SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17

OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **31 December 2023**

2. SEC Identification Number **CS200516361** **3.** BIR Tax Identification No. **242-186-710-000**

4. Exact name of issuer as specified in its charter **KEPWEALTH PROPERTY PHILS., INC.**

5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
Industry Classification Code:

7. **Unit IJ01-23 Burgundy Corporate Tower**

252 Sen. Gil Puyat Ave., Makat i City, Metro Manila 1200

Address of principal office Postal Code

8. (**+632) 978 5080; (+63) 917 888 2789**

Issuer's telephone number, including area code

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	**201,057,609**

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

Yes [✓] No [ ] **Philippine Stock Exchange, Common Shares**

12. Check whether the issuer:

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

Yes [✓] No [ ]

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

Yes [✓] No [ ]

13. The aggregate market value of the voting stock held by non-affiliates is Php93,845,649.80, based on the closing price of Php 1.40 per share on April 12, 2024, at the Philippine Stock Exchange.

TABLE OF CONTENTS

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

KEPWEALTH PROPERTY PHILS., INC. ("KPPI" or the "Company") is engaged in the business of investing in, purchasing, or otherwise acquiring and owning, holding, using, selling, assigning, transferring, leasing, mortgaging, exchanging, maintaining, administering, managing, and operating alone or jointly with others, or otherwise disposing of real property, such as but not limited to office, commercial, agricultural and residential properties, hotels, inns, resorts, apartments, or personal property of every kind and description.

The Company was incorporated in the Philippines on 23 September 2005 and was listed on the Philippine Stock Exchange on August 19, 2019 under the trade symbol "KPPI."

The Company owns 77 units with 98 leasable spaces of Kepwealth Center in the Cebu Business Park. The PEZA-accredited 15-storey building is currently tenanted by reputable firms both domestic and multinational, in various industries such as in finance and insurance, audit, legal counseling, education, health services, real estate, tourism, and sovereign agencies, among others.

The Company also acts as an asset manager for certain commercial and residential properties located in key areas within Metro Manila.

Business Development

On 27 October 2017, Kephinance Investment Pte. Ltd. and Kepwealth, Inc. (the "Sellers") entered into a Share-Purchase Agreement with Euro Capital Land, Inc. ("Euro Capital Land") for a total of thirty four million two thousand five hundred shares (34,002,500) comprising eight million five hundred two thousand five hundred (8,502,500) common shares, which includes Nominee Shares, and twenty five million five hundred thousand (25,500,000) preferred shares with a par value of Ten Pesos (₱10.00) per share in the Company. The shares of the Sellers represent 100% of the issued and outstanding stock of the Company as of the date thereof. Pursuant to the terms of the Share Purchase Agreement, the Sellers assigned and transferred all of their rights, titles, and interests in the Company to the following companies designated by Euro Capital Land: Crown Castle Holdings.Com, Inc.; We Serve 24 Hours, Inc.; Euro Capital Pte. Ltd.; and Las Tuazon and Sons Realty, Inc. The latter agreed to the total aggregate purchase price of Seven Hundred Ninety-Three Million Six Hundred Forty-Two Thousand One Hundred Fifty Pesos (₱793,642,150.00) for the transfer of shares from the Sellers to the four companies. The purchase price for the total issued and outstanding shares of stock of KPPI was based on a commercial agreement between the parties taking into account various factors including but not limited to the value of the property and the revenues of the Company.

Accordingly, Crown Castle Holdings.Com, Inc. ("Crown Castle"); We Serve 24 Hours, Inc. ("We Serve"); Euro Capital Pte. Ltd. ("Euro Capital"); and Las Tuazon and Sons Realty, Inc. ("Las Tuazon") (Crown Castle, We Serve, Euro Capital, and Las Tuazon shall be collectively referred to as the ("Principal Shareholders") acquired KPPI from the Sellers. Immediately after the acquisition, KPPI acquired five (5) additional condominium units in Kepwealth Center.

KPPI is the owner of 77 office condominium units with 98 leasable spaces in Kepwealth Center, a commercial building located at Samar Loop corner Cardinal Rosales Avenue, Cebu Business Park, Cebu City. On 1 January 2019, the name of the building was changed to Kepwealth Center. Kepwealth Center is one of the first buildings to be erected within the vicinity. It was one of the properties that were assumed by Keppel Bank when it took over the ownership and management of the then Monte de Piedad Bank.

In March 2019, the Company launched its asset management business and entered into agreements for the management of commercial, office, and residential units in the following buildings located across Metro Manila: Oxford Suites (60 units), Medical Plaza Ortigas (79 units), Burgundy Corporate Tower (91 units), Burgundy West Bay Tower (59 units), Atrium Mall (43 units), Icon Macapagal (98 units), and Vivaldi Residences – Cubao Commercial Space (29 units). In April 2019, the Company also entered into an agreement for the management of 96 units of Luxe Madrigal.

Corporate Reorganization

Initially, the Company's authorized capital stock of ₱620,000,000.00 was divided into 8,800,000 Common Shares and 53,200,000 Preferred Shares, both with a par value of ₱10.00 each. On 9 January 2019, for purposes of expansion, the Board of Directors and the stockholders approved the reclassification of the shares of the Company. Currently, the Company's authorized capital stock is divided into 365,000,000 Common Shares and 255,000,000 Preferred Shares with a par value of ₱1.00 each. The Company effectively decreased the par value of its Common and Preferred Shares, both from ₱10.00 per share to ₱1.00 per Common Share and to ₱1.00 per Preferred Share.

In February 2019, the Company filed an application with the SEC for such reclassification of shares as described above.

On 7 March 2019, the Philippine SEC approved the Company's application for the amendment of its Articles of Incorporation which included the: (i) amendment of its Primary and Secondary purposes;
(ii) increase in the number of directors from five (5) to seven (7); (iii) decrease in the par value of its common shares from ₱10.00 per share to ₱1.00 per share; and (iv) decrease in the par value of its preferred shares from ₱10.00 per share to ₱1.00 per share. As a result of the amendments, the Company's total issued and outstanding share capital consisted of 134,025,002 common shares and 255,000,000 preferred shares, each with a par value of ₱1.00. In compliance with the PSE Listing Rules, among the amendments made to the Articles of Incorporation was to restrict a change in the Company's primary and/or secondary purpose for a period of seven (7) years following its listing in the PSE. Consistent with the foregoing and the Company's secondary purpose, the Company has no plans to engage in the business of a real estate developer.

The Company has generated total revenues of ₱46.51 million, ₱49.79 million, and ₱55.13 million for the years ended 31 December 2023, 2022 and 2021 and net income(loss) of (₱1.39 million), (₱.469 million), and ₱3.1 million, for the same periods. The ultimate beneficial owners of the Company, Messrs. Ignacio B. Gimenez, Roberto B. Olanday, and Edmundo G. Las, have formed the GOLD Group24 which has business interests in variousindustries, particularly hotel, property development, property leasing, and business services.

Recent Developments

The Effect of COVID-19 Pandemic to the Business

Kepwealth Property Phils., Inc announces the termination of the Asset Management Agreements with the various related parties for the management of certain commercial units located across Metro Manila effective December 31, 2020. The following companies under the Asset Management are Gallipoli Real Estate, Inc., Ortigia Property Holdings, Inc., Melbury Property Holdings, Inc., and Gallipoli Two Real Estate, Inc. Because of the COVID-19 pandemic, termination of the Asset Management Agreements on the previous months and on December 31, 2020 resulted to a decrease on the actual revenue of Kepwealth Property Phils., Inc.

Description of Business / Principal Products or Services

The following are some of the significant developments involving the Company since 31 December 2018:

Asset Management Business

In March 2019, the Company entered into agreements for the management of 459 units in the following buildings located across Metro Manila: Oxford Suites (60 units), Medical Plaza Ortigas (79 units), Burgundy Corporate Tower (91 units), Burgundy West Bay Tower (59 units). Atrium Mall (43 units), Icon Macapagal (98 units), and Vivaldi Residences – Cubao Commercial Space (29 units). In April 2019, the Company also entered into an agreement for the management of 96 units of Luxe Madrigal.

The asset management agreements entered into by KPPI has a standard term of five (5) years, mostly commencing in March 2019 until February 2024. The agreement is subject to automatic renewal unless notice is given of the intention not to renew the agreement at least 90 days prior to the expiration of the term. Under the asset management agreements, KPPI’s main role is to maximize property value and investment returns, which centers on market research, data analysis and revenue forecasting. It also includes marketing services and improving tenant relations. In consideration of its services, the Company will receive a monthly service fee for the management of the units.

The asset management business of KPPI is built on a clear vision and purpose of enhancing the commercial value of commercial and residential properties under its portfolio through innovative and deliberate property management strategies.

In the few months of its operation, the expertise of KPPI’s Asset Management Team has posted notable gains for its clients as evidenced by increased tenant satisfaction. KPPI’s asset management portfolio provides an avenue to further hone and refine the Company’s commercial property management initiatives effectively reducing risks while improving tenant retention.

Group Business Services

On 1 March 2019, the Company entered into a business process outsourcing agreement with Global Officium Limited, Inc. (“Global O”). Under the agreement, KPPI has outsourced the following finance and accounting business processes: treasury services, bookkeeping services, management accounting reports and services, financial account reports and services, accounts payable function, accounts receivable function, and tax compliance services. Likewise, functional support services for recruitment, payroll, information and communication technology (ICT) services, and internal audit shall also be provided by Global O.

Global O is a group business services provider of companies under the GOLD Group. Global O is driven by key business principles.

It shall serve as the vanguard of internal control for KPPI. As such, Global O seeks to ensure compliance to statutory requirements, consolidation of information, reengineering and standardization of processes while leveraging on technology. The group business services arm will allow KPPI to take advantage of economies of scale and process standards while at the same time being customer focused and business intelligent.

Percentage of sales or revenues and net income contributed by foreign sales (broken down into major markets such as Western Europe, Southeast Asia, etc.) for each of the last three years

The Company does not have sales or revenues and net income contributed by foreign sales for the last three years.

Distribution methods of the products or services

The Company engages agents to market its properties. The Company uses third party agents to market and sell its various property offerings to potential customers. Further, the Company has, in its complement, very competent and skilled in-house marketing agents who market and sell its various property offerings to potential customers. At least about 100% of the Company's property offerings are promoted by its in-house agents.

New Product or Service

The Company continues to look and explore acquisition opportunities which have a high upside potential for both development and/or lease.

Although the Company planned to pursue the management of the Apo Hotel in Davao City in the year 2020, this has been put on hold until such time as the full impact of the pandemic is fully assessed and the future directions for the Hotel can be determined.

In March 2020, the Company completed the purchase of additional condominium units and parking spaces in One San Miguel Avenue located at San Miguel Avenue in Ortigas Center, Pasig City and these are already part of the inventory being marketed by the Sales Team of the Company.

Competition

Competition in the real estate business is primarily driven by location. However, other factors such as quality of property and provision of property management, sales, and marketing services also shape the competitive landscape, insofar as capturing customers is concerned.

Within the property leasing business, the Company can be considered in direct competition with other lessors of comparable buildings in the immediate vicinity of Kepwealth Center in the Cebu Business Park as well as those in the Cebu IT Park.-

Furthermore, the Company also competes with other industry players, such as property developers and real estate investors, in securing properties to be able to expand its portfolio of properties available for lease.

As for its asset management business, the Company's competitors are likewise diverse. These range from multinational property asset management firms and their Philippine partners, such as Colliers International, Knight Santos Frank, Jones Lang La Salle, among others, who deal with multi-building in different locations to much smaller, fragmented players, who deal with single buildings.

Sources and Availability of Raw Materials

The Company does not utilize any raw materials for its business.

Dependence on a Single or Few Customers

The Company does not depend on a single or a few customers for its business, and no one customer accounts for more than 20% of its revenue.

