

# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

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Form Type  
**A A F S**

Department requiring the report

Secondary License Type, If Applicable

### COMPANY INFORMATION

Company's Email Address <b>hydes.deguzman@gmail.com</b>	Company's Telephone Number <b>8893-7790/8893-7792</b>	Mobile Number -
No. of Stockholders <b>480</b>	Annual Meeting (Month / Day) <b>May 29</b>	Fiscal Year (Month / Day) <b>December 31</b>

### CONTACT PERSON INFORMATION

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

Name of Contact Person <b>William L. Ang</b>	Email Address <b>williamlimang@gmail.com</b>	Telephone Number/s <b>(02) 8893-7790</b>	Mobile Number -
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### CONTACT PERSON'S ADDRESS

**3<sup>rd</sup> Floor Liberty Building, 835 A. Arnaiz Avenue, Makati City**

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

*2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*



## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors and Stockholders  
LFM Properties Corporation  
3<sup>rd</sup> Floor, Liberty Building  
A. Arnaiz Avenue  
Makati City

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of LFM Properties Corporation (the Company), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the financial statements, including material accounting policy information.

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

#### **Basis for Opinion**

We conducted our audits 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 (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter in the following section, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

### ***Fair Value of Investment Properties***

The Company operates mixed-use office buildings and vacant commercial land located in Luzon. The Company accounts for its investment properties using the cost model and discloses the fair value as required under PAS 40, *Investment Property*. As at December 31, 2025, the carrying value and fair value of investment properties amounted to ₱2,853.17 million and ₱5,712.06 million, respectively. Management determined the fair value of the investment properties based on the valuations carried out by an external valuer using income and market data approaches.

We identified the disclosure on fair value of the Company's investment properties as a key audit matter because it is a significant disclosure given the Company's leasing business and the determination of the fair values of these properties involves significant management judgment and estimations. The valuation also requires the assistance of external appraiser whose calculations also depend on certain assumptions, such as discount rates, growth rates and sales and listing of comparable properties and adjustments to sales price based on internal and external factors and subject to higher level of estimation uncertainty due to the current economic conditions.

The disclosures on the fair value of investment properties are included in Note 9 of the financial statements.

### ***Audit Response***

We evaluated the competence, capabilities and qualifications of the external appraiser by considering their qualifications, experience and reporting responsibilities. We involved our internal specialist in the evaluation of the methodology and assumptions used in the valuation of the investment properties. We assessed the methodology adopted by referencing common valuation models and inspected the relevant information supporting the sales and listings of comparable properties. We also inquired from the external appraiser the basis of adjustments made to the sales price. We also evaluated the financial projections and the growth rates against historical performance of the properties and other relevant external data. We tested the parameters used in the determination of the discount rate against market data.

### **Other Information**

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



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

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

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

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

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

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

### **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.

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

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

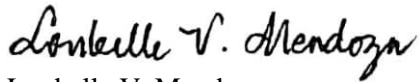
### **Report on the Supplementary Information Required Under Revenue Regulations 15-2010**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 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 LFM Properties Corporation. 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.



The engagement partner on the audit resulting in this independent auditor's report is Loubelle V. Mendoza.

SYCIP GORRES VELAYO & CO.



Loubelle V. Mendoza

Partner

CPA Certificate No. 115161

Tax Identification No. 301-422-247

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 115161-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

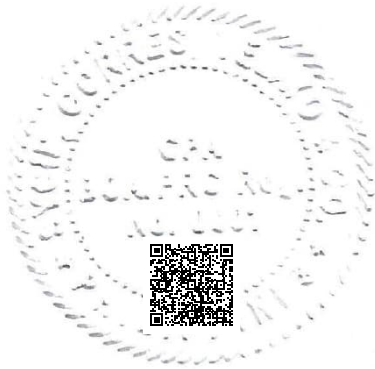
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-145-2024, July 18, 2024, valid until July 17, 2027

PTR No. 10765091, January 2, 2026, Makati City

April 10, 2026



**LFM PROPERTIES CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2025	2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash (Notes 4 and 21)	P39,107,139	P31,132,167
Receivables (Notes 5 and 21)	8,794,797	11,863,758
Financial assets at fair value through profit or loss (FVTPL) (Notes 6 and 21)	14,759,509	8,616,795
Accrued rent - current portion (Note 13)	4,826,899	8,664,841
Prepaid expenses and other current assets (Notes 7 and 9)	55,522,200	46,160,676
Total Current Assets	123,010,544	106,438,237
<b>Noncurrent Assets</b>		
Investment properties (Notes 9 and 12)	2,853,165,715	1,726,275,994
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 8 and 21)	149,725,670	139,684,188
Accrued rent - net of current portion (Note 13)	11,214,703	8,713,588
Net retirement plan asset (Note 18)	-	1,544,083
Property and equipment (Note 10)	331,315	350,551
Other noncurrent assets (Notes 7, 9 and 20)	173,407,269	280,197,886
Total Noncurrent Assets	3,187,844,672	2,156,766,290
<b>TOTAL ASSETS</b>	<b>P3,310,855,216</b>	<b>P2,263,204,527</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Short-term loans (Notes 11 and 21)	P1,383,000,000	P824,000,000
Current portion of notes payable (Notes 11 and 21)	34,117,647	136,474,357
Accounts payable and other current liabilities (Notes 9, 12 and 21)	153,278,079	82,284,019
Payable to a related party (Notes 9, 20 and 21)	1,166,000,000	568,400,000
Current portion:		
Deposits on long-term leases (Note 13)	32,455,540	36,912,365
Unearned rental income (Note 13)	5,186,599	4,618,167
Total Current Liabilities	2,774,037,865	1,652,688,908
<b>Noncurrent Liabilities</b>		
Notes payable - net of current portion (Notes 11 and 21)	-	34,250,132
Deposits on long-term leases - net of current portion (Note 13)	17,898,552	18,448,201
Unearned rental income - net of current portion (Note 13)	2,162,720	1,401,379
Deferred tax liabilities - net (Note 19)	217,509	3,825,241
Net retirement plan liability (Note 18)	2,429,942	-
Other noncurrent liability (Notes 9, 12 and 21)	-	51,818,876
Total Noncurrent Liabilities	22,708,723	109,743,829
Total Liabilities	2,796,746,588	1,762,432,737
<b>Equity</b>		
Capital stock (Note 14)	250,000,000	250,000,000
Stock dividend distributable (Note 14)	150,000,000	150,000,000
Other components of equity:		
Fair value changes on financial assets at FVOCI (Note 8)	(104,449,345)	(114,490,827)
Accumulated remeasurement gains on defined benefit plan (Note 18)	2,418,570	5,062,787
Retained earnings (Note 14)	216,139,403	210,199,830
Total Equity	514,108,628	500,771,790
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P3,310,855,216</b>	<b>P2,263,204,527</b>

See accompanying Notes to Financial Statements.



**LFM PROPERTIES CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended December 31</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>RENTAL INCOME</b> (Notes 9 and 13)	<b>₱231,011,864</b>	₱271,843,490	₱194,836,591
<b>DIRECT COSTS</b> (Notes 9 and 15)	<b>97,849,900</b>	98,222,306	85,239,642
<b>GROSS PROFIT</b>	<b>133,161,964</b>	173,621,184	109,596,949
<b>OPERATING EXPENSES</b> (Notes 10, 16, 17, 18 and 20)	<b>57,250,913</b>	57,737,053	32,238,055
<b>INCOME BEFORE OTHER INCOME (CHARGES) AND INCOME TAX</b>	<b>75,911,051</b>	115,884,131	77,358,894
<b>OTHER INCOME (CHARGES)</b>			
Interest expense (Notes 9, 11 and 13)	<b>(85,704,740)</b>	(65,159,017)	(43,620,441)
Dividend income (Notes 6 and 8)	<b>9,130,749</b>	165,140	394,390
Fair value changes of financial assets at FVTPL (Note 6)	<b>6,142,714</b>	(501,748)	(42,006,396)
Interest income (Notes 4 and 5)	<b>112,005</b>	29,960	19,309
Gain (loss) on sale of financial assets at FVTPL (Note 6)	–	(320,079)	728,239
Gain on sale of investment properties (Note 9)	–	–	88,637,478
Other income (expense) - net	<b>288,855</b>	585,110	1,446,392
	<b>(70,030,417)</b>	(65,200,634)	5,598,971
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>5,880,634</b>	50,683,497	82,957,865
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 19)			
Current	<b>2,667,387</b>	12,540,215	31,369,350
Deferred	<b>(2,726,326)</b>	2,351,202	(38,600)
	<b>(58,939)</b>	14,891,417	31,330,750
<b>NET INCOME (LOSS)</b>	<b>5,939,573</b>	35,792,080	51,627,115
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Net fair value changes on financial assets at FVOCI (Note 8)	<b>10,041,482</b>	13,089,789	9,682,858
Remeasurement gain (loss) on defined benefit plans (Note 18)	<b>(3,525,623)</b>	(1,182,556)	(3,624,550)
Income tax effect	<b>881,406</b>	295,639	906,137
	<b>7,397,265</b>	12,202,872	6,964,445
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>₱13,336,838</b>	₱47,994,952	₱58,591,560
<b>EARNINGS (LOSS) PER SHARE</b> (Note 14)			
Basic	<b>₱0.0002</b>	₱0.0014	₱0.0021
Diluted	<b>₱0.0001</b>	₱0.0009	₱0.0013

*See accompanying Notes to Financial Statements.*



**LFM PROPERTIES CORPORATION**

**STATEMENTS OF CHANGES IN EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023**

	<u>Other Components of Equity</u>					
	<u>Capital Stock</u>	<u>Stock Dividends</u>	<u>Fair Value</u>	<u>Accumulated</u>	<u>Retained</u>	
	(Note 14)	Distributable	Changes	Remeasurement	Earnings	<u>Total</u>
		(Note 14)	on Financial Assets	Gains on	(Note 14)	
			at FVOCI	Defined		
			(Note 8)	Benefit Plan		
				(Note 18)		
<b>Balances at January 1, 2025</b>	<b>₱250,000,000</b>	<b>150,000,000</b>	<b>(₱114,490,827)</b>	<b>₱5,062,787</b>	<b>₱210,199,830</b>	<b>₱500,771,790</b>
Net income	–	–	–	–	5,939,573	5,939,573
Other comprehensive income (loss)	–	–	10,041,482	(2,644,217)	–	7,397,265
<b>Balances at December 31, 2025</b>	<b>₱250,000,000</b>	<b>₱150,000,000</b>	<b>(₱104,449,345)</b>	<b>₱2,418,570</b>	<b>₱216,139,403</b>	<b>₱514,108,628</b>
Balances at January 1, 2024	₱250,000,000	₱150,000,000	(₱127,580,616)	₱5,949,704	₱174,407,750	₱452,776,838
Net income	–	–	–	–	35,792,080	35,792,080
Other comprehensive income (loss)	–	–	13,089,789	(886,917)	–	12,202,872
<b>Balances at December 31, 2024</b>	<b>₱250,000,000</b>	<b>₱150,000,000</b>	<b>(₱114,490,827)</b>	<b>₱5,062,787</b>	<b>₱210,199,830</b>	<b>₱500,771,790</b>
Balances at January 1, 2023	₱250,000,000	₱–	(₱137,263,474)	₱8,668,117	₱272,780,635	₱394,185,278
Net income	–	–	–	–	51,627,115	51,627,115
Other comprehensive income (loss)	–	–	9,682,858	(2,718,413)	–	6,964,445
Stock dividend declaration (Note 14)	–	150,000,000	–	–	(150,000,000)	–
<b>Balances at December 31, 2023</b>	<b>₱250,000,000</b>	<b>₱150,000,000</b>	<b>(₱127,580,616)</b>	<b>₱5,949,704</b>	<b>₱174,407,750</b>	<b>₱452,776,838</b>

See accompanying Notes to Financial Statements.



