,391	–	5,869,391
Cost of contracts issued - net	–	(1,771,599)	(1,771,599)
General and administrative expenses	4,780,439	6,589,857	11,370,296
Adjustment to premium revenue	–	3,224,367	3,224,367
Others	–	18,225	18,225
Provision for (benefit from) income tax	6,533,811	(1,687,299)	4,846,512
Net income (loss)	₱22,011,624	(₱5,783,541)	₱16,228,083

Segment Assets and Liabilities

December 31, 2025:

	Sales/Lease of Real Estate Properties	**Pension Plan Operations**	**Total**
Total assets	**₱282,144,603**	**₱109,853,949**	**₱391,998,552**
Total liabilities	**(12,986,849)**	**(26,078,822)**	**(39,065,671)**

December 31, 2024:

	Sales/Lease of Real Estate Properties	Pension Plan Operations	Total
Total assets	₱254,424,598	₱127,550,489	₱381,975,087
Total liabilities	(8,488,205)	(28,238,642)	(36,726,847)

24. Supplementary Information under Revenue Regulations No. 15-2010

In compliance with the requirements set forth by RR No. 15-2010, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year:

a. The Company is a VAT-registered company with VAT output tax declaration of ₱1,123,055 for the year based on the amount included in the sales account amounting to ₱9,358,790. The Company's net sales/receipts are based on actual collections received; hence, may not be the same as the amounts accrued/reflected as sales in the statement of income. The Company has exempt sale transactions pursuant to Section 109 of the 1997 Tax Code, as amended.

b. The following table shows the sources of input VAT claimed:

Balance at beginning of the year	₱–
Purchases of services lodged under other accounts	308,158
Input VAT from exempt sale	(51,316)
Total available input VAT during the period	256,842
Less claims for tax credit/refund and other adjustments	256,842
Balance at end of the year	₱–

c. The Company does not have any importations in 2025.

d. Details of taxes and licenses are shown below:

Real estate taxes	₱330,539
Business permit and registration	402,352
Other taxes	10,862
	₱743,753

e. The Company did not incur documentary stamp tax in 2025.

f. The following are the categories of the Company's withholding taxes in 2025:

Expanded withholding taxes	₱220,595
Final taxes on cash dividends	229
Compensation and benefits	–
	₱220,824

The outstanding balance of withholding taxes amounted to ₱5,873 as of December 31, 2025.

g. Tax contingencies:

i. The Company has no final deficiency tax assessments as of December 31, 2025.
ii. The Company has no tax cases, litigation, and/or prosecution in courts or bodies outside the BIR.

Copyright 1990 by CityPlans, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Cityplans, Incorporated** (the Company) is responsible for the preparation and fair presentation of the statements of financial position as at December 31, 2025 and 2024, and the statements of income, statements of comprehensive income, statement of changes in equity and statements of cash flows for each of the two years in period ended December 31, 2025, and notes to the financial statements, including a summary of significant accounting policies and the schedules attached therein, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

SyCip Gorres Velayo and Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JOSEF C. GOHOC
Chairman of the Board

JEFFERSON C. ROXAS
President / Chief Executive Officer

THERESE RAIMUNDA R. AQUINO-ANOOS
Vice President - FMSD / Chief Financial Officer

Signed this 30th day of April 2026.

SUBSCRIBED AND SWORN to before me this day of APR 30 2026 MAKATI CITY affiant(s) exhibiting to me their Social Security Numbers, as follows:

Name	Social Security System Number
Josef C. Gohoc	33-0942784-4
Jefferson C. Roxas	33-8555275-9
Therese Raimunda R. Aquino-Anoos	34-1845464-3

Doc. No. 181;
Page No. 38;
Book No. V;
Series of 2026.

ATTY. EMMA G. JULARBAL
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
APPOINTMENT NO.: M-407
IBP ROLL NO.: 33152
IBP NO.: 06547/Lifetime/PPLM
MCLE Compliance No. VII-0028180
valid until April 14, 2028
PTR No. 10765795-01/Jan 2/2026/Makati
Unit 1-V Dela Costa St., Makati City