Transactions With and/or Dependence on Related Parties and Material Contracts

The Company has entered into the following contracts which may be considered material:

Lease Contracts

The Company currently owns 77 units with 98 leasable spaces and one hundred sixty (160) parking slots in the Kepwealth Center for rent. As of 31 December 2023, the Company enjoys a 47% occupancy rate for the leasable spaces and a 28% occupancy rate for the parking slots.

The average term of the Company's lease contracts is two (2) years, with the shortest term at one (1) year and the longest term at six (6) years, subject to renewal upon mutual consent by the parties.Lessees may pre-terminate the lease contracts by informing the Company in advance and paying thepre-termination fees equivalent to the forfeiture of the security deposit and advance rental payments. The lease contracts may not be assigned or subleased without the prior written consentof the Company.

Under the lease contracts, the condominium dues/association fees are paid separately from the rentals and these are also for the account of the lessees. In the event of default by lessees of rental payments, interests shall be imposed at rates ranging from three percent (3%) to ten percent (10%) per year. The rental payments due shall also be subject to annual incremental increases.

Asset Management Agreement

The Company used to to manage 555 units in the following buildings located across Metro Manila: Oxford Suites (60 units), Medical Plaza Ortigas (79 units), Burgundy Corporate Tower (91 units), Burgundy West Bay Tower (59 units), Atrium Mall (43 units), Luxe Madrigal (96 units), Icon Macapagal (98 units), and Vivaldi Residences – Cubao Commercial Space (29 units). The Asset Management Agreements concerning the foregoing properties were entered into with various related parties (affiliates of the Company through common shareholders).

The asset management agreements entered into by KPPI have a standard term of five (5) years, mostly commencing in March 2019 until February 2024. The agreements are subject to automatic renewal unless notice is given of the intention not to renew the agreement at least 90 days prior to the expiration of the term.

But due to unfortunate event brought about by the COVID-19, Those Asset Management Agreement was pre-terminated on June 30, 2020, September 2020 and December 31, 2020.

Under the asset management agreements, KPPI will provide the following services to the unit owners:

1. Marketing

a) Handle the marketing of the lease and sale of units with pro-active and strategic marketing effortsto ensure high occupancy rates.
b) Screen prospective tenants in relation to the overall marketing plan and branding of the propertyand the client.
c) Maintain and update a list of prospective tenants.

2. Tenant Services

a) Assist in negotiations with tenants and in the documentation of lease contracts executed in the ordinary course of the client's business.
b) Coordinate and oversee the move-in and move-out of tenants from the property.
c) Coordinate with the tenants/customers and third-party contractors for the fit-out/ renovation of leased units.
d) Monitor performance and compliance with the terms and conditions of the lease agreements between the client and its tenants/customers.
e) Advise on the collection of all rental payments from the tenants/customers of the client and make recommendations on actions and measures that may be approved and sanction by the client to collect delayed payments or arrears from tenants/customers of the client.
f) Monitor and advise on renewal of lease agreements between the client and its tenants/customers.
g) Maintain, development, and foster good business and working relationships between the tenants/customers and the client.
h) Liaise between the tenants/customers and the client in addressing complaints/issues in relation tothe Property and the implementation of the lease contracts.
i) Monitor and oversee the repair and preventive maintenance of the Property.

Asset Management Contract

On 14 November 2017, the Company entered into an Asset Management Contract with Euro Capital Land, Inc. ("Euro Capital Land") to act as the sole agent and representative with respect to 77 condominium units and 160 parking slots owned and controlled by the Company in Kepwealth Center. The agreement is effective for an initial period of one (1) year from 14 November 2017 to 13 November 2018 and was extended up to 28 February 2019. Effective 1 March 2019, the asset management business was taken over by the Company from Euro Capital Land.

Under the previous contract, Euro Capital Land shall provide financial, practical, and professional services to the Company. These include key services such as rental and deposit collection, issuance of billings, unit management and repairs, preventive maintenance and inspection, and other administrative functions. In return, Euro Capital Land shall receive a Management Fee of FiftyThousand Pesos (₱50,000.00) a month exclusive of VAT, Broker's Fee for sales of units from 3.0% to 3.5%, Broker's Fee for leases of units equivalent to one (1) month's rent for every year of the lease, and other extra charges for expenses in connection with the management of the unit to be reimbursed by the Company.
Management Service Agreement

On 1 June 2008, the Company formalized its Management Service Agreement with Kepwealth Center Condominium Corporation ("KCCC"). Under the agreement, KCCC recognized that it has paid the Company a Management Fee of twenty-five thousand (₱28,000.00) per month since December 2005 and shall continue to do so until termination of the agreement by the parties. There is no specific provision on the period of effectivity and termination of the agreement.

This monthly Management Fee covers regular consultancy services rendered by the Company in favor of KCCC for operations, financial, and administrative matters. The monthly Management Fee shall also be subject to increase depending on the extent and volume of services required.

Insurance

On August 23, 2022, KCCC procured an Insurance Policy with Malayan Insurance Co. Inc. covering Kepwealth Center effective until 23 August 2023 and with Sterling Insurance Company Inc., Allied Bankers, MAA, Phil. British effective until 23 August 2024. The total sum insured is Five Hundred Seventeen Million Five Hundred Seventy Eight Thousand Two Hundred (P517,578,200) or 50%, Three Hundred Ten Million Five Hundred Forty Six Thousand Nine Hundred Twenty (P310,546,920) or 30%, One Hundred Three Million Five Hundred Fifteen Thousand Six Hundred Forty (103,515,640) or 10% and One Hundred Three Million Five Hundred Fifteen Thousand Six Hundred Forty (103,515,640) or 10% respectively, for a total of One billion thirty-five million one hundred fifty-six thousand four hundred (₱1,035,156,400.00); The insurance policy covers the entire building (excluding the contents of the units) and its elevators, air conditioning system, fire- fighting, water distribution, and water treatment systems, and KVA gensets. The insurance coverage includes Fire, Lightning, and All Other Perils including earthquake, typhoon, flood, windstorm, hail, extended coverage (smoke, explosion, vehicle impact, and falling aircraft), riot, strikes, and malicious damage, sprinkler leakage, broad water damage, bursting and/or overflowing of water tanks, apparatus, and pipes, collapse due to insured perils, spontaneous combustion, tidal wave or tsunami, volcanic eruption, hurricane, and tornado.

The extension of coverage also includes Comprehensive General Liability insurance, money insurance, fidelity insurance, group personal accident insurance, plate glass/signages insurance, and machinery breakdown. The amount collectible for different risks covered are subject to specific limitations and deductibles provided under the insurance policy. Excluded from the Insurance Policy are terrorism and sabotage, war, documentary stamp tax payment warranty, electronic data exclusion clause, and total asbestos exclusion clause.

Contract for Brokerage Services

On 01 June 2020, the Company entered into a contract entitled Exclusive Broker Marketing Agreement and Corporate Real Estate Agency with Jones Lang LaSalle (Philippines, Inc.) effective from 1 June 2020 until 31 May 2021 and it was renewed until May 31, 2022. It was renewed again from May 2022 to December 31, 2022. After JLL contract expires, the company decided to let the in house group manage the Marketing and Leasing of the 98 Units and 160 parking slots. This move led to attract major brokerage group like Colliers, Santos Knight Frank, Leechiu, Pinnacle, JLL, Prime Property and other Cebu based Real Estate Brokerage Company. The in house group assisted interested parties to view the Property and follow up all inquiries that expressed interest in the Property; report weekly on the progress of the marketing either online in writing and / or at meeting; negotiate the lease terms and contract of lease provisions, in conjunction with the legal advisers and finalizing the sales transaction to ensure required documentations are being complied.

The Commission Fees payable to Colliers, Santos Knight Frank, Leechiu, Pinnacle, JLL, Prime Property and other Cebu based Real Estate Brokerage Company varies depending on the duration of the lease term. For new leases, the Commission Fee is equivalent to 1 month Gross Rent for a lease term of 1 year to 3 years, 1.5 Month Gross rent for the lease term of 4 years; 2 months gross rent for lease term of 5 years; 2.5 Months gross rent for the lease term of 6 years to 8 years lease term; 3 months gross rent for the lease term of 9 years and 4 months gross rent for the lease term of 10 years and more.

Group Business Services

On 1 March 2019, the Company entered into a business process outsourcing agreement with Global O. Under the agreement, KPPI has outsourced the following finance and accounting business processes: treasury services, bookkeeping services, management accounting reports and services, financial account reports and services, accounts payable function, accounts receivable function, and tax compliance services. Under the agreement, KPPI shall pay a monthly service fee of ₱251,521.98 for the services it outsources to Global O. On December 2020, the monthly rate was reduced to P234,484.82

Global O is a group business services provider of companies under the GOLD Group. Global O is driven by key business principles. It shall also serve as the vanguard of internal control for KPPI. As such, Global O seeks to ensure compliance to statutory requirements, consolidation of information, reengineering and standardization of processes while leveraging on technology. The group business services arm will allow KPPI to take advantage of economies of scale and process standards while at the same time being customer focused and business intelligent.

Stockholders

The Company received non-interest-bearing advances from stockholders amounting to Php0.9 million. These cash advances were paid by the Corporation in 2019.

Management Service and Lease Agreements

Keppel Center Condominium Corporation (KCCC)

The Company entered into an operational, financial, and administration services agreement with KCCC, a related party, until today, for a fixed monthly fee. Management income arising from this agreement amounted to P329,411.76 each for 2021,2022 and 2023.

<u>Terms and Conditions of Transactions with Related Parties</u>

In the ordinary course of business, the Company has loan transactions with certain directors, officers, stockholders and related interests. Under the Company's policies, these loans are made substantially on the same terms as loans to other individuals and businesses of comparable risk.

As to the advances made to related parties ECLI, ETII and certain stockholders, all cash advances made were non-interest-bearing, unsecured, and were either payable on demand or settled within one year.

Related Party Transaction Policy

The Company enters into transactions with affiliates and other related parties on an arm's length basis. Aligned with this thrust, the Company, in dealing with affiliates and other related parties, ensures above-board transactions and fairness and equity among all parties.

The Company exerts efforts to obtain the most beneficial terms and conditions for the Company, taking into consideration various factors including pricing and quality.

For this purpose, the Company determines the prevailing and applicable price in the market. In the process, it also gathers quotes and/or proposals from other parties engaged in similar or the same undertaking. Based on these, a comparable summary is presented to ascertain a fair price for the applicable related party transaction.

The Related Party Transaction Committee reviews all related party transactions of the Company.

Intellectual Property

The Company's business is not dependent on any copyright, patent, trademark, license, franchise, concession or royalty agreement. However, the Company believes that the registration of the Company's trademarks, tradenames and brands will help establish name recall and recognition in the market and build brand equity, which will eventually contribute to the success of the Company's projects and those of its affiliates.

The Company has not been subject to any disputes relating to its intellectual property rights.

Regulatory and Environmental Matters

The following description is a summary of certain sector specific laws and regulations in the Philippines, which are applicable to the Company. The regulations set out below may not be exhaustive and are only intended to provide general information.

Property Registration and Nationality Restrictions1987 Philippine Constitution

The 1987 Philippine Constitution, as a rule, allows only Filipino citizens to acquire private lands in the Philippines. However, foreigners may own real property in the Philippines, subject to the following restrictions: only Philippine citizens, as individuals, may acquire both private lands and lands of public domain. There can be no joint ownership of these lands between Filipinos and foreign investors as individuals. However, corporations with Filipino ownership of at least 60% of the capital stock and foreign ownership of at least 40% of the capital stock may own private lands and lease lands of public domain.

While aliens or foreign nationals are prohibited from owning private lands and lands of public domain, they are allowed to lease private lands (but not lands of public domain).

A foreigner may acquire private land in the Philippines through hereditary succession if he or she is a legal or natural heir.

Any natural born Filipino citizen who has lost his or her Philippine citizenship and who has the legal capacity to enter into a contract under Philippine Laws may be a transferee of a private land up to a maximum area of 5,000 square meters in case of urban land or three hectares in case of rural land tobe used by him for business or other purposes. In case the transferee already owns urban or rural land for business or other purposes, he or she is entitled to be a transferee of additional urban or rural land for business or other purposes which when added to those already owned by him or her must not exceed the maximum area fixed by law.