**LFM PROPERTIES CORPORATION**  
**STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax	<b>₱5,880,634</b>	₱50,683,497	₱82,957,865
Adjustments to reconcile income (loss) before income tax to net cash flows:			
Interest expense (Notes 9, 11 and 13)	<b>85,704,740</b>	65,159,017	43,620,441
Depreciation and amortization (Notes 9 and 10)	<b>49,505,396</b>	50,126,359	44,368,720
Fair value changes of financial assets at fair value through profit or loss (Note 6)	<b>(6,142,714)</b>	501,748	42,006,396
Loss (gain) on sale of financial assets at FVTPL (Note 6)	–	320,079	(728,239)
Dividend income (Note 6)	<b>(9,130,749)</b>	(165,140)	(394,390)
Movement in net retirement plan asset (Note 18)	<b>448,402</b>	297,875	(62,017)
Interest income (Notes 4 and 5)	<b>(112,005)</b>	(29,960)	(19,309)
Gain on sale of investment properties (Note 9)	–	–	(88,637,478)
Working capital changes:			
Decrease (increase) in:			
Receivables	<b>3,068,961</b>	849,515	16,625,438
Accrued rent	<b>1,336,827</b>	(7,298,945)	(435,699)
Prepaid expenses and other current assets	<b>(10,669,699)</b>	5,761,849	(16,263,638)
Increase (decrease) in:			
Accounts payable and other current liabilities	<b>565,729</b>	2,394,098	(1,447,976)
Deposits on long-term leases	<b>(7,055,941)</b>	11,129,670	(167,764)
Unearned rental income	<b>1,329,773</b>	(1,793,753)	2,304,702
Net cash flows generated from operations	<b>114,729,354</b>	177,935,909	123,727,052
Income tax paid	<b>(2,667,387)</b>	(20,033,814)	(29,072,031)
Interest received	<b>112,005</b>	29,960	19,309
Net cash provided by operating activities	<b>112,173,972</b>	157,932,055	94,674,330
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to:			
Investment properties (Notes 9 and 23)	<b>(59,721,453)</b>	(8,152,079)	(106,910,033)
Property and equipment (Note 10)	<b>(154,428)</b>	(408,181)	(56,243)
Proceeds from sale of:			
Financial assets at FVTPL (Note 6)	–	17,627,220	62,686,239
Investment properties	–	–	89,285,714
Purchase of financial assets at FVTPL (Note 6)	–	–	(9,316,595)
Dividends received (Note 6)	<b>9,130,749</b>	165,140	394,390
Decrease in other noncurrent assets	<b>232,249,739</b>	(206,487,822)	–
Net cash provided by (used in) investing activities	<b>181,504,607</b>	(197,255,722)	36,083,472

(Forward)



	<b>Years Ended December 31</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Availment of short-term loans (Note 11)	<b>₱559,000,000</b>	₱606,000,000	₱113,000,000
Payments of:			
Short-term loans (Note 11)	–	(64,999,999)	(16,999,999)
Notes payable (Note 11)	<b>(136,470,589)</b>	(136,470,589)	(136,470,589)
Interest (Note 11)	<b>(74,424,243)</b>	(59,589,568)	(42,703,263)
Payable to a related party (Note 9)	<b>(568,400,000)</b>	(282,800,000)	(37,730,000)
Other noncurrent liability (Note 9)	<b>(65,408,775)</b>	(26,219,677)	(18,381,857)
Net cash provided by (used in) financing activities	<b>(285,703,607)</b>	35,920,167	(139,285,708)
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>7,974,972</b>	(3,403,500)	(8,527,906)
<b>CASH AT BEGINNING OF YEAR</b>	<b>31,132,167</b>	34,535,667	43,063,573
<b>CASH AT END OF YEAR (Note 4)</b>	<b>₱39,107,139</b>	₱31,132,167	₱34,535,667

*See accompanying Notes to Financial Statements.*



# **LFM PROPERTIES CORPORATION**

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## **NOTES TO FINANCIAL STATEMENTS**

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### **1. Corporate Information**

LFM Properties Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 18, 1995. The Company is engaged in the business of leasing out real estate properties such as office spaces and condominium units. The Company's registered office address is 3<sup>rd</sup> Floor, Liberty Building, A. Arnaiz Avenue, Makati City.

On November 25, 2020, the Board of Directors (BOD) of Liberty Flour Mills, Inc. (LFMI), the Company's parent company until July 2025, a corporation duly organized and existing under the laws of the Republic of the Philippines, approved the declaration of property dividends consisting of up to 10.35 billion shares of the Company.

On October 13, 2022 and November 3, 2022, the SEC and Philippine Stock Exchange, Inc. (PSE), respectively, approved the application of the Company for the listing by way of introduction of up to 24,802,384,828 common shares on the Main Board of the PSE.

On November 9, 2022, the Company completed its listing process with the PSE under the stock symbol "LPC". As a public company, it is covered by the Revised Securities Regulation Code (SRC) Rule 68. On December 20, 2022, additional 137,438,271 common shares were approved by PSE for listing on the Main Board of the PSE. Total listed shares of the Company amounted to 24,939,823,099 common shares.

On May 29, 2024, the BOD approved the declaration of property dividends in the form of 14.55 billion common shares of LPC (with a par value of ₱0.01 per share), with an entitlement ratio of ninety-seven (97) shares of LPC for every one (1) share of the Company, to eligible stockholders of the Company as of record date of June 19, 2024. As of December 31, 2024, LPC remains to be 58.6%-owned by LFMI as no approval yet was obtained from SEC. On August 5, 2025, the Company obtained SEC's approval for the distribution of the property dividends. Accordingly, as of December 31, 2025, LFMI only owns 0.40% of the Company while Parity Values, Inc. (PVI) owns 39.9% of the Company.

#### Status of Operations

The Company reported negative working capital amounting to ₱2,651,027,322 and ₱1,546,250,671 as at December 31, 2025 and 2024, respectively. Management intends to implement the following action plans to address the negative working capital and funding requirements: (1) settlement of current maturing obligations through generated operating cashflows and utilization of unused credit facilities, (2) possible disposal of certain assets and investments and (3) planned stock rights offering (see Note 14).

The accompanying financial statements were authorized and approved for issue by the Company's BOD on April 10, 2026.

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### **2. Material Accounting Policy Information**

#### Basis of Preparation

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



### Statement of Compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

### Changes in Accounting Policies and Disclosures

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.

Unless otherwise indicated, adoption of these new standards did not have an impact on the 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.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

### Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements.

#### *Effective beginning on or after January 1, 2026*

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



*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*

Fair Value Measurement

The Company measures financial instruments, such as financial assets at FVTPL and financial assets at FVOCI, at fair value at the end of reporting period.

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 nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 - Quoted (unadjusted) market prices in 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 reassessing 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.

The Company determines the policies and procedures for both recurring fair value measurement, such as quoted financial assets at FVOCI, and for non-recurring measurement.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.



The Company compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### “Day 1” Difference

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the statement of comprehensive income, unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference amount.

#### 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 FVTPL.

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. With the exception of receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, 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. Receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, 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).* 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:
  - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 profit or loss when the asset is derecognized, modified or impaired.

The Company's cash, receivables and refundable deposits (under "Other noncurrent assets" account) are included in this category as at December 31, 2025 and 2024.

- *Financial assets at fair value through other comprehensive income (FVOCI) (debt instruments).* The Company measures debt instruments at FVOCI if both of the following conditions are met:
  - The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income (OCI) in the statement of comprehensive income. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company has no debt instruments at FVOCI as at December 31, 2025 and 2024.

- *Financial assets designated at FVOCI (equity instruments).* Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated 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 profit or loss in the statement of comprehensive 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's quoted investment is classified as equity instrument designated at FVOCI as at December 31, 2025 and 2024.



- *Financial assets at FVTPL.* Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, 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 fair value through profit or loss, 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 fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss in the statement of comprehensive income.

This category includes listed and non-listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in profit or loss in the statement of comprehensive income when the right of payment has been established.

The Company's investments in quoted equity securities are classified as equity instrument designated at FVTPL as at December 31, 2025 and 2024.

*Impairment of financial assets.* The Company recognizes an Expected Credit Loss (ECL) for all debt instruments not held at FVTPL. 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 cash and refundable deposits, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash since initial recognition.

For receivables, 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 consist only of loans and borrowings. As at December 31, 2025 and 2024, the Company's loans and borrowings consisting of notes payable, accounts payable and other current liabilities, deposits on long-term leases and payable to a related party. The Company has no financial liabilities at FVTPL or derivatives designated as hedging instruments in an effective hedge and no freestanding embedded derivatives as at December 31, 2025 and 2024.

*Subsequent Measurement.* After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the financial liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium or acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is recognized in profit or loss.

#### Derecognition of Financial Assets and Financial Liabilities

*Financial Assets.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The contractual right to receive cash flows from the financial asset has expired; or
- The Company retains the right to receive cash flows from the financial 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 financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a "pass-through" arrangement and has neither transferred nor retained substantially all the risk and rewards of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit or loss.

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is extinguished, i.e., when discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.



#### *Exchange or Modification of Financial Liabilities*

The Company considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss in the statement of comprehensive income.

When the exchange or modification of the existing financial liability is not considered as substantial, the Company recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If 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 modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

#### Prepaid Expenses

Prepaid expenses are expenses paid in advance are recorded as asset before they are utilized. This account comprises insurance premiums, and other prepaid items. The insurance premiums and other prepaid items are apportioned over the period covered by the payment and charged to the appropriate accounts in profit or loss when incurred. Prepaid expenses that are expected to be realized within 12 months from the balance sheet date are classified as current assets, otherwise these are classified as other noncurrent assets.

#### Value-added Tax (VAT)

Revenue, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of VAT recoverable from or payable to the taxation authority is included as part of “Prepaid expenses and other current assets” and “Accounts payable and other current liabilities” accounts, respectively, in the statement of financial position.



### Investment Properties

Investment properties consist of properties (land or a building or part of a building or a combination) held to earn rentals or for capital appreciation or both, rather than for:

- a. use in the production or supply of goods or services or for administrative purposes; or
- b. sale in the ordinary course of business.

Investment properties include development rights carried at cost which is considered as an integral part of the land.

The initial cost of investment property comprises its contract price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes the cost of replacing part of such investment property if the recognition criteria are met.

These assets, except for land and development rights, are stated at cost, including transaction costs, less accumulated depreciation and any accumulated impairment in value. Land is carried at cost (initial purchase price and other cost directly attributable to such property) less any accumulated impairment in value.

Depreciation of building and building equipment and condominium units is computed on a straight-line basis over the estimated lives of the properties ranging from 10 to 25 years and five years, respectively.

Investment properties are derecognized either when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of comprehensive income in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties in progress pertain to projects under construction and are stated at cost which includes cost of construction and other direct costs. Investment properties in progress are not depreciated until such time that the relevant assets are completed and become available for operational use.