A transferee may acquire not more than two lots which should be situated in different municipalities or cities anywhere in the Philippines, but the total land area thereof must not exceed 5,000 square meters in case of urban land or three hectares in case of rural land for use by him or her for businessor other purposes. A transferee who has already acquired urban land will be disqualified from acquiring rural land and vice versa.

Any corporation that is owned 100% by a foreign firm may establish a condominium corporation under Republic Act No. 4726, or the Condominium Act, provided that land on which the building is erected is held only under lease arrangement.

A foreign national or corporation may enter into a lease agreement with Filipino landowners for an initial period of up to 50 years, and renewable for another 25 years. Ownership of houses or buildings is allowed, provided that the foreigner does not own the land on which the house is built.

Presidential Decree No. 1529 (Property Registration Decree)

The Philippines has adopted a system of property registration, which evidences land ownership that is binding on all persons. Once registered, title to registered land becomes indefeasible after one year from the date of entry of the decree of registration except with respect to claims noted on the certificate of title. Title to registered lands cannot be lost through adverse possession or prescription. Presidential Decree No. 1529, as amended, or the Property Registration Decree, codified the laws relative to land registration and is based on the generally accepted principles underlying the Torrens System.

After proper survey, application, publication, service of notice and hearing, unregistered land may be brought under the system by virtue of judicial or administrative proceedings. In a judicial proceeding, the Regional Trial Court within whose jurisdiction the land is situated confirms title to the land. Persons opposing the registration may appeal the judgment to the Court of Appeals and ultimately to the Supreme Court within 15 days from receiving notice of judgment. Upon finality of judgment, the appropriate Register of Deeds ("RD") may issue an Original Certificate of Title ("OCT"). The decree of registration may be annulled on the ground of actual fraud within one (1) year from the date of entry of the decree of registration. Similarly, in an administrative proceeding, the land is granted to the applicant by the DENR's issuance of a patent. The patent becomes the basis for issuance of the OCT by the RD. All land patents (i.e. homestead, sales and free patents) must be registered with the appropriate RD the conveyance of the title to the land covered thereby takes effect only upon such registration. The act of registration shall be the operative act to convey or affect the land or any land property insofar as third persons are concerned, and in all cases under

The said decree, the registration shall be made in the office of the RD for the province or city where the land lies. Every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument or entry affecting registered land, if filed or entered in the office of the RD for the province or city where the land to which it relates lies, shall be constructive notice to all persons from the time it is registered, filed, or entered in the records of the RD.

All interests in registered land less than ownership (such as liens created by mortgages and leases) shall be annotated by filing with the RD the instrument which creates or transfers or claims such interests and by a brief memorandum thereof made by the RD upon the certificate of title andsigned by him. A similar memorandum shall also be made on the owner's duplicate.

Any subsequent transfer or encumbrance of the land must be registered in the system in order to bind third persons. Subsequent registration and a new Transfer Certificate of Title in the name of thetransferee will be granted upon presentation of certain documents and payment of fees and taxes.

All documents evidencing conveyances of subdivision and condominium units should also be registered with the RD. Title to the subdivision or condominium unit must be delivered to the purchaser upon full payment of the sales price. In the event a mortgage over the lot or unit is outstanding at the time of the issuance of the title to the buyer, the owner or developer shall redeem the mortgage or the corresponding portion thereof within six (6) months from such issuancein order that the title over any fully paid lot or unit may be secured and delivered to the buyer. To evidence ownership of condominium units, the RD issues a Condominium Certificate of Title.

Republic Act No. 4726 (Condominium Act)

While the 1987 Philippine Constitution prohibits foreigners from owning land, there is generally no prohibition against foreigners owning buildings and other permanent structures. Republic Act No. 4726 (as amended), or the Condominium Act, does not prohibit the acquisition of a condominium unit by a foreign corporation or individual, provided that the foreign equity does not exceed the 40%limit provided by law.

The Condominium Act defines a condominium as an interest in real property consisting of separate interest in a unit in a residential, industrial or commercial building and an undivided interest in common, directly or indirectly, in the land on which it is located and in other common areas of the building. A condominium may include, in addition, a separate interest in other portions of such real property. Title to the common areas, including the land, or the appurtenant interests in such areas, may be held by a corporation specially formed for the purpose (condominium corporation) in which the holders of separate interest shall automatically be members or shareholders, to the exclusion of others, in proportion to the appurtenant interest of their respective units in the common areas.

Any transfer or conveyance of a unit or an apartment, office or store or other space therein, shall include the transfer or conveyance of the undivided interests in the common areas or, in a proper case, the membership or shareholdings in the condominium corporation. Where the common areas in the condominium project are owned by the owners of separate units as co-owners thereof, no condominium unit may be transferred to foreigners or corporations with foreign ownership of more than 40% of the capital stock. The transfer to aliens of units in a condominium project may be made only up to the point where the concomitant transfer of membership or stockholding in the condominium corporation would not cause the alien interest in such corporation to exceed 40% ofits entire capital stock.

Republic Act No. 7652 (Investors' Lease Act)

Republic Act No. 7652, or the Investors' Lease Act allows any foreign investor investing in the Philippines though actual remittance of foreign exchange, transfer of assets, or other technological rights or processes, upon registration with the SEC, to lease private lands, subject to the following conditions:

1. No lease contract shall be for a period exceeding 50 years, renewable once for a period of not more than 25 years;
2. The leased area shall be used solely for the purpose of the investment upon the mutual agreement of the parties; and
3. The leased premises shall comprise such area as may reasonably be required for the purposeof the investment, subject however, to the Comprehensive Agrarian Reform Law and the Local Government Code.

The leasehold right acquired under long-term lease contracts entered into pursuant to the Investors' Lease Act may be sold, transferred, or assigned; Provided, that when the buyer, transferee, or assignee is a foreigner or a foreign-owned enterprise, the conditions and limitations in respect to the use of the leased property as provided for under this law shall continue to apply.

However, foreign individuals, corporations, associations, or partnerships not otherwise investing in the Philippines, as described above, may only be allowed to lease private lands at a maximum periodof 25 years, renewable for another period of twenty-five years upon mutual agreement of the parties.

A withdrawal of the approved investments (which means failure to operate the investment project for any three (3) consecutive years, outright abandonment of the investment project at any time during the approved lease period, or failure to pay lease rental for three (3) consecutive months coupled with the failure to operate the investment project within the same period) within the period of the lease agreement or use of the leased area for purpose other than that authorized, shall warrant an automatic termination of the lease agreement, without prejudice to the right of the lessor to be compensated for the damages he may have suffered thereby.

The Secretary of Trade and Industry shall terminate any lease contract if the investment project is not initiated within three (3) years from signing of the lease contract. Any contract made or executed in violation of any of the following prohibited acts shall be deemed void and both contracting parties shall be punished by a fine of not less than One Hundred Thousand Pesos (₱100,000.00) nor more than One Million Pesos (₱1,000,000.00), or imprisonment of six (6) months to six (6) years, or both:

1. Any provision in the lease agreement stipulating a lease period in excess of 50 years, renewable for a period not more than 25 years;
2. Use of the leased premises for the purpose contrary to existing laws of the land, public order, public policy, morals, or good customs; and

Any agreement or agreements resulting is the lease of land in excess of the area approvedby the DTI: Provided, That, where the excess of the totality of the area leased is due to the acts of the lessee, the lessee shall be held solely liable therefor: Provided, further, That, in the case of corporations, associations, or partnerships, the president, manager, director, trustee, or officers responsible for the violation hereof shall bear the criminal liability.

Building Code

Presidential Decree No. 1096 (National Building Code of the Philippines)

Presidential Decree No. 1096, or the National Building Code, requires that all buildings or structures as well as accessory facilities shall conform in all respects to the principles of safe construction and must be suited to the purpose for which they are designed. Buildings or structures and all parts thereof as well as all facilities found therein shall be maintained in safe, sanitary, and good working condition.
All buildings erected, altered, remodeled, relocated or repaired for human habitation shall be provided with adequate and potable water supply, plumbing installation, and suitable wastewater treatment or disposal system, storm water drainage, pest and vermin control, noise abatement device, and such other measures required for the protection and promotion of health of persons occupying the premises and other living nearby.

Rent Limitation

Republic Act No. 9653 (Rent Control Act of 2009)

The Rent Control Act of 2009 applies to all residential units, which refer to apartments, houses and/or parcels of land on which another's dwelling is located, building houses, dormitories, rooms and bedspaces offered for rent by their owners (except motels, motel rooms, hotels, hotel rooms), and those used for home industries, retail stores, or other business purposes if the owner and his or her family actually live in such unit and use it principally for dwelling purposes (the "Resident Unit"), whose total monthly rent for each ranges from ₱1.00 to ₱10,000.00, if in the National Capital Regionand other highly urbanized cities, and from ₱1.00 to ₱5,000.00, if in all other area.

Under this law, the rent of any Residential Unit shall not be increased by more than 7% annually as long as the unit is occupied by the same lessee. However, when the residential unit becomes vacant,the lessor may set the initial rent for the next lessee.

Rent shall be paid in advance within the first five days of every current month or the beginning of the lease agreement, unless the contract of lease provides for a later date of payment. The lessor cannot demand more than one-month advance rent. Neither can he/she demand more than two months deposit which shall be kept in a bank under the lessor's account name during the entire duration of the lease agreement. Any and all interest that shall accrue therein shall be returned to the lessee at the expiration of the lease contract.

In the event however, that the lessee fails to settle rent, electric, telephone, water or such other utility bills or destroys any house components and accessories, the deposits and interests therein shall be forfeited in favor of the lessor in the amount commensurate to the pecuniary damage done by the lessee.

A lessee can be judicially ejected based on the following grounds:

1. Assignment of lease or subleasing of residential units in whole or in part, including the acceptance of boarders or bed spaces, without the written consent of the owner/lessor/administrator/agent of the owner of the residential unit;
2. Arrears in payment of rent for a total of three (3) months. However, in case the lessor refuses to accept payment, the lessee may either deposit, by way of consignation, the amount in court, or with the city or municipal treasurer, as the case may be, or barangay chairman, or in a bank in the name of and with notice to the lessor, within one (1) month after the refusal of the lessor to accept payment. The lessee shall thereafter deposit the rent within 10 days of every current month. Failure to deposit the rent for three (3) months shall constitute a ground for ejectment;
3. Legitimate need of the owner/lessor to repossess his or her property for his or her own use or for the use of an immediate member of his or her family as a residential unit; Provided, however, that the lease for a definite period has expired and that the lessor has given the lessee formal notice three months in advance of the lessor's intention to repossess the property. The owner/lessor is prohibited from leasing the residential unit or allowing its use by a third party for a period of at least one year from the time of repossession;
4. Need of the lessor to make necessary repairs of the leased premises which is the subject of an existing order of condemnation by appropriate authorities concerned in order to make the said premises safe and habitable. After the repairs, the lessee ejected shall have the first preference to lease the same premises, and the new rent shall be reasonably commensurate with the expenses incurred for the repair of the residential unit. However, if the residential unit is condemned or completely demolished, the lease of the new building will no longer be subject to the mentioned first preference rule; and
5. Expiration of the period of the lease contract. The lessor or his or her successor-in-interest are not entitled to eject the lessee upon the ground that the leased premises have been sold or mortgaged to a third person regardless of whether the lease or mortgage is registered or not.

The Rental Control Act shall not apply in the event that the lessor, at his or her sole option, engages the lessee in a written rent-to-own agreement that will result in the transfer of ownership of the particular dwelling in favor of the lessee.

Real estate sales on installments
Republic Act No. 6552 (Maceda Law)

The provisions of Republic Act No. 6552, or the Maceda Law, apply to all transactions or contracts involving the sale or financing of real estate on installment payments (including residential condominiums but excluding industrial and commercial lots).

Under the provisions of the Maceda Law, where a buyer of real estate has paid at least two (2) years of installments, the buyer is entitled to the following rights in case he/she defaults in the payment ofsucceeding installments:
1. To pay, without additional interest, the unpaid installments due within the total grace period for every one (1) year of installment payments made. However, the buyer may exercise this right only once in every five (5) years of the life of the contract and its extensions, if any.
2. If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of payments on the property equivalent to 50% of the total payments made and, after five years of installments, an additional 5% every year but not to exceed 90% of the totalpayments made;

provided, that the actual cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

The computation of the total number of installment payments made includes down payments,deposits, or options on the contract.

In the event that the buyer has paid less than two years of installments, the seller shall give the buyer a grace period of not less than 60 days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after 30 days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

Notably, the buyer has the right to sell or assign his or her rights to another person or to reinstate the contract by updating the account during the grace period and before actual cancellation of the contract. The deed of sale or assignment shall be done by notarial act.

Real property Taxation

Republic Act No. 7160 (Local Government Code of the Philippines)

Real property taxes are payable annually or quarterly based on the property's assessed value. Assessed values are determined by applying the assessment levels (fixed by ordinances of the concerned Sanggunian) against the fair market values of real property. Under Republic Act No. 7160, as amended, or the Local Government Code of the Philippines, the assessed value of property and improvements varies depending on the location, use and nature of the property. Land is ordinarily assessed at 20% to 50% of its fair market value; buildings may be assessed up to 80% of their fair market values; and machinery may be assessed at 40% to 80% of its fair market value. Real property taxes may not exceed 2% of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1% in all other areas. A province or city, or a municipality within Metro Manila may also levy and collect an annual tax of one percent (1%) on the assessed value of real property which shall be in addition to the basic real property tax to accrue exclusively to the Special Education Fund of the local government unit where the property is located.

Philippine Economic Zone Authority

Republic Act No. 7916 (Special Economic Zone Act of 1995)

The Philippine Economic Zone Authority ("PEZA") is an agency attached to the Department of Trade and Industry that promotes investment in areas designated special economic zones around the Philippines.

Under R.A. No. 7916, as amended, or the Special Economic Zone Act of 1995, activities eligible for registration with the PEZA are export-oriented enterprises in the fields of manufacturing, information technology service, agro-industrial, tourism and medical tourism, economic zone development and operation, and logistics and warehousing services for PEZA-registered Export Manufacturing Enterprises.

Generally, enterprises registered with PEZA and PEZA facilities providers (owner/operator of buildings and other facilities inside the economic zones which are leased to PEZA-registered enterprises), among others, enjoy fiscal and non-fiscal incentives such as income tax holiday, and duty-free importation of equipment, machinery and raw materials. However, the PEZA Board issued PEZA Resolution No. 12-329 on 6 July 2012, excluding information technology (“IT”) facilities projectsapproved after the said resolution from enjoying PEZA incentives if the projects are located in the first four (4) PEZA-registered IT Parks in Metro Manila (i.e. Eastwood City Cyberpark in Quezon City, Northgate Cyber Zone in Alabang, Muntinlupa City, Robinsons Cyberpark in EDSA, Mandaluyong City and E-Square IT Park in Bonifacio Global City, Taguig City) and in Cebu City (Cebu IT Park). Notwithstanding, developers and operators of new IT Parks and Centers located outside Metro Manila and Cebu City remain entitled to the special five percent (5%) tax on gross income incentive and other fiscal incentives as may be provided by PEZA.

Data Privacy

Republic Act No. 10173 (Data Privacy Act of 2012)

Republic Act No. 10173, or the Data Privacy Act, protects all forms of information, be it private, personal, or sensitive. It applies to any natural or juridical persons involved in processing of information (which refers to any operation or any set of operations performed upon personal data including, but not limited to, the collection, recording, organization, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure or destruction of data), whether in the government or private sector, and whether in or outside the Philippines.

The law defines personal information as any information whether recorded in a material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual. On the other hand, sensitive personal informationrefers to personal information:

1. About an individual’s race, ethnic origin, marital status, age, color, and religious, philosophical or political affiliations;
2. About an individual’s health, education, genetic or sexual life or a person, or to any proceeding for any offense committed or alleged to have been committed by such person, the disposal of such proceedings, or the sentence of any court in such proceedings;
3. Issued by government agencies peculiar to an individual which includes, but not limited to, social security numbers, previous or current health records, licenses or its denials, suspension or revocation, and tax returns; and
4. Specifically established by an executive order or an act of Congress to be kept classified.

In general, the processing of sensitive personal information and privileged information is prohibited except where: (1) the data subject has given his or her consent, specific to the purpose prior to the processing, or in the case of privileged information, all parties to the exchange have given their consent prior to processing; (2) the processing is provided for by existing laws and regulations; (3) the processing is necessary to protect the life and health of the data subject or another person, and the data subject is not able to give consent; (4) the processing is carried out for limited non- commercial purposes by public organizations and their associations; 5) the processing is necessary for purposes of medical treatment, is carried out by a medical practitioner or a medical treatment institution, and an adequate level of protection of personal information is ensured; or (6) theprocessing is necessary for court proceedings or legal claims, or is provided to the government or a public authority.

Under the Data Privacy Act, the appointment of a Data Protection Officer ("DPO") is a legal requirement for all personal information controllers ("PICs") and personal information processors ("PIPs"). The DPO is accountable for ensuring the company's compliance with all data privacy and security laws and regulations.

A PIC may be a natural or juridical person who exercises control over the processing of personal data and furnishes instructions to another person or entity to process personal data on its behalf. A PIP on the other hand, refers to a person or body instructed or outsourced by a PIC to engage in the processing of the personal data of a data subject.

The PIC or PIP that employs fewer than 250 persons shall not be required to register unless the processing it carries out is likely to pose a risk to the rights and freedoms of data subjects, the processing is not occasional, or the processing includes sensitive personal information of at least 1,000 individuals.

Philippine Competition Act

Republic Act No. 10667 (Philippine Competition Act)

Republic Act. No. 10667, or the Philippine Competition Act ("PCA"), is the primary competition policy of the Philippines. It aims to enhance economic efficiency and promote free and fair competition in trade, industry and all commercial economic activities.

The PCA prohibits and imposes sanctions on:
1. Anti-competitive agreements between or among competitors, which restrict competition as to price, or other terms of trade and those fixing price at an auction or in any form of biddingincluding cover bidding, bid suppression, bid rotation and market allocation and other analogous practices of bid manipulation; and those which have the object or effect of substantially preventing, restricting or lessening competition;
2. Practices which are regarded as abuse of dominant position, by engaging in conduct that would substantially prevent, restrict or lessen competition; and
3. Merger or acquisitions which substantially prevent, restrict or lessen competition in the relevant market or in the market for goods or services.

Moreover, the parties to a merger, acquisition or joint venture are required to comply with the compulsory notification requirements of the Philippine Competition Commission ("PCC"), the agency responsible for the implementation of the PCA, before consummating the transaction where:
1. In a merger or acquisition of assets, the value of the transaction exceeds Two Billion Two Hundred Million Pesos (₱2,200,000,000.00), and the aggregate gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of one of the parties to the transaction, including that of all entities that the ultimate parent entity controls, directly or indirectly, exceeds Five Billion Six Hundred Million Pesos (₱5,600,000,000.00);
2. As a result of a proposed acquisition of voting shares of a corporation or of an interest in a non-corporate entity, the acquiring entity, together with its affiliates, would own an aggregate interest of 35% of the voting shares or shares entitled to profits, or increase the said shareholdings to 50%;
3. In a notifiable joint venture transaction, if either (i) the aggregate value of the assets thatwill be combined in the Philippines or contributed into the proposed joint venture exceeds

Two Billion Two Hundred Million Pesos (₱2,200,000,000.00) or (ii) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed Two Billion Two Hundred Million Pesos (₱2,200,000,000.00).

The adjusted thresholds for notification have been in effect since 1 March 2019.

An agreement consummated in violation of the compulsory notification requirement shall be considered void and shall subject the parties to an administrative fine of one percent (1%) to five percent (5%) of the value of the transaction.

Philippine Taxation

Republic Act No. 8424, as amended (Tax Reform Act of 1997)

Pursuant to Republic Act No. 8424, or the Tax Reform Act of 1997, generally subjects a domestic corporation to a tax of 30% of its taxable income from all sources within and outside the Philippines except, among others, (i) gross interest income from currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; (ii) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax rate of 15% of such income; (iii) capital gains tax from sales of shares of stock not traded in the stock exchange which are taxed at a rate of 15%on net capital gains; and (iv) capital gains realized from the sale, exchange or disposition of lands andbuildings, which is subject to a final tax of 6% of the purchase price, zonal value, or fair market value,whichever is higher.

On March 26, 2021, the Republic Act (RA) 11534, known as “The Corporate Recovery and Tax Incentives for Enterprises Law” (CREATE ACT), was passed into law. The salient provisions of the CREATE Act applicable to the Company are as follow:

1. Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding ₱5,000,000 and with total assets not exceeding ₱100,000,000, excluding land on which the particular business entity’s office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020 to June 30, 2023;
3. Percentage tax increased from 1% to 3% effective July 31, 2023; and
4. The imposition of improperly accumulated earnings is repealed.

Further, pursuant to Sections 6, 7 and 13 of RA No. 11534, as implemented under Revenue Regulations Nos. 4-2021, 5-2021 and 8-2021, and as clarified by Revenue Memorandum Circular Nos. 65-2021 and 67-2021, RMC No. 69-2023 informs the public and all concerned that effective July 1, 2023, the minimum corporate income tax (MCIT) rate for domestic and resident foreign corporations, including offshore banking units and regional operating headquarters, shall now revert to two percent (2%) based on gross income.

In connection with the foregoing, rental payments for the use or possession without title of real properties used in business are subject to a creditable withholding tax of 5% of gross rental. Such creditable withholding tax may be applied by the lessor to reduce its annual income taxes.

Corporations engaged in real estate and asset management shall be levied, assessed, and collected avalue-added tax ("VAT") equivalent to 12% of gross receipts derived from the sale or exchange of services, including the use or lease of properties.

However, lease of residential units with a monthly rental per unit not exceeding Fifteen Thousand Pesos (₱15,000.00) shall be exempt from VAT. Where the monthly rental per unit exceeds Fifteen Thousand Pesos (₱15,000.00), but the aggregate of such lessor's gross annual sales receipts during the year do not exceed Three Million Pesos (₱3,000,000.00), such gross sales and/or receipts shall beexempt from VAT and instead be subject to 3% percentage tax. Similarly, Sale or lease of goods and services to senior citizens and persons with disabilities, as provided under Republic Act Nos. 9994 (Expanded Senior Citizens Act of 2010) and 10754 (An Act Expanding the Benefits and Privileges of Persons with Disability), respectively, shall also be exempt from VAT.

In cases where a lessor has several residential units for lease, some are leased out for a monthly rental per unit of not exceeding Fifteen Thousand Pesos (₱15,000.00) while others are leased out for more than Fifteen Thousand Pesos (₱15,000.00) per unit, his or her tax liability will be as follows:

1. The gross receipts from rentals not exceeding Fifteen Thousand Pesos (₱15,000.00) per month per unit shall be exempt from VAT regardless of the aggregate annual gross receipts. It is also exempt from the 3% percentage tax.
2. The gross receipts from rentals exceeding Fifteen Thousand Pesos (₱15,000.00) per month per unit shall be subject to VAT if the aggregate annual gross receipts from said units exceeds Three Million Pesos (₱3,000,000.00). Otherwise, the gross receipts will be subject tothe 3% percentage tax.

The abovementioned rule shall also apply to mixed transactions.

Where the seller or transferor is habitually engaged in the real estate business, a creditable withholding tax based on the gross selling price/total amount of consideration or the fair market value, whichever is higher, paid to the seller or owner for the sale, transfer or exchange of real property, other than capital asset, shall be imposed upon the withholding agent or buyer.