### Property and Equipment

Property and equipment are stated at cost, excluding the cost of day-to-day servicing, less accumulated depreciation, amortization and any accumulated impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Cost also includes the cost of replacing part of such property and equipment if the recognition criteria are met.

When significant parts of property and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.



Depreciation is computed using the straight-line method over the estimated useful life of two to three years for office furniture and equipment and three to five years for transportation equipment. Amortization of leasehold improvements is computed using the straight-line method based on the estimated useful life of the leased asset or the term of the lease, whichever is shorter.

Each component of an item of property and equipment with a cost that is significant in relation to the total cost of the item of property and equipment is depreciated separately.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

Fully depreciated assets are retained in the accounts until these are no longer in use. When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation and amortization and any allowance for impairment losses are removed from the accounts and any resulting gain or loss is credited to or charged against current operations. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

#### Impairment of Nonfinancial Assets

At each reporting date, the Company assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU)'s fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 assessment of the time value of money and the risks specific to the asset. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies, or other available fair value indicators.

Impairment losses are recognized in the statement of comprehensive income in the year in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.



### Equity

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as deduction from proceeds, net of tax.

Retained earnings represent the Company's accumulated earnings reduced by dividends declared.

Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized as part of profit or loss for the year in the statement of comprehensive income as required or permitted by other PFRS Accounting Standards.

### Basic/Diluted Earnings per Share

Basic earnings per share are computed by dividing net income for the year by the weighted average number of common shares, excluding treasury stock, outstanding during the period.

Diluted earnings per share is calculated by dividing the income for the year attributable to common stockholders by the weighted average number of shares outstanding during the year, excluding treasury shares and adjusted for the effects of all potentially dilutive common shares, if any. The Company has no dilutive shares.

In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retroactively.

### Leases

The determination of Company whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### Company as a Lessor

At inception date of the lease, the Company classifies each of its leases as either an operating lease or a finance lease. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract.

Rental income arising from operating leases on investment properties is recognized on a straight-line basis over the lease terms. Excess of rental income recognized using the straight-line basis over the rental income based on the terms of lease contract is recognized as an asset in the statement of financial position under the "Accrued rent" account. Rentals collected but not yet earned are recognized as a liability in the statement of financial position under the "Unearned rental income" account. Deposits on long-term leases are initially recognized at fair value and subsequently measured at amortized cost where material. Any difference between the initial fair value and the nominal amount is included as a component of rental income and recognized on a straight-line basis over the lease term.

### Interest income.

Interest income is recognized as the interest accrues using the effective interest method.

### Dividend income

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



### Direct Costs and Operating Expenses

*Direct costs.* Direct costs include expenses incurred by the Company for the generation of revenue from rental income. Direct costs are expensed as incurred.

*Operating expenses.* Operating expenses include the cost of administering the business and are not directly associated with the generation of revenue. Operating expenses are expensed as incurred.

### Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### Retirement Benefits Cost

The Company has a funded, noncontributory defined benefit plan covering all regular and permanent employees.

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, 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.

Defined benefit costs comprise the following:

- a. service cost
- b. net interest on the net defined benefit liability or asset
- c. remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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 profit or loss.

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) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held 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.

### Taxes

*Current Tax.* Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

*Deferred Tax.* Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities, and the deferred tax assets relate to the same taxable entity and the same tax authority.

### 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.

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



### Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services within a particular economic environment subject to risks and rewards that are different from those of other segments. Such business segment is the basis upon which the Company reports its operating segment information. The Company has only one source of revenue arising from its rental contracts and it operates in one geographical area where it derives its revenue. The Company did not present segment information in its financial statements as the Company has only one reportable segment.

### Events after the Reporting Period

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

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## 3. **Significant Accounting Judgments and Estimates**

The preparation of the financial statements requires management to make judgments and estimates that affect the application of policies and amounts reported in the financial statements.

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 these estimates, and such estimates will be adjusted accordingly when the effects become determinable.

### Judgments

*Classification of lease - Company as lessor.* The Company entered into various commercial property leases on its parcels of land and buildings. The Company has determined that it retains all the significant risks and rewards of ownership of these properties. Accordingly, the lease agreements were accounted for as operating leases (see Note 13).

### Estimates

*Estimation of useful lives of investment properties.* The Company reviews at each reporting date the estimated useful lives of investment properties based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of investment properties would increase the recorded depreciation and amortization expense and decrease noncurrent assets.

There is no change in the estimated useful lives of investment properties as at December 31, 2025 and 2024.

The carrying value of investment properties, excluding land, amounted to ₱539,956,427 and ₱513,066,706 as at December 31, 2025 and 2024, respectively (see Note 9).

*Fair value of investment properties.* The Company is required to disclose for each class of investment properties the fair value of that class of assets in a way that permits it to be compared with the corresponding carrying amount in the statements of financial position, which requires the use of accounting judgment and estimations. The valuation also requires the assistance of external appraiser whose calculations also depend on certain assumptions, such as discount rates, growth rates and sales and listing of comparable properties and adjustments to sales price based on internal and external factors and subject to higher level of estimation uncertainty due to the current economic conditions. The fair values of the Company's investment properties are set out in Note 9.



*Impairment of investment properties.* The Company determines whether there are indications of impairment of the Company's investment properties. Indications of impairment include significant change in usage, decline in the asset's fair value or underperformance relative to expected historical or projected future results.

Determining the fair value of these nonfinancial assets requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. It requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and results of operations. The preparation of the estimated future cash flows involves significant judgment and estimations. While management believes that the assumptions made are appropriate and reasonable, significant changes in management assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

As at December 31, 2025 and 2024, no impairment indicators were identified for the Company's investment properties.

The carrying value of investment properties amounted to ₱2,853,165,715 and ₱1,726,275,994 as at December 31, 2025 and 2024, respectively (see Note 9).

*Estimation of retirement benefits cost.* The determination of the Company's retirement benefits costs and obligation is dependent on the selection by management of certain assumptions used by an actuary in calculating such amounts.

The assumptions for retirement benefits cost are described in Note 18 and include the discount rate and the average annual salary increase rate. While management believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in management assumptions may materially affect the Company's retirement benefits cost and obligations.

The discount rate is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. Net retirement plan liability and asset amounted to ₱2,429,942 and ₱1,544,083 as at December 31, 2025 and 2024, respectively (see Note 18).

*Recognition of deferred tax assets.* The Company reviews the carrying amounts of deferred income tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. While future taxable profit can be estimated, the actual outcome may be different. Deferred tax assets recognized amounted to ₱3,792,891 and ₱905,387 as at December 31, 2025 and 2024, respectively (see Note 19).

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#### 4. Cash

	2025	2024
Cash on hand	₱17,500	₱17,500
Cash in banks	39,089,639	31,114,667
	<b>₱39,107,139</b>	<b>₱31,132,167</b>

Cash in banks earn interest at the respective bank deposit rates. Interest income earned on cash in banks amounted to ₱19,557, ₱20,219 and ₱19,309 in 2025, 2024 and 2023, respectively.



## 5. Receivables

	2025	2024
Rent receivable (see Note 13)	<b>₱8,760,000</b>	₱11,812,773
Advances to officers and employees and others	<b>34,797</b>	50,985
	<b>₱8,794,797</b>	₱11,863,758

Rent receivable arises from leasing the Company's investment properties. These are interest-bearing with average credit term of 30 days. Interest income earned amounted to ₱92,448 and ₱9,741 in 2025 and 2024, respectively (nil in 2023).

Advances to officers and employees are noninterest-bearing and are normally settled through salary deductions within one month from availment date.

Rent receivables amounting to ₱1,049,681, provided with allowance for expected credit losses as of December 31, 2023, was written off in 2024. As at December 31, 2025 and 2024, no allowance for expected credit losses is recognized.

## 6. Financial Assets at Fair Value through Profit or Loss

Financial assets at FVTPL pertain to quoted equity securities held for trading purposes as follows:

	2025	2024
Balance at beginning of year	<b>₱8,616,795</b>	₱27,065,842
Acquisitions	-	-
Fair value loss recognized in profit or gain (loss)	<b>6,142,714</b>	(501,748)
Disposals	-	(17,947,299)
	<b>₱14,759,509</b>	₱8,616,795

Realized loss on sale of financial assets at FVTPL amounted to ₱320,079 in 2024, while realized gain on sale of financial assets at FVTPL amounted to ₱728,239 in 2023 (nil in 2025).

Dividend income earned from financial assets at FVTPL amounted to ₱165,140, ₱165,140 and ₱394,390 in 2025, 2024 and 2023, respectively.

## 7. Prepaid Expenses and Other Current Assets

	2025	2024
Deferred input VAT (see Note 9)	<b>₱6,540,878</b>	₱14,389,931
Input VAT - net	<b>205,219,407</b>	83,068,893
Prepaid expenses	<b>13,742,325</b>	6,178,239
	<b>225,502,610</b>	103,637,063
Less noncurrent portion of:		
Input VAT – net	<b>-169,980,410</b>	50,935,509
Deferred input VAT	-	6,540,878
	<b>₱55,522,200</b>	₱46,160,676



## 8. Financial Assets at Fair Value through Other Comprehensive Income

The Company's financial assets at FVOCI consist of quoted equity securities amounting to ₱149,725,670, and ₱139,684,188 as at December 31, 2025 and 2024, respectively.

Fair value changes on financial assets at FVOCI as at December 31 follow:

	2025	2024
Balance at beginning of year	(₱114,490,827)	(₱127,580,616)
Fair value gain recognized in other comprehensive income	10,041,482	13,089,789
Balance at end of year	(₱104,449,345)	(₱114,490,827)

Dividend income earned from financial assets at FVOCI amounted to ₱8,965,609 in 2025 (nil in 2024 and 2023).

## 9. Investment Properties

	2025			Total
	Land	Building and Improvements	Condominium Units	
Costs:				
Beginning balances	₱1,213,209,288	₱1,026,997,457	₱-	₱2,240,206,745
Additions	1,116,500,000	1,394,163	58,327,290	1,176,221,453
Ending balances	2,329,709,288	1,028,391,620	58,327,290	3,416,428,198
Accumulated depreciation and amortization:				
Beginning balances	-	513,930,751	-	513,930,751
Depreciation and amortization (see Note 15)	-	49,331,732	-	49,331,732
Ending balances	-	563,262,483	-	563,262,483
Net book values	₱2,313,209,288	₱465,129,137	₱58,328,290	₱2,853,165,715
2024				
	Land	Building and Improvements	Condominium Units	Total
Costs:				
Beginning balances	₱1,213,209,288	₱1,018,845,378	₱-	₱2,232,054,666
Additions	-	8,152,079	-	8,152,079
Ending balances	1,213,209,288	1,026,997,457	-	2,240,206,745
Accumulated depreciation and amortization:				
Beginning balances	-	464,807,834	-	464,807,834
Depreciation and amortization (see Note 15)	-	49,122,917	-	49,122,917
Ending balances	-	513,930,751	-	513,930,751
Net book values	₱1,213,209,288	₱513,066,706	₱-	₱1,726,275,994

The Company leases out spaces in its building and condominium units under various operating leases (see Note 13).

Rental income from investment properties recognized in the statements of comprehensive income amounted to ₱231,011,864, ₱271,843,490 and ₱194,836,591 in 2025, 2024 and 2023, respectively, while directly related costs amounted to ₱97,849,900, ₱98,222,306 and ₱85,239,642 in 2025, 2024 and 2023, respectively (see Notes 13 and 15).



In 2023, the Company sold condominium units resulting to recognition of gain on sale amounting to ₱88,637,478.

The aggregate fair value of investment properties amounted to ₱5,712,060,289 and ₱5,369,425,000 as at December 31, 2025 and 2024, respectively. These have been determined based on valuations performed by a qualified and independent appraiser in 2025, and prevailing market value of recently acquired property in 2025. The key assumptions used for valuation reports include growth rate and discount rate of 5% and 10.8%-11%, respectively. The valuation undertaken considered the highest and best use of the properties and established estimated value by processes involving comparison (Level 3). Management has determined that the fair value of investment properties did not significantly change from the last valuation date as no significant changes on the properties have taken place since the latest appraisal, or will take place in the near future, in the market, economic or legal environment in which the Group operates or in the market to which the investment property is dedicated.

The following describes the valuation techniques used and key inputs to valuation of investment properties:

2025 and 2024		
	Valuation technique	Significant unobservable input
Land, condominium units and buildings and building improvements, and building equipment	Income Approach	Future free cashflow projections discounted using a rate based on the level of risk of the business and opportunity cost of capital
Land	Market Data	Adjusted sales price of Comparable properties

Significant increases (decreases) in estimated future cash flows above would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in discount rate would result in a significantly lower (higher) fair value of the properties.

The investment properties pertain to assets held by the Company for residential, commercial and parking space. The appraisers determined that the highest and best use of condominium unit is for residential use which is its current use. The highest and best use of land used as parking space at measurement date would be for multi-storey residential/office condominium development, while the highest and best use of buildings, including the improvements and equipment, used as commercial space at measurement date, would be to convert the properties for residential use. For strategic reasons, the properties are not being used in this manner.

Land and building and building improvements owned by the Company with an aggregate carrying value of ₱361,122,274 and ₱394,336,950 as at December 31, 2025 and 2024, respectively, served as collateral to secure the loans obtained from banks (see Note 11).

#### Development Rights

The Company entered into an agreement with Parity Values, Inc. (PVI), a related party, for the transfer of development rights of PVI to the Company for valuable consideration which is to be determined and fixed by the parties through the execution of a supplemental agreement.

In December 2020, the parties executed an agreement for the determination of the consideration amounting to ₱99,700,000. The initial payment amounting to ₱9,970,000 was paid on the date of execution of the agreement while the remaining balance in the amount of ₱89,730,000, subject to 5.25% interest, shall be paid through a single payment or partial payments, as the Company may



deem necessary, within a period of 5 years, from the execution of the agreement and no later than December 14, 2025. Accordingly, the Company recognized an asset as part of land under “Investment properties” account amounting to ₱99,700,000 and a liability presented as “Payable to a related party” which was fully paid in 2023 (see Note 20).

Acquisition of Land and Building

- a. On December 29, 2025, the Company purchased a 918-square-meter commercial parcel of land located at Valero and San Agustin Streets, Salcedo Village, Bel-Air, Makati City from PVI. for a total consideration of ₱1,100,000,000 (exclusive of VAT) based on valuation of a third party appraiser, payable within one year.
- b. In December 2021, the Company entered into a Contract to Sell for the purchase of land for a consideration of ₱214,455,000 (exclusive of VAT) payable on monthly installment basis until year 2026. Payments made (exclusive of VAT) amounted to ₱65,408,775 and ₱26,219,677 in 2025 and 2024, respectively. The corresponding unpaid purchase price, net of VAT, were recorded at present value using the discount rate of 4.25% amounting to ₱45,277,997 and ₱101,725,892 as at December 31, 2025 and 2024, respectively. Current and noncurrent portion of the liability amounting to ₱51,818,876 and nil, respectively, inclusive of VAT, as at December 31, 2025; and current and noncurrent portion of the liability amounting to ₱64,364,406 and ₱51,818,876, respectively, inclusive of VAT, as at December 31, 2024 are presented as part of “Accounts payable” under “Accounts payable and other current liabilities” and “Other noncurrent liability” accounts, respectively, in the statements of financial position (see Note 12). Accretion of interest expense recognized in the statements of comprehensive income amounted to ₱8,960,880, and ₱2,752,095 in 2025 and 2024, respectively.

The related deferred input VAT amounting to nil and ₱6,540,878 (net of current portion of ₱6,540,878 and ₱7,849,053, as at December 31, 2025 and 2024, respectively) is recognized as part of “Other noncurrent assets” account in the statements of financial position (see Note 7). This deferred input VAT will be claimed against output VAT upon payment of the related liability.

Schedule of payments of the remaining payable based on undiscounted amounts (exclusive of VAT) as at December:

Year	2025	2024
Within one year	<b>₱54,507,313</b>	₱65,408,775
Beyond one year	–	54,507,313
	<b>₱54,507,313</b>	₱119,916,088

- c. On November 28, 2022, Memorandum of Understanding and Deed of Conditional Sale have been executed with its Parent Company, for the potential sale of land and building to the Company. The consummation and determination of final terms and conditions of the sale shall be conditioned on the issuance of the fairness opinion from an independent third-party financial adviser. Accordingly, the initial amount tendered by the Company amounting to ₱130,000,000 is recognized as deposit subject to terms indicated in the aforementioned agreements. The issuance of the fairness opinion was concluded on May 3, 2023.

On November 9, 2023, the Company entered into a Contract to Sell with its parent company for the purchase of land and building for a consideration of ₱980,000,000 (exclusive of VAT) payable on installment basis. Total payments made as at December 31, 2023 amounting to ₱220,000,000 (exclusive of VAT) includes the aforementioned deposit in 2022 amounting to |



₱130,000,000 (exclusive of VAT). Accordingly, the Company recognized additions to land and building amounting to ₱911,400,000 and ₱68,600,000, respectively. Pursuant to the terms of the Contract to Sell, the unpaid consideration amounting to ₱760,000,000 (exclusive of VAT) shall be paid on before November 30, 2024 in such manner and proportion to be agreed by the contracting parties, by way of cash payment and/or through the Company's issuance of unlisted preferred shares in favor of the Parent Company. Outstanding liability amounting to ₱851,200,000 (inclusive of VAT) as at December 31, 2023 was settled in 2024.

The related deferred input VAT amounting to ₱91,200,000 as at December 31, 2023 is recognized as part of "Prepaid Expenses and Other current assets" and "Other noncurrent assets" accounts in the statement of financial position amounting to ₱26,752,313 and ₱64,447,687, respectively (see Note 7). In 2024, this deferred input VAT has been claimed against output VAT upon payment of the related liability.

## 10. Property and Equipment

	2025			
	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Costs:				
Beginning balances	₱6,929,274	₱200,000	₱839,842	₱7,969,116
Additions	154,429	-	-	154,428
Ending balances	7,083,703	200,000	839,842	8,123,544
Accumulated depreciation and amortization:				
Beginning balances	6,578,723	200,000	839,842	7,618,565
Depreciation and amortization (see Note 16)	173,663	-	-	173,664
Ending balances	6,752,386	200,000	839,842	7,792,229
Net book values	₱331,317	₱-	₱-	₱331,315
	2024			
	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Costs:				
Beginning balances	₱6,521,093	₱200,000	₱839,842	₱7,560,935
Additions	408,181	-	-	408,181
Ending balances	6,929,274	200,000	839,842	7,969,116
Accumulated depreciation and amortization:				
Beginning balances	5,575,281	200,000	839,842	6,615,123
Depreciation and amortization (see Note 16)	1,003,442	-	-	1,003,442
Ending balances	6,578,723	200,000	839,842	7,618,565
Net book values	₱350,551	₱-	₱-	₱350,551



## 11. Short-term Loans and Notes Payable

### Short-term Loans

On various dates, the Company availed short-term loans in 2025 and 2024 (with interest ranging from 6.5% to 6.65%) totaling ₱559,000,000 and (with interest ranging from 6.2% to 6.75%) totaling ₱606,000,000, respectively. As of December 31, 2025 and 2024, short-term loans amounted to ₱1,383,000,000 and ₱824,000,000, respectively.

The future expected principal settlements of the Company's short-term loans for the year ended December 31 follows:

	2025	2024
Within one year	<b>₱1,383,000,000</b>	₱824,000,000
Beyond one year but less than five years	-	-
	<b>₱1,383,000,000</b>	₱824,000,000

### Notes payable

Notes payable consists of:

	2025	2024
Principal	<b>₱34,117,647</b>	₱170,588,236
Add: unamortized premium, net of debt issue cost	-	136,253
	<b>34,117,647</b>	170,724,489
Less noncurrent portion	-	(34,250,132)
Current portion of long-term loans	<b>₱34,117,647</b>	<b>₱136,474,357</b>

On February 18, 2021, the Company converted its ₱580,000,000 short-term promissory note to term loans with maturity of 5 years, payable in equal quarterly installments starting on February 19, 2022. In 2025 and 2024, total payments of notes payable amounted to ₱136,470,589 and ₱201,740,588, respectively.

The Company's long-term loan is secured by a real estate mortgage on certain land and building and building improvements owned by the Company (see Note 9).

The details of the term loans follow:

Term Loan	Availment Date	Maturity Date	Interest rate	Condition	Amount
1	February 19, 2021	February 19, 2026	4.25% per annum fixed for 89 days, variable onwards; quarterly	Secured	₱290,000,000
2	February 19, 2021	February 19, 2026	4.875% per annum, fixed up to maturity; quarterly	Secured	290,000,000

Term Loan promissory note (PN) 1 is subject to a variable interest rate based on a three (3)-month BVAL plus a margin of one hundred twenty points (1.20%) divided by the Applicable Premium Factor (0.95) and 4.25% per annum, whichever is higher.

Term Loan PN 2 is subject to a fixed interest rate based on a five (5)-year BVAL plus a margin of one hundred twenty points (1.20%) divided by the Applicable Premium Factor (0.95) and 4.875% per annum, whichever is higher.

The Company paid and capitalized documentary stamp tax amounting to ₱4,350,000 as debt issue cost to be amortized over the term of the notes payable.



Based on the Company's assessment, the modifications in the contractual cash flows of the loan are not substantial and therefore did not result in the derecognition of the affected financial liabilities.

*Debt Covenants*

The 2021 term loan agreement contains, among others, covenants that require the Company to comply with specified financial ratios which are current ratio (minimum of 1.0), debt-to-equity ratio (maximum of 2.33) and debt service coverage ratio (minimum of 1.25). Based on the 2023 amended loan agreement, the Company is required to comply with covenants such as debt-to-equity ratio (maximum of 2.33) and debt service coverage ratio (minimum of 1.25) in 2023. On December 15, 2023, the Company was able to secure a waiver from the bank for debt service coverage ratio.

As at December 31, 2023, the Company did not meet the required debt to equity ratio.

Consequently, total outstanding balance of long-term loan was classified as current liabilities in the 2023 statement of financial position. On April 5, 2024, the Company secured from the bank a one-time waiver of debt-to-equity financial covenant for the year ended December 31, 2023.

In November 2024, the Company secured a waiver from the bank for current ratio and debt service coverage ratio covering the December 31, 2024 financial reporting period. Hence, outstanding balance of long-term loan payable beyond the next financial year remains to be classified as noncurrent as of December 31, 2024. In October 2025, the Company secured a waiver from the bank for current ratio and debt service coverage ratio covering the December 31, 2025 financial reporting period. Notwithstanding, outstanding loan payable was classified as current considering the maturity in 2026.