Foreign Investments

Republic Act No. 7042 (Foreign Investments Act of 1991)

Republic Act No. 7042, otherwise known as the Foreign Investments Act of 1991 ("FIA"), liberalized the entry of foreign investment into the Philippines. As a general rule, there are no restrictions on extent of foreign ownership of export enterprises. In domestic market enterprises, foreigners can invest as much as one hundred percent (100%) equity except in areas included in

the Foreign Investment Negative List. The latest Foreign Investment Negative List (Eleventh) maintains the prohibition of foreign equity for retail trade enterprises with paid-up capital of less than $2,500,000 under R.A. 8762.

For the purpose of complying with nationality laws, the term "Philippine National" is defined under the FIA as any of the following:

1. a citizen of the Philippines;
2. a domestic partnership or association wholly owned by citizens of the Philippines;
3. a corporation organized under the laws of the Philippines of which at least 60% of the

capitalstock outstanding and entitled to vote is owned and held by citizens of the Philippines;
4. a corporation organized abroad and registered to do business in the Philippines under the Revised Corporation Code of the Philippines, of which 100% of the capital stock outstanding and entitled to vote is wholly owned by Filipinos; or
5. a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine National and at least 60% of the fund will accrue to the benefit of Philippine Nationals.

For as long as the percentage of Filipino ownership of the capital stock of the corporation is at least 60% of the total shares outstanding and voting, the corporation shall be considered as a 100% Filipino-owned corporation. A corporation with more than 40% foreign equity may be allowed to lease private land for a period of 25 years, renewable for another 25 years.

There can be no assurance that the foreign exchange regulations issued by the BSP will not be made more restrictive in the future.

Labor and Employment

Presidential Decree No. 442, as amended (Labor Code of the Philippines)

The Department of Labor and Employment ("DOLE") is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating armof the Executive Branch in the field of labor and employment. The DOLE has exclusive authority inthe administration and enforcement of labor and employment laws such as the Labor Code and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

On 15 March 2017, Department Order No. 174 (2017) ("D.O. 174") was issued by the DOLE providing for the guidelines on contracting and subcontracting, as provided for under the Labor Code. It has reiterated the policy that Labor-only Contracting is absolutely prohibited where: (1) (a) the contractor or subcontractor does not have substantial capital, or does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others; and (b) the contractor's or subcontractor's employees recruited and placed are performing activities which are directly related to the main business operation of the principal; or (2) the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. Subsequently, DOLE issued Department Circular No. 1 (2017) clarifying that the prohibition under D.O. 174 does not apply to business process outsourcing, knowledge process outsourcing, legal process outsourcing, IT infrastructure outsourcing, application development, hardware and/or software support, medical transcription, animation services, and back office operations or support.

Republic Act No. 11058 (Occupational Safety and Health Standards Law)

On August 17, 2018, Republic Act No. 11058, or the Occupational Safety and Health Standards Law, was signed into law. It mandates employers, contractors or subcontractors and any person who manages, controls or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires to give complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed to, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency.

The willful failure or refusal of an employer, contractor or subcontractor to comply with the Occupational Safety and Health Standards shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls, or supervises the work shall be solidarily liable.

Republic Act No. 1161, as amended (Social Security Law)

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 8282 to ensure coverage of employees following procedures set out by the law and the Social Security System ("SSS"). Under the said law, social security coverage is compulsory for all employees under 60 years of age. An employer must deduct and withhold from its compulsorily covered employees their monthly contributions based on a givenschedule, pay its share of contribution and remit these to the SSS within a period set by law and/or SSS regulations.

Republic Act No. 9679 (Home Development Mutual Fund Law)

Under the Home Development Mutual Fund Law of 2009, all employees who are covered by the Social Security Act of 1997 must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings program as well as a fund to provide affordable shelter financing to Filipino employees. The employer is likewise mandated to deduct and withhold, pay and remit to the Pag-IBIG Fund the respective contributions of the employees under the prescribed schedule.

Republic Act No. 7875, as amended (National Health Insurance Act of 1995)

Under Republic Act No. 7875, Employers are likewise required to ensure enrollment of its employees in a National Health Program administered by the Philippine Health Insurance Corporation a government corporation attached to the Department of Health tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of the National Health Insurance Act of 1995, as amended by the Republic Act No. 11223, otherwise known as the Universal Health Care Act. The registration, accurate and timely deductions and remittance of contributions to the Philippine Health Insurance Corporation is mandatory as long as there is employer-employee relationship.

Revised Corporation Code

Republic Act No. 11232, or the Revised Corporation Code, was signed into law on 20 February 2019 and became effective on March 8, 2019. Among the salient features of the Revised Corporation Codeare:

1. Corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Code, unless a corporation, upon a vote of

majority of the stockholders of the outstanding capital stock notifies the Philippine SEC that it elects to retain its specific corporate term under its current Articles of Incorporation.

2. the Code allows the creation of a “One Person Corporation” (“OPC”), which is a corporation composed of a single stockholder, provided that, only natural person, trust or an estate may form such. No minimum authorized capital stock is also required for an OPC, unless providedfor under special laws.
3. material contracts between the Corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least two-thirds (2/3) of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same.
4. the right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or in absentia if authorized by the corporate by-laws. However, as to corporations vested with public interest, these votes are deemed available, even if not expressly stated in the corporate by-laws. The shareholders who participate through remote communication or in absentia are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or in absentia, the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option; and
5. in case of transfer of shares of listed companies, the Commission may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Commission.

The Revised Corporation Code refers to the Philippine Competition Act in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the Philippine Competition Act thresholds.

Research and Development

As of 31 December 2023, no research and development cost was recorded by the Company.

Employees

As of 31 December 2023, the Company has 3 employees. The Company has put on hold any plansto hire any employees while it is assess the impact caused by Corona Virus 2019 (“COVID-19”).

Risks Associated with the Business, Risk Management and Business Strategy

The Company may not be successful in implementing new business strategies or penetrating new markets.

The Company intends to continue its focus on property leasing and asset management as key areas of growth. As part of its strategy, the Company intends to accelerate asset growth in high-growth, high margin business areas and to look at opportunities to acquire commercial and residential properties in other areas which show consistent inherent demand and have the potential for both increasing occupancy and pricing.

The strategies/directions of the Company for 2023 are the following:
1. To diversify and expand its market of operations and increase the office/commercial portfolio by looking for properties that have inherent upside potential due to its prime/preferred locations in developed and/or growing business/commercial areas both in Cebu and/other key metropolitan areas;
2. To widen the range of its client base by acquiring properties that are attractive to large tenants such as Regional/Area Offices of nationally operating large corporations/businesses;
3. To look into possible acquisition and development opportunities in high growth areas either solely and/or in partnership with other investors/partners;
4. Expand Asset Management Services to include: (a) more assets owned by affiliates; and (b) to third parties/non-affiliates. This will further widen the revenue base by adding more non- office/commercial properties – e.g. hospitality, warehousing, logistics, etc.

While this strategy will improve the Company's revenue sources and asset base by diversifying its location/area of operations and target market, it may likewise expose the Company to a number of risks and challenges including, among others, the following:

- new and expanded business activities (in particular, the asset management business) may have lessgrowth or profit potential than the Company anticipates, and there can be no assurance that new business activities will become profitable at the level the Company desires or at all;

- the Company's competitors may have substantially greater experience and resources for the new and expanded business activities;

- the Company may not be able to find the suitable location to acquire properties; and

- economic conditions, such as rising interest rates or inflation and regulatory changes, such as changes in tax regulations, could hinder the Company's expansion.

To mitigate these risks, while the Company already maintains a competent and dynamic team of professional executives and managers engaged in the management of the business, it strives to strengthen the competencies of its employees. The Company will closely monitor and control overhead expenses and will not hire new personnel except as may be needed for any new client/business. The Company also intends to hire only personnel with the expertise and experience to manage and handle the expanded range and scope of any new business or opportunity. The Company likewise continues to actively invest in market research in order to better align its businessstrategies with the market demand. KPPI may also use its existing team of professionals and benefit from the extensive network of its affiliates to identify suitable properties for acquisition. Finally, the Company does not carry debt and keeps adequate reserves which enable it to be more resilient to handle the impact of any economic downturn that may affect other companies of similar size and scope of business.

There is heightened competition among local and national players where the Company is operating and will undertake its expansion.

The Company's future growth and development are dependent, in part, on its ability to acquire additional properties suitable for the Company's leasing business. Due to competition with other real estate companies and the availability of suitable properties in the secondary market, KPPI may experience difficulty in locating properties of suitable size in locations and at prices acceptable to the Company and consistent with its expansion strategy. In the event the Company is unable to acquire suitable properties at acceptable prices with reasonable returns, its growth prospects could be limited and its business and results of operations could be adversely affected.

The Company faces tough competition from a number of local and national players that take advantage of the growing real estate market in Metro Manila, Cebu City, and Davao City. The incoming pipeline of office and commercial buildings in the Cebu Business Park will add to the inventory of leasable space in the area thereby increasing vacancy rates for the next few quarters until occupier demand picks up. Furthermore, the expansion plans of the Company will cause it to directly compete with real estate developers which construct buildings to lease out office and commercial space.

Kepwealth Center, because of its prime location, is a preferred choice for businesses to house their operations within Cebu Business Park. As of 31 December 2023, the Company enjoys 47% occupancy rate for the leasable spaces and a 28% occupancy rate for the parking slots.

The Company has also been able to quickly establish its asset management business with a number of commercial and residential properties under its portfolio. The Company believes its strong track record in Cebu City's premier business park and its quick and lean asset management operations willallow it to thrive in the main market segments for its expansion, namely the high-end, mid-market, and economic property leasing and asset management. The Company also has significant experiencein the fit-out of office space and can tailor-fit its properties to achieve their best use and ensure its optimal market acceptance for the target market. Further, the Company's solid performance is enabled by innovative sales and marketing strategies.

With the Company's growing market presence and expertise in various property offerings, the Company believes it will be able to drive growth amidst heightened competition.

In addition, the COVID-19 pandemic has dramatically reduced competition and could result in opportunity to acquire properties in prime locations, which may even be available at a discount. The Company is well-positioned to take advantage of these opportunities because of its healthy financial position (it has zero debt) which will make it easier to raise capital and/or avail of bank financing. The Company also believes its familiarity with the people and the territories where it is operating and where it intends to operate as well as management's significant experience in the business enable the Company to attract proposals for possible joint ventures with landowners or offers for sale of properties.

Given the current geographic concentration of the Company's properties, the Company's results of operationswould suffer if the leasing and asset management industry in the Company's current markets decline.

The Company's office leasing business is concentrated in Cebu City while its asset management business is currently concentrated in Metro Manila. The continued growth and development of Cebu City and Metro Manila are essential to the current business and future prospectus of the Company and any prolonged economic downturn in these markets could have a material adverse effect on theCompany's business, results of operations, and financial condition.

To cushion the concentration of the Company’s operations in Cebu City and Metro Manila andmitigate this risk, the Company intends to expand its leasing business and broaden the client base of its asset management business to other highly urbanized centers. Consistent with its strategy of diversification (both geographically and target market), the Company expanded its portfolio thru its acquisition of condominium units and parking slots in One San Miguel Avenue located in Ortigas Center, Pasig City, which has a diverse mix of potential clients consisting of local, national and foreign businesses. The Company continues to look for other acquisitions/properties in high-growth areas such as Metro Manila, Angeles City-Clark-Bamban (Tarlac), Iloilo, Bacolod, Cagayan de Oro City, Davao City, etc..

The real estate sector is capital intensive and might cause difficulty for the Company to readily raise the necessary capital to acquire new properties.

The Company’s business expansion will require a substantial amount of capital to acquire properties for leasing. While the Company may not need funds for the construction and development of buildings since it intends to acquire assets from the secondary property market, this acquisition strategy will entail documentation and transfer costs.

Historically, the Company has relied on internally-generated funds to acquire additional properties. Due to the capital-intensive nature of its business, it is inevitable that the Company will need external support to finance its planned asset acquisition. Failure to obtain the requisite funds could delay or prevent the acquisition of properties which could materially and adversely affect theCompany's reputation, financial condition and results of operations.