The future expected principal settlements of the Company's notes payable for the year ended December 31 follows:

	2025	2024
Within one year	<b>₱34,117,648</b>	₱136,470,588
Beyond one year but less than five years	–	34,117,648
	<b>₱34,117,648</b>	₱170,588,236

Total interest expense on short-term loans and notes payable charged to statements of comprehensive income amounted to ₱74,694,393, ₱61,530,178 and ₱41,725,676 in 2025, 2024 and 2023, respectively.

## 12. Accounts Payable and Other Current Liabilities

	2025	2024
Accounts payable	<b>₱73,684,533</b>	₱69,381,581
Construction bond	<b>8,753,672</b>	8,472,249
Accrued expenses:	–	
Interest	<b>4,177,695</b>	3,771,292
Others	<b>100,000</b>	100,000
Withholding taxes payable	<b>66,562,179</b>	558,897
	<b>₱153,278,079</b>	₱82,284,019

Accounts payable, accrued expenses and other current liabilities are noninterest-bearing and are normally settled within the next financial year. Accounts payable includes the current portion of the unpaid purchase price of the land acquired in 2021 (see Note 9).



Construction bond represents deposit required from the tenants prior to the commencement of renovation works for respective leased property. These are refundable once the renovation has been completed normally within one year.

Accrued expenses are payable within 12 months from reporting period.

Withholding taxes payable primarily relates to the Company's acquisition of land from PVI in December 2025 which was settled in January 2026 (see Note 9).

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### 13. Leases

The Company entered into various non-cancellable lease contracts on its investment properties with various lessees.

The lease contracts provide for the payment by the lessee of a security deposit. These are shown under "Deposits on long-term leases" account in the statements of financial position and are recorded at their present values which amounted to ₱50,354,092 and ₱55,360,566 as at December 31, 2025 and 2024, respectively. Accretion of interest, included in "Interest expense" in the statements of comprehensive income, amounted to ₱2,049,467 and ₱876,744 in 2025 and 2024, respectively.

Unearned rental income, which includes advance rental and excess of the principal amount of the long-term deposits over its present value and are amortized on a straight-line basis over the lease term, amounted to ₱7,349,319 and ₱6,019,545 as at December 31, 2025 and 2024, respectively.

Accrued rent, which represents the excess of rental income recognized using the straight-line method over the rental income based on the terms of the lease agreements, amounted to ₱16,041,602 and ₱17,378,429 as at December 31, 2025 and 2024, respectively.

The future minimum lease receivables under non-cancellable leases on its investment properties are as follows:

	2025	2024	2023
Year 1	<b>₱150,089,486</b>	₱189,956,062	₱172,151,475
Year 2	<b>85,893,675</b>	96,111,813	114,772,545
Year 3	<b>68,290,888</b>	46,249,150	54,139,194
Year 4	<b>38,886,982</b>	34,719,013	17,971,824
Year 5	<b>29,856,830</b>	9,317,621	11,198,188
More than 5 years	<b>8,271,600</b>	-	823,656
	<b>₱381,289,461</b>	₱376,353,659	₱371,056,882



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## 14. Equity

### Capital Stock

As at December 31, 2025 and 2024, the Company's capital stock consists of:

	Number of Shares	Amount
Common stock - ₱0.01 par value		
Authorized	40,000,000,000	₱400,000,000
Issued and outstanding	25,000,000,000	₱250,000,000

### Amendment of the Articles of Incorporation and Declaration of Stock Dividends

On March 27, 2023, the BOD approved the amendment of the Articles of Incorporation (AOI), subject to the approval of the SEC. The amendment includes reclassifying one million (1,000,000) preferred shares with a par value of ₱100 per share to ten billion (10,000,000,000) common shares with a par value of ₱0.01 per share. It also includes increasing authorized capital stock to seven hundred million pesos (₱700,000,000) which will increase the common shares to seventy billion (70,000,000,000) with a par value of ₱0.01 per share. On November 9, 2023, the Company filed its application for the amendment of the AOI covering the reclassification of preferred shares to common shares. The said application was approved by the SEC on November 15, 2023. However, the Company's application for the increase in authorized capital stock is still pending approval by the SEC as at April 10, 2026.

On the same date, the BOD has approved the declaration of stock dividends in the total amount of ₱150,000,000 corresponding to 15,000,000,000 common shares. The stock dividend declaration was ratified during the Annual Stockholders' Meeting held last July 26, 2023. Such stock dividend distribution is subject to SEC's approval of the capital increase and the record date.

### Repeal of Previously Approved Capital and Approval of New Capital Increase

On October 15, 2025, the Stockholders approved the repeal of all previously authorized capital increase resolutions issued on March 27, 2023 and April 22, 2024, which proposed increases from ₱400.0 million to ₱700.0 million and then to ₱1.7 billion. The Stockholders then ratified the BOD's consolidated resolution increasing the Company's authorized capital stock from ₱400.0 million to ₱5.0 billion and increasing the par value of common shares from ₱0.01 to ₱1.00 per share, resulting in 5,000,000,000 common shares, with any fractional shares to be rounded up, which was approved by the BOD on August 29, 2025.

In addition, the Stockholders ratified the Board's approval on August 29, 2025 authorizing the conduct of a Stock Rights Offering (SRO) to raise additional capital, including all related actions undertaken by the BOD and corporate officers. The proceeds of such rights offering shall be used to fund a portion of the increase in the Company's authorized capital stock. On December 22, 2025, the Company had preliminarily filed its Application for Confirmation of Exemption with the SEC in relation to the SRO. As of April 10, 2026, the Company is preparing for its application filing with the SEC.



Basic/Diluted Earnings (Loss) Per Share

The computation of basic/diluted earnings (loss) per share follows:

	2025	2024	2023
Net income (loss) (a)	<b>₱5,939,573</b>	₱35,792,080	₱51,627,115
Weighted average number of shares (b)	<b>25,000,000,000</b>	25,000,000,000	25,000,000,000
Dilutive potential common shares - stock dividends	<b>15,000,000,000</b>	15,000,000,000	15,000,000,000
Weighted average number of common shares - diluted (c)	<b>40,000,000,000</b>	40,000,000,000	40,000,000,000
Per share amounts:			
Basic (a/b)	<b>₱0.0002</b>	₱0.0014	₱0.0021
Diluted (a/c)	<b>₱0.0001</b>	₱0.0009	₱0.0013

In 2025, 2024 and 2023, the Company considered the effect of stock dividends distributable since these are dilutive.

**15. Direct Costs**

	2025	2024	2023
Depreciation and amortization (see Note 9)	<b>₱49,331,732</b>	₱49,122,917	₱43,197,551
Real estate tax	<b>21,696,108</b>	21,026,028	21,089,511
Outside services	<b>15,488,610</b>	14,464,748	9,922,300
Repairs and maintenance	<b>7,769,691</b>	5,128,451	3,624,693
Insurance and others	<b>2,758,446</b>	2,144,267	1,521,302
Communication, light and water	<b>805,313</b>	6,335,895	5,884,285
	<b>₱97,849,900</b>	₱98,222,306	₱85,239,642

**16. Operating Expenses**

	2025	2024	2023
Taxes and licenses	<b>₱32,774,174</b>	₱29,899,462	₱6,161,046
Personnel costs (see Notes 17 and 18)	<b>17,043,413</b>	15,955,987	14,481,362
Professional fees	<b>2,039,550</b>	1,045,000	2,095,476
Commission	<b>1,002,521</b>	2,531,350	3,972,546
Repairs and maintenance	<b>793,616</b>	466,429	623,762
Association dues	<b>542,704</b>	475,947	824,823
Communication, light and water	<b>174,948</b>	996,418	369,310
Depreciation and amortization (see Note 10)	<b>173,664</b>	1,003,442	1,171,169
Entertainment, amusement and recreation	<b>132,738</b>	92,599	158,026
Provision for expected credit loss	-	-	526,684
Miscellaneous	<b>2,573,585</b>	5,270,419	1,853,851
	<b>₱57,250,913</b>	₱57,737,053	₱32,238,055



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**17. Personnel Costs**

	<b>2025</b>	2024	2023
Salaries and wages	<b>₱14,594,356</b>	₱13,884,896	₱12,922,338
Retirement benefits cost (income) (see Note 18)	<b>448,402</b>	297,875	(62,017)
Others	<b>2,000,655</b>	1,773,216	1,621,041
	<b>₱17,043,413</b>	₱15,955,987	₱14,481,362



## 18. Retirement Benefits Cost

The Company established a defined benefit noncontributory retirement plan (the Retirement Plan) in 2011 covering all its regular employees.

LPC is required to pay its regular employees retirement benefits equivalent to 22.5 days for every year of credited service upon reaching the compulsory retirement age of 65. Optional retirement is allowed for an employee who reaches the age of 50 and who has completed 15 years of credited service to LPC.

The following tables summarize the components of the net benefit expense recognized in the statements of comprehensive income and the funded status and amounts recognized in the statements of financial position for the plan. Changes in net retirement asset as at December 31, 2025 and 2024 are as follows:

	Net Retirement Cost (Income) in Profit or Loss in the Statements of Comprehensive Income				Remeasurements in Other Comprehensive Income						
	Balance at Beginning of Year	Current Service Cost	Net Interest	Subtotal	Remeasurement (gain) / loss - Return on Plan Assets	Actuarial Changes Arising from Changes in Financial Assumptions	Actuarial Changes Arising from Experience	Actuarial Changes Arising from in demographic assumptions	Effect of Asset Ceiling	Subtotal	Balance at End of Year
<b>December 31, 2025</b>											
Present value of defined benefit obligation	₱10,458,865	₱547,101	₱639,037	₱1,186,138	₱-	(₱144,008)	(₱281,482)	₱-	₱-	(₱425,490)	₱11,219,513
Fair value of plan assets	(12,198,527)	-	(749,686)	(749,686)	4,158,642	-	-	-	-	4,158,642	(8,789,571)
Asset ceiling	195,579	-	11,950	11,950	-	-	-	-	(207,529)	(207,529)	-
Net defined benefit asset	(₱1,544,083)	₱547,101	(₱98,699)	₱448,402	₱4,158,642	(₱12,775)	(₱43,240)	₱-	(₱515,520)	₱3,525,623	(₱2,429,942)
<b>December 31, 2024</b>											
Present value of defined benefit obligation	₱9,456,888	₱482,068	₱575,924	₱1,057,992	₱-	(₱12,775)	(₱43,240)	₱-	₱-	(₱56,015)	₱10,458,865
Fair value of plan assets	(13,151,681)	-	(800,937)	(800,937)	1,754,091	-	-	-	-	1,754,091	(12,198,527)
Asset ceiling	670,279	-	40,820	40,820	-	-	-	-	(515,520)	(515,520)	195,579
Net defined benefit asset	(₱3,024,514)	₱482,068	(₱184,193)	₱297,875	₱1,754,091	(₱12,775)	(₱43,240)	₱-	(₱515,520)	₱1,182,556	(₱1,544,083)



The Retirement Plan Trustee, as appointed by the Company, is responsible for the general admission of the Retirement Plan and the management of the retirement fund. The Retirement Plan Trustee may seek the advice of counsel and appoint an investment manager or managers to the retirement fund, an independent accountant to audit the fund and an actuary to value the fund.

Major categories of plan assets as at December 31 follow:

	2025	2024
Cash in banks	<b>₱728,655</b>	₱584,637
Investments in equity securities	<b>8,060,916</b>	11,613,890
	<b>₱8,789,571</b>	₱12,198,527

The carrying amount of the plan assets represents their fair values as at December 31, 2025 and 2024.

Investments in equity securities can be transacted through the Philippine Stock Exchange. The Company has no material transactions with the retirement plan nor does the plan have investments in the Company's shares.

Movements in accumulated remeasurement gains on retirement benefits, net of deferred taxes are as follows:

	2025	2024
Beginning balance	<b>₱5,062,787</b>	₱5,949,704
Remeasurement in other comprehensive income:		
Actuarial gain (loss) on defined benefit obligation	<b>425,490</b>	56,015
Remeasurement gain on plan assets	<b>(4,158,642)</b>	(1,754,091)
Effect of asset ceiling	<b>207,529</b>	515,520
	<b>(3,525,623)</b>	(1,182,556)
Income tax effect	<b>881,406</b>	295,639
	<b>(2,644,217)</b>	(886,917)
Ending balance	<b>₱2,418,570</b>	₱5,062,787

The latest actuarial valuation of the plan is as at December 31, 2025. The principal actuarial assumptions used to determine retirement benefits cost at the beginning of the year were as follows:

	2025	2024
Discount rate	<b>6.34%</b>	6.11%
Salary increase rate	<b>5.00%</b>	5.00%

Movements in the principal actuarial assumptions may result to an increase or decrease in the year-end defined benefit obligation (DBO). As such, the following sensitivity analysis shows the effects of 100 basis points (bps) movement in the discount and salary increase rates as at December 31:

		2025	
		Increase (decrease) in DBO in % in ₱	
Discount rate	+100 bps	<b>(5.20%)</b>	<b>(₱580,658)</b>
	-100 bps	<b>5.90%</b>	<b>657,841</b>
Salary increase rate	+100 bps	<b>5.90%</b>	<b>660,090</b>
	-100 bps	<b>(5.30%)</b>	<b>(592,929)</b>



		2024	
		Increase (decrease) in DBO in % in ₱	
Discount rate	+100 bps	(5.70%)	(₱597,384)
	-100 bps	6.50%	683,602
Salary increase rate	+100 bps	6.50%	684,360
	-100 bps	(5.80%)	(608,707)

The Retirement Plan Trustee has no specific matching strategy between plan assets and plan liabilities.

The average duration of the defined benefit obligation at the end of the period is 5.5 and 6.1 years as at December 31, 2025 and 2024, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31:

	2025	2024
Year 1	<b>₱5,899,082</b>	₱4,805,237
Year 2	<b>59,068</b>	772,636
Year 3	<b>71,809</b>	59,754
Year 4	<b>87,176</b>	72,623
Year 5	<b>105,647</b>	88,153
Year 6 - 10	<b>4,326,901</b>	2,406,151

The Company is not required to pre-fund the future defined benefits payable under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund to support the defined benefits are at the Company's discretion. However, in the event a defined benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable from the Company to the Retirement Fund.

The Company has no expected contribution in the next financial period.

## 19. Income Taxes

The provision for current income tax represents minimum corporate income tax and regular corporate income tax in 2025 and 2024, respectively.

The reconciliation of income tax computed at the statutory income tax rate with the provision for income tax follows:

	2025	2024	2023
Provision for (benefit from) income tax at statutory tax rate	<b>₱1,470,159</b>	₱12,670,874	₱20,739,466
Additions to (reductions in) income tax resulting from: Dividend income exempt from tax	<b>(2,282,687)</b>	(41,285)	(98,597)
<i>(Forward)</i>			



	2025	2024	2023
Gain on sale and fair value changes of financial assets at FVTPL	<b>(P1,535,679)</b>	P205,457	P10,319,539
Nondeductible expenses	<b>2,719,745</b>	2,483,473	687,184
Rental income from deposits on long-term lease	<b>(425,588)</b>	(422,047)	(278,236)
Interest income subjected to final tax	<b>(4,889)</b>	(5,055)	(4,827)
Others	-	-	(33,779)
	<b>(P58,939)</b>	P14,891,417	P31,330,750

The Company's net deferred tax liabilities as at December 31 follow:

	2025	2024
Deferred tax liabilities:		
Accrued rent	<b>(P4,010,400)</b>	(P4,344,607)
Net retirement plan asset	-	(386,021)
	<b>(4,010,400)</b>	(4,730,628)
Deferred tax assets:		
MCIT	<b>2,266,077</b>	-
Advance rental	<b>919,328</b>	905,387
Net retirement plan liability	<b>607,486</b>	-
	<b>3,792,891</b>	905,387
Net deferred tax liabilities	<b>(P217,509)</b>	(P3,825,241)

MCIT and NOLCO incurred in 2025 amounting to P2,667,387 and P14,894,760, can be claimed as deduction from regular corporate income tax due and against regular corporate taxable income until year 2028, respectively.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the CREATE Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021. Consequently, the Company computed for MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

## 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, and fellow subsidiaries are related entities 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 entities. Receivables from and payables to related parties are normally settled in cash.



The Company's transactions with its related parties follow:

	Amount/Volume			Outstanding Balance		Terms and Conditions
	2025	2024	2023	2025	2024	
<b>Parent</b>						
<b>Liberty Flour Mills, Inc.</b>						
Land and building acquisition (see Note 9)	P-	P-	P980,000,000	P-	P-	On demand; Unsecured
Lease						
Rent expense (see Note 16)	-	-	526,684	-	-	On demand; Unsecured
Rent income (see Note 13)	2,142,402	2,508,793	-	-	152,263	
Security deposit	622,333	592,698	-	(622,333)	(592,698)	
Administrative expenses	-	473,690	-	-	-	
Deposit (see Note 9)	-	-	(130,000,000)	-	-	On demand; Unsecured
Payable for working capital support	-	-	-	-	(568,400,000)	
<b>Affiliate*</b>						
<b>Parity Values, Inc.</b>						
Purchase of land (see Note 9)***	1,166,000,000			(1,166,000,000)		Within 1 year
Lease						
Rent income (see Note 13)	2,510,016			-		
Security deposit	642,810			(642,810)		
Deposit	-	220,000,000	-	-	220,000,000	On demand; Unsecured
Development rights (see Note 9)	-	-	37,730,000	-	-	5.25% interest per annum
Deposit				P-	P220,000,000	
Due from (to) a related party** (Note 12)				P-	P152,263	
Security deposit (Note 13)				(P1,265,143)	(592,698)	
Payable to a related party (Note 9)				(P1,166,000,000)	(P568,400,000)	

\*Parent Company's stockholder and significant shareholder effective August 2025 (see Note 1)

\*\*Due from a related party is recognized as part of rent receivable (see Note 5)

\*\*\*Inclusive of VAT net of withholding tax

### Key Management Personnel

Compensation of key management personnel follows:

	2025	2024	2023
Short-term employee benefits	P3,018,875	P2,910,368	P2,702,896
Post-employment benefits and others	611,373	224,540	612,532
	P3,630,248	P3,134,908	P3,315,428

### Retirement Fund

The Company has no transaction with the retirement fund as at December 31, 2025 and 2024.

## 21. Financial Risk Management Objectives and Policies

The Company's financial instruments consist mainly of cash in banks, investments in equity securities and trade receivables/payables, refundable deposits, and borrowings. The main risks arising from the use of these financial instruments are credit risk, equity price risk and liquidity risk.

### Credit Risk

Credit risk represents the loss that the Company would incur if the counterparty failed to perform under its contractual obligations. The Company has established controls and procedures in its credit policy to determine and monitor the credit worthiness of lessees and counterparties. The Company requires its lessees to pay at least three months security deposit to cover unpaid obligations and liabilities at the termination of the lease. It is also the Company's policy to require its lessees to pay their accounts on or before due date without the need of demand.



The maximum credit exposure of the Company is the carrying amount of the receivables as disclosed in Note 5. There are no significant concentrations of credit risk within the Company. With respect to credit risk arising from the other financial assets of the Company, which comprise cash in banks and refundable deposits, the Company's exposure to credit risk arises from default of the counterparties, with a maximum exposure equal to the carrying amount of these instruments. There are no collaterals or other credit enhancements held over these assets.

The table below shows the maximum exposure to credit risk for the Company's financial assets at amortized cost, without taking account of any collateral and other credit enhancements:

	2025	2024
Cash in banks*	<b>₱39,089,639</b>	₱31,114,667
Receivables**	<b>8,760,000</b>	11,812,773
Refundable deposits***	<b>3,406,379</b>	2,701,019
<b>Total credit risk exposure</b>	<b>₱51,256,018</b>	<b>₱45,628,459</b>

\*excluding cash on hand amounting to ₱17,500 in 2025 and 2024.

\*\*excluding advances to officers and employees and advances to others amounting to ₱34,797 and ₱50,985 in 2025 and 2024, respectively.

\*\*\*presented under Other noncurrent assets in the statements of financial position.

The following tables summarize the credit quality of the Company's financial assets at amortized cost per category as at December 31:

	2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	
Low	₱42,496,018	₱8,760,000	₱-	₱51,256,018
Moderate	-	-	-	-
High	-	-	-	-
Gross carrying amount	42,496,018	8,760,000-	-	51,256,018
ECL	-	-	-	-
Carrying amount	₱42,496,018	₱8,760,000	₱-	₱51,256,018

	2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	
Low	₱33,815,686	₱11,812,773	₱-	₱45,628,459
Moderate	-	-	-	-
High	-	-	-	-
Gross carrying amount	33,815,686	11,812,773	-	₱45,628,459
ECL	-	-	-	-
Carrying Amount	₱33,815,686	₱11,812,773	₱-	₱45,628,459

The credit quality of the financial assets was determined as follows:

*Low Risk* - This includes cash and cash equivalents to counterparties with good credit or bank standing and refundable deposits, thus credit risk is minimal. This normally includes large prime financial institutions, companies and government agencies. For receivables, this consists of accounts with counterparties with no history of default on the agreed contract terms.

*Moderate Risk* - This includes receivables with counterparties with little history of default on the agreed contract terms.

*High Risk* - This includes receivables that consist of accounts with counterparties with history of default on the agreed contract terms.

Set out below is the information about the credit risk exposure on the Company's rent receivables



using a provision matrix as at December 31:

	2025				Total
	Current	1-30 days	31-90 days	More than 90 days	
<b>Rent receivables -</b>					
Expected credit loss rate	-	-	-	-	
Estimated total gross carrying amount at default	5,922,067	2,788,822	49,111	-	₱8,760,000
Expected credit loss	-	-	-	-	-
	2024				
	Current	1-30 days	31-90 days	More than 90 days	Total
Rent receivables -					
Expected credit loss rate	-	-	-	-	
Estimated total gross carrying amount at default	₱11,110,386	629,694	15,937	56,756	₱11,812,773
Expected credit loss	-	-	-	-	-

#### Interest Rate Risk.

The Company's exposure to the risk for changes in interest rates relates primarily to its short-term loans and notes payable. The Company's practice is to manage its interest cost by reference to current market borrowing rates. The following table sets forth the impact of a reasonably possible change in interest rates on the Company's income before income tax, with all other variables held constant. There is no impact on equity other than those already affecting pre-tax income.