To mitigate this risk, the Company intends to use the proceeds of its public listing to primarily fund its business expansion strategies. The properties to be acquired by the Company and the asset management business are expected to generate additional revenue to further support its expansion activities. Furthermore, the Company may leverage on its existing assets to secure financing for assetacquisition. In addition, the Company is open to strategic joint ventures which will allow the Company to share the acquisition cost of certain properties with its joint venture partners.

Because of its strong financial position due to its zero debt, the Company is well-positioned to avail of other financing activities (e.g. debt financing) in making major business investments or acquisitions. The Company ensures that any financial commitments would be evaluated in terms of the inflow of revenues of its projects and their ability to service their own financial requirements once fully operational.

The Company relies on certain key personnel and the loss of any such key personnel or the inability to attract and retain them may negatively affect the business.

The Company's success depends upon, among other factors, the retention of its key management, senior executives and upon its ability to attract and retain other highly capable individuals. The loss of some of the Company's key management, and senior executives, or an inability to attract or retain other key individuals could materially and adversely affect the Company's business, financial condition and results of operations.

To mitigate this risk, the Company maintains a competent and dynamic team of professional executives and managers engaged in the management of the business. The Company believes it maintains a positive and harmonious working relationship with its executives, members of senior management and other key officers.

The Company engages agents to market its properties.

The Company uses third party agents to market and sell its various property offerings to potential customers. If these agents do not meet their requisite sales targets, the Company's business, financial condition and results of operations could be adversely affected. Moreover, there is competition for the services of such agents in the Philippines and many of the Company's competitors may attempt to recruit agents away from the Company. If a large number of these agents were to cease selling for the Company, the Company would be required to seek other agents, and there can be no assurance that the Company could do so quickly or in sufficient numbers.

To mitigate this risk, the Company has maintained a very professional and harmonious working relationship with its extensive agency network. The Company has also pioneered various incentive programs for its agents. Further, the Company has, in its complement, very competent and skilled in- house marketing agents who market and sell its various property offerings to potential customers. Atleast about 9% of the Company's property offerings are promoted by its in-house agents and about 91% are coursed through third party agents. While the Company engages third party agents for most of its marketing efforts, it is not entirely reliant on these third-party marketing agents but can actually operate independently since it does not outsource its entire marketing activities to these third-party agents.

In addition, with the establishment of the Company's asset management business, the Company believes it will be able to grow its internal capabilities with respect to marketing and landlord representation. As the asset management business of the Company develops, the Company expects to reduce its reliance on third party agents for the marketing of its property offerings and subsequently conduct all marketing efforts internally.

Cancellation of contracts involving the Company's projectscould adversely affect its business, financial condition and results of operations.

The Company's business, financial condition and results of operations could be adversely affected in the event that a material number of its leasing and asset management contracts are cancelled. While the Company has historically less than 1% cancellation rate, there can be no assurance that it will not experience a material number of cancellations in the future. Should it happen, it will have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate this risk and prevent cancellations, the Company ensures value for its customers' money with its competitive pricing, quality location, well-established customer care, and property management support. To minimize the risk of cancellations, the Company targets a prudent mix of clients and carefully and thoroughly evaluates each potential client by looking at such factors as legitimacy, reputation and track record of payment history and growth. These ensure that the client base of the Company have a low risk for default/cancellation. The Company also aims to diversify its market further in order to avoid excessive dependency on a particular geographic location of customers. Furthermore, the lease contracts of the Company provide for the forfeiture of tenant deposits in the event that the lease is pre-terminated.

Titles over properties owned by the
Companymay be contested by third parties.

While the Philippines has adopted a system of property registration which is intended to conclusively confirm land and condominium ownership, and which is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of property which has already been registered and over which a title has been issued to another person orentity. The Company, from time to time, may be required to defend itself against third parties who claim to be the rightful owners of such property.

To mitigate this risk, the Company conducts an extensive, thorough and comprehensive due diligence (including legal, administrative and financial aspects) before it acquires any property. It likewise conducts its own surveys of these properties to verify the accuracy of technical descriptions and the correctness of all boundaries. Furthermore, the Company investigates the existence of any prevailing liens or tax obligations which may adversely affect its ownership rights to properties to be acquired. The Company has likewise put in place audit procedures to ensure that the properties it will acquire are free from any undisclosed lien or encumbrance.

The Company may be involved in litigation,
which could result in financial losses or harm its business

The Company may, in the future, be implicated in lawsuits on an ongoing basis. Litigation couldresult in substantial costs to, and a diversion of effort by, the Company and/or subject the Company to significant liabilities to third parties. There can be no assurance that the results of such legal proceedings will not materially harm the Company's business, reputation or standing in the market place or that the Company will be able to recover any losses incurred from third parties, regardless of whether the Company is at fault. Furthermore, there can be no assurance that (i) losses relating tolitigation will not be incurred beyond the limits, or that any such losses would not have a material adverse effect on the results of the Company's business, financial condition or results of operation, or (ii) provisions made for litigation related losses will be sufficient to cover the Company's ultimate loss or expenditure.

To mitigate this risk, the Company ensures that all contracts are reviewed by its Finance group and by external legal counsel to check the financial and legal implications and risks. The Company also secures third party opinions when required by the transaction. The Company strives to maintain good relationship with customers, suppliers, contractors, regulators and other parties it regularly deals with and endeavors to amicably settle legal proceedings, resort to alternative methods of dispute resolution, and exhaust all legal remedies available. As of the date of this report, the Company is not a party to any litigation.

The Company faces risks and challenges associatedwith acquisitions and investments.

The Company intends to acquire properties and may enter into strategic alliances and joint ventures and make investments and will continue to seek opportunities to do so in the future as part of its expansion plan. In order to pursue this strategy successfully, the Company must effectively identify suitable targets for, and negotiate and consummate, acquisition or investment transactions, some ofwhich may be large or complex, and manage post-closing issues.

Risks associated with acquisition and investment transactions include the following, any of which could adversely affect our revenue, gross margin and profitability:

- acquisition and investment transactions often require significant management resources, which may divert the Company's attention from other business operations;

- the Company may not fully realize all of the anticipated benefits of any acquisition and investment transaction, and the timeframe for realizing benefits of an acquisition and investment transaction may depend partially upon the actions of employees, advisors, suppliers or other third parties;

- acquisition and investment transactions may result in significant costs and expenses and charges to earnings, including those related to asset impairment charges and other liabilities, legal, accounting and financial advisory fees;

- the Company may borrow to finance acquisition and investment transactions, and the amount and terms of any potential future acquisition-related or other borrowings, as well as other factors, could affect the Company's liquidity and financial condition; and

- if disputes arise in connection with acquisition and investment transactions, such disputes may leadto litigation, which may be costly and divert the Company's resources.

To mitigate this risk, the Company ensures that any acquisition or investment is within the Company's strengths and the expertise of its management. In addition, any acquisition or investment by the Company must be consistent with its overall business strategies. Furthermore, theCompany undertakes the necessary due diligence review with respect to its acquisitions and investments. It engages different professionals, on a project basis, to provide extensive due diligencein the areas of market projections, including size and pricing, title and contract reviews and research, financial report analysis and evaluation, and business planning. The Company will also expand its organizational capability and expertise by recruiting the necessary officers and staff to manage and operate any expanded business.

The Company is a party to a number of related party transactions.

The Company has in the past entered into transactions with companies directly or indirectly controlled by or associated with the Company's majority shareholders and other related parties and expects that it will continue to enter into such transactions. These transactions may involve potentialconflicts of interest between the Company and the majority shareholders in a number of other areasrelating to its businesses, including:

- major business combinations involving the Company and/or its affiliates;
- plans to develop the respective businesses of the Company and/or its affiliates; and
- business opportunities that may be attractive to the majority shareholders and the Company.

The Company can provide no assurance that its related-party transactions will not have a material adverse effect on its business or results of operations.

To mitigate this risk, the Company enters into related-party transactions at an arms-length basis. Furthermore, upon the constitution of the Related Party Transaction Committee, related-party transactions will be passed upon by the committee which will be composed of two independent directors and one non-executive director of the Company. Moreover, certain related party transactions benefit the Company and allow it to tap into the broader asset base and business operations of related parties.

The implementation and effects of any future changes
in accounting standards may affect the financial reporting of the Company

The Philippines Financial Reporting Standards Council ("PFRSC"), or other regulatory bodies, periodically introduce modifications to financial accounting and reporting standards under which the Company prepares its financial statements. There can be no assurance as to the implementation of new accounting standards in the Philippines and the significance of the impact it may have on the Company's financial statements in the future. To mitigate any potential risk to the Company, the Company shall ensure close coordination with its auditors and full compliance with relevant regulations.

The PFRS 16, Leases standard will replace PAS 17, Leases and its related interpretations. The most significant change introduced by the new standard is that almost all leases will be brought onto lessees' statement of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company, since in most of itsarrangement it is acting as a lessor and in the only lease arrangement where it is the lessee, the amount of lease is significantly small and the Company does not foresee that the adoption of PFRS 16 will have any material effect on the financial condition and/or business of the Company.

Risks Relating to the Philippines

The Company's business activities and assets
are based in the Philippines, which exposes the Company to risks
associated with the country, including the performance of the Philippine economy.

The Company derives its operating income and operating profits from the Philippines and, as such, it is highly dependent on the state of the Philippine economy. Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activities in the Philippines, the Southeast Asian region or globally;
- inflation or increase in interest rates;
- Philippine government budget deficits;
- the emergence of infectious diseases in the Philippines or in other countries in Southeast Asia;
- natural disasters, including but not limited to tsunamis, typhoons, earthquakes, fires, floods and similar events. However, the Company is constantly improving its properties through various upgrades in equipment and facilities to make these more efficient and resilient to damage due to natural calamity.

Any future deterioration in economic conditions in the Philippines due to these or other factors could materially and adversely affect the Company's customers and contractual counterparties. This, in turn, could materially and adversely affect the Company's financial position and results of operations.

Therefore, changes in the conditions of the Philippine economy could materially and adversely affectthe Company's business, financial condition or results of operations.

Natural or other catastrophes, including severe weather conditions, may materially disrupt the Company's operations and result in losses.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, floods, volcanic eruptions and earthquakes. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's operations. Although there can be no assurance that the Company will be adequately compensated for all damages and economic losses resulting from natural catastrophes, the Company maintains comprehensive insurance against natural catastrophes to cover its various properties. Kepwealth Center, for instance, has a building insurance policy that cover material damage to its facilities caused by natural catastrophes. Moreover, the following measures and improvements for the building have been completed: waterproofing and structural strengthening at the Basement floors, refurbishment/upgrades of elevators, and installation of emergency power facilities and equipment. There are also plans for replacing the fire detection and alarm system. All of these are items which increase the resiliency of the property in handling natural disasters. Similar programs have been completed and/or currently ongoing in the other managed properties.

The Philippine property market is cyclical.

The Company expects to derive a substantial portion of its revenue in the future from current and future portfolio of commercial and mixed-use projects. Accordingly, the Company is dependent on the state of the Philippine property market. The Philippine property market has in the past been cyclical and property values have been affected by the supply of and demand for comparable properties, the rate of economic growth in the Philippines, and political and social developments.

However, the Company's properties, including those which it manages, are located in prime areas which have naturally and historically strong markets. These are less affected and impacted thanmost locations in the Philippines.

Item 2. Properties

As of 31 December 2023, the Company owns 77 units with 98 leasable spaces in Kepwealth Center a commercial building located at Samar Loop corner Cardinal Rosales Avenue, Cebu Business Park, Cebu City. As of 31 December 2023, the Company enjoys 47 % occupancy rate for the leasable spaces and a 28% occupancy rate for the parking slots.

The Company believes Kepwealth Center is an iconic landmark in the Cebu Business Park. It stands proud in its granite and glass construction and boasts of an eye-catching architectural design whichis bound to absorb any one's attention, making it very distinctive from the buildings around it. This 15-storey building with total floor area of 18,126 sq.m standing on a 2,615 sq.m. property. This building boasts of its design of being earthquake-resistant, considering that it was one of the first buildings erected within the area. Being PEZA-accredited, the building it is an ideal choice for office spaces for
BPOs and international trading companies. Due to its prime location and accessibility to various means of transportation, it is a building of choice for small to medium size companies looking for a space in an upscale business environment. Currently, it houses various types of tenants ranging from financial institutions, prestigious law firms and other consultancy companies and other BPOs.

Among the attractive features of the building are:

- Prime location, proximity to hotels, banks, and other commercial institutions
- Availability of small and medium-sized unit
- PEZA accreditation
- Upscale business environment
- Safe and comfortable working conditions
- Wide access to various means of public transportation

There are plans to modernize the building to better serve the requirements of the tenants, such as more efficient elevators, centralized air-conditioning system and lighting system. These will make Kepwealth Center updated, similar to the newer buildings within the area and further provide a safe,comfortable and convenient work area to its tenants.

Based on the market valuation report dated 6 July 2018, Cuervo Appraisers, Inc. rendered an opinion that the market value of the property appraised as of 17 February 2019 is reasonably represented in the amount of Php869,245,000.00.

The Kepwealth Center is covered by the insurance policy of KCCC. KCCC's insurance policies are subject to exclusions that are customary for insurance policies of the type held by KCCC, including those exclusions relating to war and terrorism-related events. The Company and KCCC believe the insurance policies are in line with industry standards in the Philippines.

Material Permits and Licenses

The Company has all the material permits and licenses necessary for its business and these are valid and subsisting as of the date of this report. The Company has all the major permits and licenses necessary to operate its leasing and asset management business in the cities of Makati and Cebu. The failure to possess any such permit or license will not have a material adverse effect on the business and operations of the Company. The Company has all the applicable and material permits and licenses necessary to operate its business as currently conducted and such permits and licenses are valid, subsisting, or pending renewal.

The Company has only one office located in the city of Makati. All reports and documents pertaining to its operations in Cebu are consolidated in its Makati office.

The costs of compliance with environmental laws are included in the cost for permits and licenses procured by the Company.

Item 3. Legal Proceedings

The Company is currently not a party to any material legal proceedings, claims and/or tax assessments. The Company, or its, associates or properties is not currently involved in any material litigation, arbitration or similar proceedings, and the Company is not aware of any such proceedings pending or threatened against it or any of its associates or its properties.

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

No matter was submitted during the fourth quarter of 2023 to a vote of security holders.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Matters Market Information

The common shares of the Company first listed on the PSE on August 19, 2019, are traded on the Philippine Stock Exchange ("PSE") under the symbol of KPPI. The closing price of the said shares on March 31, 2024 is P1.50.

The table below sets outs the high and low share prices for the Company's common shares as reported on the PSE:

Year		1Q	2Q	3Q	4Q
2023	High	1.6	1.65	1.81	1.53
	Low	1.6	1.65	1.81	1.53
2024	High	1.5			
	Low	1.49			

Shareholders

As of 31 March 2024, the Company has 16 shareholders of its common shares of stock, set out in thefollowing table:

	Name of Stockholders	Number of Shares Subscribed	% Ownership
1	CROWN CASTLE HOLDINGS.COM, INC.	75,590,090	37.596
2	PCD NOMINEE CORP. (FILIPINO)	66,836,541	33.242
3	WE SERVE 24 HOURS, INC.	34,310,390	17.065
4	EURO CAPITAL PTE. LTD.	16,082,980	7.999
5	LAS TUAZON AND SONS REALTY, INC.	8,041,490	4.000
6	PCD NOMINEE CORP. (NON-FILIPINO)	189,056	0.094
7	MYRA P. VILLANUEVA	6,000	0.003
8	NERO MORADA YAP MORENO	1,000	0.000
9	GERARD JOSEPH B. ALAVA	10	0.000
10	JOHN F. CATINDIG	10	0.000
11	AUGUSTO PABLO ARZAGA CORPUS JR.	10	0.000
12	IGNACIO SALVADOR GIMENEZ, III	10	0.000
13	EDMUNDO G. LAS	10	0.000
14	ROBERT IVAN F. OLANDAY	10	0.000
15	RESTITUTO T. LOPEZ	1	0.000
16	MARK ANTHONY C. MIGALLOS	1	0.000
		201,057,609	100

As of 31 March 2024, the Company has four (4) shareholders of its preferred shares of stock, set out in the following table:

	Name of Stockholder	No. of Shares Subscribed	% Ownership
1	CROWN CASTLE HOLDINGS.COM, INC.	143,820,000	56.400
2	WE SERVE 24 HOURS, INC.	65,280,000	25.600
3	EURO CAPITAL PTE. LTD.	30,600,000	12.000
4	LAS TUAZON AND SONS REALTY, INC.	15,300,000	6.000
	TOTAL	255,000,000	100.00

Dividend Policy

Under Philippine law, dividends may be declared out of a corporation’s unrestricted retained earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. “Unrestricted Retained Earnings” refer to “the undistributed earnings of a corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends.” The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose.

The Revised Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends
without their consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for special reserve for probable contingencies.

Limitations and Requirements

Under Philippine law, a corporation can only declare dividends to the extent that it has Unrestricted Retained Earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property or by the issuance of shares. Stock dividends may only be declared and paid with the approval of shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

The Revised Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: (i) when justified by definite expansion plans approved by the board of directors of the corporation, (ii) when the required consent of any financing institution or creditor to such distribution has not been secured, (iii) when retention is necessary under special circumstances, such as when there is a need for special reserves for probably contingencies, or (iv) when the non-distribution of dividends is consistent with the policy or requirement of a Government office.

In relation to the preceding paragraph, Section 29 of the Tax Code imposes for each taxable year an improperly accumulated earnings tax ("IAET") of 10% of the improperly accumulated taxable income of corporations formed or availed of for the purpose of avoiding the income tax with respect to its shareholders or the shareholders of any other corporation, by permitting the earnings and profits of the corporation to accumulate instead of dividing them among or distributing them to the shareholders.

Reasonable needs of the business refer to the immediate needs of the business, including reasonably anticipated needs. Revenue Regulations No. 02-01 ("RR 02-01") provides that a corporation should be able to prove an immediate need for the accumulation of the earnings and profits, or the direct correlation of anticipated needs to such accumulation of profits, such as in the following instances:

- Allowance for the increase in the accumulation of earnings up to 100% of the paid-up capital of thecorporation as of Balance Sheet date, inclusive of accumulations taken from other years;
- Earnings reserved for definite corporate expansion projects or programs requiring considerable capital expenditure as approved by the Board of Directors or equivalent body;
- Earnings reserved for building, plants or equipment acquisition as approved by the Board of Directors or equivalent body;
- Earnings reserved for compliance with any loan covenant or pre-existing obligation

established under a legitimate business agreement;
- Earnings required by law or applicable regulations to be retained by the corporation or in respect ofwhich there is legal prohibition against its distribution; or
- In the case of subsidiaries of foreign corporations in the Philippines, all undistributed earnings intended or reserved for investments within the Philippines as can be proven by corporate records and/or relevant documentary evidence.

On the other hand, RR 02-01 considers the following as prima facie instances of accumulation of profits beyond the reasonable needs of a business and indicative of purpose to avoid income tax upon shareholders:
- Investment of substantial earnings and profits of the corporation in unrelated business or in stock or securities of unrelated business;
- Investment in bonds and other long-term securities; or

Accumulation of earnings in excess of 100% of paid-up capital, not otherwise intended for the reasonable needs of the business.

In order to determine whether profits are accumulated for the reasonable needs of the business as to avoid the imposition of the improperly accumulated earnings tax, the controlling intention of the taxpayer is that which is manifested at the time of accumulation, not subsequently declared intentions which are merely the product of afterthought.

If there is any excess accumulated taxable income, the corporation must declare and pay or issue dividends not later than one (1) year following the close of the taxable year, otherwise, the IAET, if any, should be paid within 15 days thereafter.

This provision does not apply to publicly-held corporations or corporations at least fifty percent (50%) in value of the outstanding capital stock or at least fifty percent (50%) of the total combined voting power of all classes of stock entitled to vote is owned directly or indirectly by or for more than20 individuals.

Record Date

Pursuant to existing SEC rules, cash dividends declared by the Company must have a record date not less than 10 nor more than 30 days from the date of declaration. For stock dividends, the recorddate should not be less than 10 nor more than 30 days from the date of the shareholders' approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

Dividend Policy

The Company, pursuant to a board approval on 9 January 2019, intends to pay dividends annually in the amount of up to 25% of its audited net income after tax of the previous year subject to compliance with the requirements of applicable laws and regulations and subject to investment plans and financial condition of the Company.

The Board of Directors will review the amount of dividends periodically in light of the Company's earnings, financial condition, cash flows, capital requirements, and other considerations. The declaration of dividends shall also take into account the need to maintain a level of capitalization

that is commercially sound and sufficient to ensure that the Company can operate on a stand-alone basis.
Dividends shall be declared and paid out of the Company's unrestricted retained earnings in cash, property or stock, which shall be payable to all shareholders on the basis of outstanding stock held by them. Unless otherwise required by law, the Board of Directors, at its sole discretion, shall determine the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

- the Company's earnings, cash flow, return on equity and retained earnings;
- the Company's results and financial condition at the end of the year in respect of which thedividend is to be paid and its expected financial performance;
- the Company's projected levels of capital expenditures and other investment programs;
- restrictions on payments of dividends that may be imposed on it by any future financing arrangements and current or prospective debt service requirements; and
- such other factors as the Board of Directors deems appropriate.

The Company's dividend policy on preferred shares is to declare and pay dividends in accordance with the terms and conditions of its issuance. With regard to the preferred shares, the Board has the power to determine such other features of the preferred shares. Under the Company's amended AOI, the Board has the power to determine such other features of the preferred shares. Currently and pursuant to a board resolution approved and passed on 22 May 2019, holders of the currently issued and outstanding preferred shares do not enjoy dividend rights and only enjoy preference in the event of liquidation.

For the year 2017, the Board of Directors declared a cash dividend of ₱31,273,394.00 or ₱0.92 per share for all shareholders as of 30 September 2017 payable on 27 October 2017.

No dividends were declared in 2023, 2022 and 2021.

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transactions

As of the date hereof, the Company has not undertaken any recent sale of unregistered or exempt securities, including issuances of securities constituting an exempt transaction.

Item 6. Management's Discussion and Analysis or Plan of Operation

The following discussion of the KEPWEALTH PROPERTY PHILIPPINES, INC.'s ("KPPI" or the "Company") recent financial condition and results of operations should be read in conjunction with the KPPI's Audited Consolidated Financial Statements as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and notes thereto, which form part of the SEC Form 17-A as **"Annex A"**.

A. Financial Condition

The Company has total assets of Php 847.67 million and Php 847.67 million as of December 31, 2023 and 2022, respectively, increase of which is primarily related to inflows of proceeds from the IPO.

Assets

Current Assets

- The Company has Total Current Assets of Php 355.94 Million and Php 372.80 Million as of December 31, 2023 and 2022, respectively.

- Cash and cash equivalents amounted to Php 275.17 million and Php 106.76 million as of December 31, 2023 and 2022, respectively Cash and cash equivalents includes unused proceeds from IPO which are part of Cash in bank and the same earns interest at the respective bank deposit rates. Cash equivalents which are made for varying periods of up to three months depending on the immediate cash requirement of the Company and the same earn annual interest ranging from 3% to 4%.

- Trade and other receivables of the Company amounted to Php 10.0 million and Php 7.9 million as of December 31, 2023 and 2022, respectively. The total Trade receivables of the Company are 2.82% of the total current asset. Trade Receivables are non-interest bearing and are generally collectible in the succeeding month.