#### Short-term Loans

Change in Interest Rates	2025	Change in Interest Rates	2024
	Sensitivity of Income Before Tax		Sensitivity of Income Before Tax
100 bps decrease	₱13,830,000	100 bps decrease	₱8,240,000
100 bps increase	(13,830,000)	100 bps increase	(8,240,000)

#### Notes Payable

Change in Interest Rates	2025	Change in Interest Rates	2024
	Sensitivity of Income Before Tax		Sensitivity of Income Before Tax
100 bps decrease	₱341,176	100 bps decrease	₱1,705,882
100 bps increase	(341,176)	100 bps increase	(1,705,882)

#### Equity Price Risk

Equity price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to equity price risk because of investments in quoted equity securities, which are classified in the statement of financial position as financial assets at FVTPL and financial assets at FVOCI.

The Company's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine impact on its financial position. The change in market prices used in the sensitivity analysis is determined based on the highest and lowest stock prices of a financial instrument during the period. The Company has determined that for financial assets at FVOCI, a decrease or increase on the stock prices would only impact equity and would not have an effect on profit or loss. The Company has determined that for financial assets at FVTPL, a decrease and increase on the stock prices could have an impact on the profit or loss.



The effect on profit or loss and equity as a result of an increase (decrease) in fair value of equity securities at FVTPL and fair value of quoted financial assets at FVOCI as at December 31 are as follows:

	2025	
	Increase (Decrease) in Market Price	Increase (Decrease) in Profit or Loss/Equity
Financial assets at FVTPL	2.00%	P295,190
	(2.00)%	(295,190)
Financial assets at FVOCI	0%	-
	(0%)	-
	2024	
	Increase (Decrease) in Market Price	Increase (Decrease) in Profit or Loss/Equity
Financial assets at FVTPL	2%	P172,336
	(2%)	(172,336)
Financial assets at FVOCI	11%	15,680,850
	(11%)	(15,680,850)

#### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay its obligations when they fall due under normal and stress circumstances. The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

The Company expects to generate sustained net income beginning in 2026 and continuing over the subsequent ten-year forecast period. Management anticipates that the planned Stock Rights Offering (SRO), scheduled for implementation within the year and supported by future capital initiatives, will result in a reduction of outstanding debt. The expected decrease in debt levels is projected to lower operating expenses and strengthen overall profitability. Furthermore, the Company expects to achieve near-full occupancy across its property portfolio within the year, supporting revenue stability and contributing to strengthened financial performance. The Company likewise intends to settle currently maturing obligations through utilization of unused credit facilities.

The tables below summarize the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted payments as at December 31:

	2025			Total
	Less than 3 Months	3 to 12 Months	1 to 5 Years	
<b>Financial Assets at amortized cost:</b>				
Cash	P39,107,139	P-	P-	P39,107,139
Receivables	8,710,889	49,111	-	8,760,000
Other noncurrent assets	-	-	331,315	331,315
Financial assets at FVTPL	14,759,509	-	-	14,759,509
Financial assets at FVOCI	-	-	104,449,345	104,449,345
	<b>62,577,537</b>	<b>49,111</b>	<b>104,780,660</b>	<b>167,407,308</b>

(Forward)



2025				
	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
<b>Financial Liabilities</b>				
Short-term loans	P-	P1,416,004,900	P-	P1,416,004,900
Notes payable, including interest	-	34,383,194	-	34,383,194
Accounts payable and other current liabilities*	-	-	-	-
Accounts payable	37,077,058	45,836,738	-	82,913,796
Accrued expense, excluding accrued interest	100,000	-	-	100,000
Construction bond	8,753,672	-	-	8,753,672
Payable to a related party	-	1,166,000,000	-	1,166,000,000
Deposits on long-term leases	-	34,413,448	20,558,592	54,972,040
Other noncurrent liabilities	-	-	-	-
	<b>45,930,730</b>	<b>2,696,638,280</b>	<b>20,558,592</b>	<b>2,763,127,602</b>
<b>Net Financial Assets (Liabilities)</b>	<b>P16,646,807</b>	<b>(P2,696,589,169)</b>	<b>P84,222,068</b>	<b>(P2,595,720,294)</b>
2024				
	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
<b>Financial Assets at amortized cost:</b>				
Cash	P31,132,167	P-	P-	P31,132,167
Receivables	11,785,367	27,406	-	11,812,773
Other noncurrent assets	-	-	2,701,019	2,701,019
Financial assets at FVTPL	8,616,795	-	-	8,616,795
Financial assets at FVOCI	-	-	139,684,188	139,684,188
	<b>51,534,329</b>	<b>27,406</b>	<b>142,385,207</b>	<b>193,946,942</b>
<b>Financial Liabilities</b>				
Short-term loans	-	842,391,890	-	842,391,890
Notes payable, including interest	-	196,060,156	34,383,194	230,443,350
Accounts payable and other current liabilities	-	-	-	-
Accounts payable	23,348,497	54,993,964	-	78,342,461
Accrued expense, excluding accrued interest	100,000	-	-	100,000
Construction bond	8,472,249	-	-	8,472,249
Payable to a related party	-	568,400,000	-	568,400,000
Deposits on long-term leases	-	37,923,247	21,128,374	59,051,621
Other noncurrent liabilities	-	-	61,048,191	61,048,191
	<b>31,920,746</b>	<b>1,699,769,257</b>	<b>116,559,759</b>	<b>1,848,249,762</b>
<b>Net Financial Assets (Liabilities)</b>	<b>P19,613,583</b>	<b>(P1,699,741,851)</b>	<b>P25,825,448</b>	<b>(P1,654,302,820)</b>

### Fair Value

The following are the Company's financial instruments whose carrying amounts are measured at fair value as at December 31:

	Carrying Value		Fair Value	
	2025	2024	2025	2024
<b>Financial Assets</b>				
Financial assets at FVTPL	<b>P14,759,509</b>	P8,616,795	<b>P14,759,509</b>	P8,616,795
Financial assets at FVOCI	<b>149,725,670</b>	139,684,188	<b>149,725,670</b>	139,684,188

The carrying values of cash in banks, receivables, accounts payable and other current liabilities approximate their fair values due to their short-term nature.

The fair value of deposits on long-term leases is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities. As at December 31, 2025 and 2024, the carrying values deposits on long-term leases were not materially different from their calculated fair values.



Fair Value Hierarchy

Below table presents the fair value measurement hierarchy of the Company's financial assets whose fair values are measured and disclosed as at December 31:

	2025			
	Total	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value:</b>				
Financial assets at FVTPL	P14,759,509	P14,759,509	P-	P-
Financial assets at FVOCI	149,725,670	149,725,670	-	-
<b>Nonfinancial assets for which fair values are disclosed</b>				
Investment properties	5,712,060,289	-	-	5,712,060,290
	2024			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:				
Financial assets at FVTPL	P8,616,795	P8,616,795	P-	P-
Financial assets at FVOCI	139,684,188	139,684,188	-	-
Nonfinancial assets for which fair values are disclosed				
Investment properties	5,369,425,000	-	-	5,369,425,000

Financial assets at FVTPL and financial assets at FVOCI are carried at their fair values based on quoted market prices as at December 31, 2025 and 2024.

The disclosures on the fair value measurement hierarchy for investment properties carried at cost are presented in Note 9.

In 2024 and 2023, there were no reclassifications of financial instruments from and into Levels 1, 2 and 3.

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## 22. Capital Management Policies

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2025 and 2024.

The Company monitors capital by having a daily monitoring of receipts and collections, regular release of disbursements to suppliers, monthly cash flow report preparation and monthly review of capital expenditure requirements. The Company at this point, with its healthy cash flow, is not looking for additional bank loans to finance its operations and renovations. The Company strives to earn a minimum return double the annual inflation rate. The Company is not subject to any externally imposed capital requirements.



The following are considered by the Company as capital as at December 31:

	2025	2024
Capital stock	<b>₱250,000,000</b>	₱250,000,000
Stock dividend distributable	<b>150,000,000</b>	150,000,000
Retained earnings	<b>203,764,403</b>	210,199,830
	<b>₱603,764,403</b>	₱610,199,830

### 23. Supplemental Disclosure of Cash Flow Information

- In 2025, noncash investing activity pertains to acquisition of land from Parity Values Inc. for a total consideration of ₱1,100,000,000, exclusive of VAT, payable in 2026 (see Note 9).
- In 2023, noncash investing activity pertains to acquisition of land and building from the Parent Company in 2023 amounting to ₱890,000,000 which consists of the unpaid consideration amounting to ₱851,200,000.
- The changes in liabilities arising from financing activities follows:

	2025				December 31
	January 1	Cash flows	Interest expense	Non-cash charges*	
Notes payable	₱994,724,489	₱422,529,411	(₱136,253)	₱-	₱1,417,117,647
Installment payable**	116,115,824	(65,408,775)	8,960,880	(7,849,053)	51,818,876
Payable to a related party	568,400,000	(568,400,000)	-	-	1,166,000,000
Interest payable	5,401,579	(74,424,243)	76,880,113	-	7,857,449
	<b>₱1,684,641,892</b>	<b>(₱285,703,607)</b>	<b>₱85,704,740</b>	<b>(₱7,849,053)</b>	<b>₱2,642,793,972</b>

\*Movement of deferred input VAT

\*\*Installment payable is presented as part of "Accounts payable" under "Accounts payable and other current liabilities" and "Other noncurrent liability" accounts, respectively, in the statements of financial position (see Notes 9, 12)

	2024				December 31
	January 1	Cash flows	Interest expense	Non-cash charges	
Notes payable	₱590,195,077	₱404,529,412	₱-	₱-	₱994,724,489
Installment payable	142,729,767	(26,219,677)	2,752,095	(3,146,361)	116,115,824
Payable to a related party	851,200,000	(282,800,000)	-	-	568,400,000
Interest payable	2,584,225	(59,589,568)	62,406,922	-	5,401,579
	<b>₱1,586,709,069</b>	<b>₱35,920,167</b>	<b>₱65,159,017</b>	<b>(₱3,146,361)</b>	<b>₱1,684,641,892</b>

\*Movement of deferred input VAT

\*\*Installment payable are presented as part of "Accounts payable" under "Accounts payable and other current liabilities" and "Other noncurrent liability" accounts, respectively, in the statements of financial position (see Notes 9, 12)

	2023				December 31
	January 1	Cash flows	Interest expense	Non-cash charges	
Notes payable	₱630,800,782	(₱40,470,588)	(₱135,117)	₱-	₱590,195,077
Installment payable	162,176,225	(18,381,857)	1,141,222	(2,205,823)	142,729,767
Payable to a related party	37,730,000	(37,730,000)	-	-	-
Interest payable	2,673,152	(42,703,263)	42,614,336	-	2,584,225
	<b>₱833,380,159</b>	<b>(₱139,285,708)</b>	<b>₱43,620,441</b>	<b>(₱2,205,823)</b>	<b>₱735,509,069</b>

\*Movement of deferred input VAT

\*\*Installment payable are presented as part of "Accounts payable" under "Accounts payable and other current liabilities" and "Other noncurrent liability" accounts, respectively, in the statements of financial position (see Note 12)



## 24. Supplementary Information Required Under Revenue Regulations 15-2010

### RR 15-2010

The Company reported and/or paid the following types of taxes in 2025:

a. Value-added Tax (VAT)

The Company's rental income is subject to output value added tax (VAT) while its purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12%.

- Net Sales/Receipts and Output VAT declared in the Company's VAT returns

	Net Sales/Receipts	Output VAT
Vatable net sales/receipts:		
Rental income	P224,151,959	P26,898,235
Common area service income	10,217,679	1,226,122
Others	569,869	68,384
Exempt sales/receipts	8,767,907	-
<b>Total</b>	<b>243,707,414</b>	<b>28,192,741</b>
Application of input VAT	-	(28,192,741)
<b>Balance at December 31</b>	<b>P243,707,414</b>	<b>P-</b>

Exempt sales/receipts pertains to those rendered to persons or entities whose exemptions are provided under special laws or international agreements to which the Philippines is a signatory.

b. Input VAT

Balance at January 1	P83,068,893
Current year's domestic purchases/payments of importations	-
Capital goods not subjected to amortization	139,849,053
Capital goods subjected to amortization	6,849,438
Goods lodged under cost of goods sold and other accounts	169,677
Services lodged under cost of goods sold	2,932,255
Services lodged under other accounts	678,656
	233,547,972
Application against output VAT	(28,192,741)
Input VAT allocable to VAT-exempt sales	(135,824)
<b>Balance at December 31</b>	<b>P205,219,407</b>

c. Other Taxes and Licenses

Documentary stamp tax on:	
Purchase of land	P16,500,000
Bank loans	16,642,684
Real estate taxes	21,696,108
License and permits fees	16,131,490
	P70,970,282



d. Withholding Taxes

	Taxes on Compensation and Benefits	Expanded Withholding Taxes
Balances at January 1	₱291,505	₱267,392
Additions	1,894,279	68,380,181
Applications/Remittances	(1,893,870)	(2,377,308)
Balances at December 31	₱291,914	₱66,270,265

e. Tax Assessments

The Company has no outstanding tax assessment by the BIR nor pending tax cases or litigation in any courts or bodies outside of the BIR as at December 31, 2025.

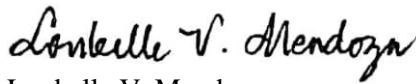


## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

The Board of Directors and Stockholders  
LFM Properties Corporation  
3<sup>rd</sup> Floor, Liberty Building  
A. Arnaiz Avenue  
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of LFM Properties Corporation (the Company) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 10, 2026. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Loubelle V. Mendoza  
Partner

CPA Certificate No. 115161

Tax Identification No. 301-422-247

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 115161-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. 08-001998-145-2024, July 18, 2024, valid until July 17, 2027

PTR No. 10765091, January 2, 2026, Makati City

April 10, 2026



## INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders  
LFM Properties Corporation  
3<sup>rd</sup> Floor, Liberty Building  
A. Arnaiz Avenue  
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of LFM Properties Corporation (the Company) as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 10, 2026. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

*Loubelle V. Mendoza*

Loubelle V. Mendoza  
Partner

CPA Certificate No. 115161

Tax Identification No. 301-422-247

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 115161-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

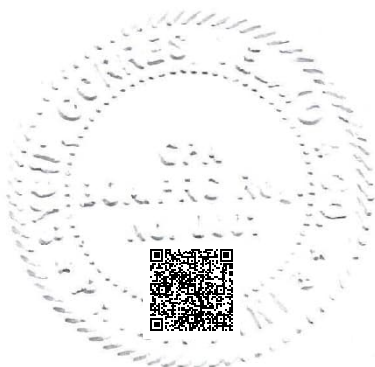
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-145-2024, July 18, 2024, valid until July 17, 2027

PTR No. 10765091, January 2, 2026, Makati City

April 10, 2026



**LFM PROPERTIES CORPORATION**  
**INDEX TO THE SUPPLEMENTARY SCHEDULES**  
**December 31, 2025**

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Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex B: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

## LFM PROPERTIES CORPORATION

### ANNEX A: RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2025

	Amount
Unappropriated retained earnings, beginning	P214,982,515
Add: Category A: Items that are directly credited to unappropriated retained earnings	-
Less: Category B: Items that are directly debited to unappropriated retained earnings	-
Unappropriated retained earnings, as adjusted	<u>214,982,515</u>
Add: Net income for the current year	5,939,573
Less: Category C.1: Unrealized income recognized in profit or loss during the reporting period (net of tax)	6,142,714
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	-
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting (net of tax): Reversal of previously recorded fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	-
Sub-total	<u>6,142,714</u>
<b>Adjusted Net Income</b>	<b>(203,141)</b>
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	-
Add: Category E: Adjustments related to relief granted by the SEC and BSP	-
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution: Net movement in deferred tax asset not considered in the reconciling items under the previous categories	<u>(2,887,054)</u>
Sub-total	<u>(2,887,054)</u>
<b>Total retained earnings, end of the reporting period available for dividend</b>	<b>P211,892,320</b>

**LFM PROPERTIES CORPORATION**

**ANNEX B: SCHEDULE A. FINANCIAL ASSETS**

**DECEMBER 31, 2025**

	<b>Name of Issuing Entity and Association of each issue</b>	<b>Number of Shares or Principal Amount of Bonds and Notes</b>	<b>Amount shown in the Statement of Financial Position</b>	<b>Value based on Market Quotation at End of Reporting Period</b>	<b>Income Received and Accrued</b>
<b><i>Financial Assets at Amortized Cost</i></b>					
Cash	N/A	N/A	₱39,107,139	N/A	₱19,557
Receivables:					
Rent receivable	N/A	N/A	8,760,000	N/A	92,448
Other noncurrent assets					
Refundable deposits	N/A	N/A	3,406,379	N/A	–
			<b>51,273,518</b>		<b>112,005</b>
<b><i>Financial Assets at FVTPL</i></b>					
Equity investments	Enex Energy Corporation	300,000	1,002,000	1,002,000	₱–
Equity investments	Security Bank Corporation	35,000	2,297,750	2,297,750	105,000
Equity investments	Philex Mining Corporation	1,000,000	9,900,000	9,900,000	20,000
Equity investments	PXP Energy Corporation	150,000	357,000	357,000	–
Equity investments	Cebu Landmasters, Inc.	223,000	524,050	524,050	40,140
Equity investments	Lepanto Construction Mining Co. "A"	3,545,455	655,909	655,909	–
Equity investments	Universal Rightfield Property Holdings, Inc.	600,000	22,800	22,800	–
			<b>14,759,509</b>	<b>14,759,509</b>	<b>165,140</b>
<b><i>Financial Assets at FVOCI</i></b>					
Equity investments	Philippine Bank of Communications	8,965,609	149,725,670	149,725,670	8,965,609
			<b>149,725,670</b>	<b>149,725,670</b>	<b>8,965,609</b>
<b>Total Financial Assets</b>			<b>₱215,758,697</b>	<b>₱164,485,179</b>	<b>₱9,242,754</b>

**LFM PROPERTIES CORPORATION****ANNEX B: SCHEDULE B. AMOUNT RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)**

December 31, 2025

<b>Name and Designation of Debtor</b>	<b>Balance at Beginning of Period</b>	<b>Additions</b>	<b>Amounts Collected</b>	<b>Amounts Written Off</b>	<b>Current</b>	<b>Not Current</b>	<b>Balance at End of Period</b>
N/A	P-	P-	P-	P-	P-	P-	P-

The Company does not have receivables from individual directors, officers, employees and principal stockholders aggregating above one million pesos (₱1.0 million) or 1% of total assets, whichever is less, as at December 31, 2025.

**LFM PROPERTIES CORPORATION**

**ANNEX B: SCHEDULE C. AMOUNT RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS**

December 31, 2025

<b>Name and Designation of Debtor</b>	<b>Balance at Beginning of Period</b>	<b>Additions</b>	<b>Amounts Collected</b>	<b>Amounts Written Off</b>	<b>Current</b>	<b>Not Current</b>	<b>Balance at End of Period</b>
N/A	P-	P-	P-	P-	P-	P-	P-

**LFM PROPERTIES CORPORATION****ANNEX B: SCHEDULE D. LONG - TERM DEBT**

December 31, 2025

<b>Title of Issue and Type of Obligation</b>	<b>Amount Authorized by Indenture</b>	<b>Amount shown under Caption “Current portion of notes payable” in related Statement of Financial Position</b>	<b>Amount shown under Caption “Notes payable – net of current portion” in related Statement of Financial Position</b>
Five-year secured term loan	₱290,000,000	₱17,058,824	₱-
Five-year secured term loan	290,000,000	17,058,824	-
Total	₱580,000,000	₱34,117,647	-

**LFM PROPERTIES CORPORATION**

**ANNEX B: SCHEDULE E. INDEBTEDNESS TO PRINCIPAL STOCKHOLDER**

December 31, 2025

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-Current	Balance at End of Period
			Amounts Collected	Amounts Written off			
N/A	P-	P-	P-	P-	P-	P-	P-

**LFM PROPERTIES CORPORATION****ANNEX B: SCHEDULE F. Guarantees of Securities of Other Issuers**

December 31, 2025

<b>Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed</b>	<b>Title of Issue of Each Class of Securities Guaranteed</b>	<b>Total Amount Guaranteed and Outstanding</b>	<b>Amounts Owned by Person for which Statement is Filed</b>	<b>Nature of Guarantee</b>
N/A	N/A	₪-	₪-	N/A

The Company does not have guarantees of securities of other issuing entities as at December 31, 2025.

**LFM PROPERTIES CORPORATION**

**ANNEX B: SCHEDULE G. CAPITAL STOCK**

**DECEMBER 31, 2025**

<b>Title of Issue</b>	<b>Number of Shares Authorized</b>	<b>Number of Shares Outstanding</b>	<b>Number of Shares Reserved</b>	<b>Number of Shares held by Principal Stockholder</b>	<b>Number of Shares held by Directors and Officers</b>	<b>Number of shares held by others</b>
Common	40,000,000,000	25,000,000,000	–	9,985,414,346	114,742,599	14,899,843,055

**LFM PROPERTIES CORPORATION****SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS (Annex 68-E)****DECEMBER 30, 2025, 2024 and 2023**

	<b>Formula</b>	<b>2025</b>	2024	2023
Current Ratio	Total current assets/ Total current liabilities	0.04	0.06	0.08
Acid Test Ratio	(Cash and cash equivalents + Receivable) / Total current liabilities	0.02	0.03	0.03
Solvency Ratio	(Net income + Depreciation)/ Total liabilities	0.02	0.05	0.06
Debt-to-Equity Ratio	Total liabilities/Total equity	5.44	3.52	3.66
Asset-to-Equity Ratio	Total assets/Total equity	6.44	4.52	4.66
Interest Rate Coverage Ratio	Income before interest expense and tax/Interest expense	1.07	1.78	2.90
Return on Equity	Net income/Total equity	0.01	0.07	0.11
Return on Assets	Net income/Total assets	0.00	0.02	0.02
Net Profit Margin	Net income/Revenue	0.03	0.13	0.27
Debt Service Coverage Ratio	Earnings before interest expense, income tax, depreciation and amortization / Total debt service (interest expense + principal payments)	0.53	0.85	0.95

**LFM PROPERTIES CORPORATION**

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

	2025	2024
Audit Services	<b>₱800,000</b>	₱750,000
Non-audit Services - Tax services	<b>318,850</b>	-
Total Audit and Non-audit Fees	<b>₱1,118,850</b>	₱750,000