Non-Current Assets

- Of the Company's total assets, noncurrent assets comprise of 58.01% as of December 31, 2023 down from 56.02% as of December 31, 2022 Due to depreciation of investment property and amortization of deferred input tax.

- The Company's Investment Property consists mainly of condominium units and parking slots at Kepwealth Center (previously Keppel Center) located in Cebu Business Park, Cebu City. These units are being leased-out to third parties with lease terms ranging from one to ten years. Leasing revenues are earned from the Investment Property and will be discussed in detail below.

- Property and equipment includes office equipment and improvements.

- Net deferred tax asset is the net between deferred tax assets such as advance rent and allowance for estimated credit loss ("ECL") and deferred tax liabilities which are initial leasing cost and accrued rent. The Net deferred tax asset of the Company is Php 8.49 million and 4.58 million as of December 31, 2023 and 2022, respectively.

Liabilities

- The Company has total liabilities of Php 34.19 million and Php 32.79 million as of December 31,2023 and 2022, respectively.

- Accounts and other payable comprises 96.30% (Php 33 million) and 96.14% (Php 31 million) of the Total liabilities as of December 31, 2023 and 2022, respectively.

- Other items of liabilities include income tax payable, advance rent – net of current portion, security deposits – net of current portion and deferred credits – net of current portion.

Equity

- The Company has total equity of Php 813.48 million and Php 814.87 million as of December 31,2023 and 2022, respectively.

- In March 7, 2019, the SEC approved the Company's change in authorized capital structure from 8,800,000 common shares at Php 10 par value a share and 53,200,000 preferred sharesat Php 10 par value a share to 365,000,000 common shares at Php 1 par value a share and 255,000,000 preferred shares at Php 1 par value a share, respectively. The change in par value in the Company's authorized capital resulted to an increase in common shares by 76,522,500 and an increase in preferred shares by 229,500,000.

- The Company's Board of Director ("BOD") and stockholders declared stock dividends of 49,000,000 common shares Php 1 par value a share equivalent to Php 49.0 million from the resulting increase in authorized common shares on January 30, 2019. The stock dividends were issued upon the approval of the change in authorized capital structure by the SEC.

- The Company is a public company under Section 17.2 of the Securities Regulation Code (SRC) and its shares of stock were officially listed for trading in the PSE on August 19, 2020. The Company's IPO consisted of 67 million common at an offer price of Php 5.74 per share.

Key Performance Indicators

	December 31, 2023	December 31, 2022
Current ratio	**10.81:1**	11.82:1
Debt-to-equity ratio	**0.04:1**	0.04:1
Asset-to-equity ratio	**0.96:1**	0.96:1

Notes:

Current ratio	=	*Current Assets / Current Liabilities*
Debt-to-equity ratio	=	*Total Liabilities / Total Equity*
Asset-to-equity ratio	=	*Total Assets / Total Equity*

B. RESULTS OF OPERATIONS

The Group's consolidated operating results for the years ended December 31, 2023, 2022 and 2021 in absolute terms and expressed as a percentage of total sales are compared below:

	2023	% of Sales	2022	% of Sales	% Change 23 vs 22	2021	% of Sales	% Change 22 vs 21
Revenues	46,510,561	100%	49,788,191	100%	-7%	55,128,026	100%	-10%
Cost of Services	39,328,676	85%	39,902,290	80%	-1%	39,959,968	72%	0%
Gross Profit	7,181,885	15%	9,885,901	20%	-27%	15,168,058	28%	-35%
Other Income	11,270,328	24%	7,738,289	16%	46%	7,360,813	13%	5%
Gross Income	18,452,213	40%	17,624,190	35%	5%	22,528,871	41%	-22%
Operating Expenses	23,541,991	51%	19,542,737	39%	20%	19,502,475	35%	0%
Income before Income Taxes	(5,089,778)	-11%	(1,918,547)	-4%	165%	3,026,396	5%	-163%
Income Tax Expense	(3,700,811)	-8%	(1,449,953)	-3%	155%	(94,520)	0%	1434%
Net Income	(1,388,967)	-3%	(468,594)	-1%	196%	3,120,916	6%	-115%
Other Comprehensive Income		0%		0%	0%		0%	0%
Total Comprehensive Income	(1,388,967)	-3%	(468,594)	-1%	0%	3,120,916	6%	0%

Other Key Financial Ratios			
Return on equity	-.17%	-.06%	.56%
Return on total assets	-.16%	-.06%	.37%

Notes:

Return on Equity =Net Income /Total Equity

Return on Total Assets = Net Income / Total Assets

2023 vs 2022

Sales

- The Company generated sales of Php 46.51 million for the year ended December 31, 2023, down by 6.58% year on year basis.

Costs of Services

- Costs of services for the year ended December 31, 2023 closed at Php 39.33 million, resulting in a gross profit of Php 7.18 million.

- The Company's cost of services primarily consist of depreciation, commission, salaries, wages and employee benefits, taxes and licenses and repairs and maintenance which are directly attributable to the leasing and asset management revenue of the Companies cost of services in 2023 was up to 85% of the total revenue as compared to 80% in 2022 or a cost of services increase of 5%.

Gross Profit

- The Company's gross profit has decreased to 15% of the total revenue in 2023 as compared to 20% in 2022 or decreased of Php 2.7 million in 2023.

Operating expenses

- Operating expenses, composed of general and administrative expenses, amounting to Php 23.50 million for the year ended December 31, 2023. This translates to a 51% of revenues from 39% of revenues the year prior.

Interest Income

- Interest income in 2023 represents mainly interest earned from the Company's cash and cash equivalents and short-term investments. The Company's cash and cash equivalents have earned interest income of Php 1.0 Million in 2023 as compared to Php .724 million in 2022.

Other Income

- Other income represents Management fee, Dividend Income, Unrealized Gain earned from a related party for a fixed Management income amounted, preferred shares and money market fund respectively to Php 11.2M in 2023 and 7.7M on 2022.

Income Tax Expense

- Income tax expense for the year totaled Php (3.7) million.

Net Income

- Net income for the year ended December 31, 2023 reached Php (1.39) million for a net income margin of -3%, decrease of 196% from last year's net income of Php (.469) million for a net income margin of -1%

2022 vs 2021

Sales

- Revenues for the year ended December 31, 2022 amounted to Php 49.79 million, a decrease of 10% as compared to Php 55.13 million for the year ended December 31, 2021. The total revenue in 2022 were all earned from third parties .

Cost of Services

- Costs of services for the year ended December 31, 2022 closed at Php 39.90 million, resulting in a gross profit of Php 9.89 million.

- The Company's costs of services primarily consist of depreciation, commission, taxes and licenses and repairs and maintenance which are directly attributable to the leasing revenue of the Company.

- Costs of services in 2022 were up to 80% of the total revenue as compared to 72% in 2021 or a cost of services decrease of 8%.

Gross Profit

- The Company's gross profit is down to 20% of the total revenue in 2022 as compared to 28% in 2021 or a decrease of Php 5.3 million in 2022.

Operating expenses

- Operating expenses, composed of general and administrative expenses, amounting to Php 19.54 million for the year ended December 31, 2022. This translates to 39% of the revenues from 35% of revenues the year prior.

Interest Income

- Interest income in 2022 represents mainly interest earned from the Company's cash and cash equivalents. The Company's cash and cash equivalents have earned interest income of Php .724 million in 2022 as compared to Php .751 million in 2021.

Other Income

- Other income represents Management fee, Dividend Income, Unrealized Gain earned from a related party for a fixed Management income amounted, preferred shares and money market fund respectively to Php 7.7 million in 2022 and 7.4M on 2021 .

Income Tax Expense

- Income tax expense for the year 2022 totaled Php -1.4 million. In 2021, income tax expense totaled Php -.09 million, which consisted of Php .11 million current tax expense and a deferred tax asset of Php 3.02 million.

Net Income

- Net income for the year ended December 31, 2022 reached Php -.468 million for a net income margin of 1%, a -115% decrease from last year's net income of Php 3.1 million for a net income margin of 6%.

C. Cash flows

Cash flows generated from operating activities in 2023 amounted to Php 21.28 million which is 24% lower than Php 28.04 million generated in 2022.

Net cash from investing activities totaled Php 147.14 million in 2023 mainly due to income received from investment in money market fund; for 2022, Php 5.2 million was used mainly due to acquisition short- term investments.

Overall, net cash flows for the year ended December 31, 2023 amounted to Php 168.41 million resulting to cash and cash equivalents balance of Php 275.17 million as of December 31, 2023.

Item 7. Financial Statements

The audited consolidated financial statements, together with Statement of Management's Responsibility and Auditors' Report, and supplementary schedules are attached and filed herewith.

The consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards ("PFRS") on the historical cost basis except for the measurement of certain financial assets and liabilities. The preparation of the consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and related notes. The estimation and judgments are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results may ultimately vary from those estimates.

Item 8. Information on Independent Accountant and Other Related Matters

External Audit Fees and Services

The aggregate fees billed by RS Bernaldos ("RSB.") for the audit of the financial statements of the Company and other services in connection with the statutory and regulatory filings for 2023 is P575,100.

Tax fees and all other fees

	2023	2022
Real Property Tax	3,848,959	3,331,370
Business Permits and Registrations Fees	635,071	1,265,139
Documentary Stamp Tax	158,720	67,398
Total	**4,642,750**	**4,663,907**

In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual, which was approved by the Board of Directors on 30 January 2019, provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods or any subsequent interim period. RS Bernaldos & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, tonominate persons or to subscribe for the securities of the Company.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers

Board of Directors

The overall management and supervision of the Company is undertaken by its Board of Directors.

The Board of Directors is empowered to direct, manage and supervise, under its collective responsibility, the affairs of the Company. The articles of incorporation of the Company, as amended(“Articles of Incorporation”) currently provide for a Board of Directors of not more than seven (7) Directors, at least four (4) of whom must be citizens of the Philippines, and at least two (2) of whom must be independent directors. Directors are elected at the annual meeting of shareholders which is, in accordance with the Company’s by-laws, as amended (“By-Laws”), held on the second Wednesday of July of every year. The seven (7) candidates receiving the highest number of votes through cumulative voting shall be declared elected. Each elected Director has a term of office of one (1) year and is eligible for re-election the following year. Currently, the Board consists of seven
(7) Directors.

The table below sets out the members of the Board of Directors as of 31 March 2024:

Name	Age	Gender	Citizenship	Type/Position	Date First Elected
Restituto T. Lopez	74	Male	Filipino	Chairman/Non-exec	January 2019
Edmund G. Las	72	Male	Filipino	Director / Exec	November 2017
Augusto Pablo A. Corpus,Jr	67	Male	Filipino	Director / Exec	June 2020
Robert Ivan F. Olanday	43	Male	Filipino	Director / Exec	2017
John F. Catindig	54	Male	Filipino	Director / Exec	2017
Ignacio Salvador Gimenez,III[2]	44	Male	Filipino	Director / Non-exec	January 2019
Mark Anthony C. Migallos	70	Male	Filipino	Director / Non-exec	January 2019

Executive Officers of the Company

The executive officers (“Executive Officers”) of the Company, subject to control and supervision of the Board, collectively have direct charge of all business activities of the Company. They are responsible for the implementation of the policies set by the Board of Directors.

[1] Mr. Augusto Pablo A . Corpus, Jr appointed as President effective June 19, 2020.
[2] Mr. Ignacio Salvador R.Gimenez, III was appointed as the new Corporate Treasurer and Investment RelationsOfficer effective June 19, 2020.

The Executive Officers are appointed/elected by the Board of Directors at the organizational meeting following the stockholders’ meeting, each to hold office for a period of one year.

The table below sets out the Company’s Executive Officers as of 31 March 2024:

Name	Age	Gender	Citizenship	Position
Restituto Lopez	74	Male	Filipino	Chairman
Augusto Pablo A Corpus, Jr	67	Male	Filipino	President
John F. Catindig	54	Male	Filipino	Chief Information and Compliance Officer
Ignacio Salvador R. Giminez 111	44	Male	Filipino	Treasurer and Investor Relations Officer

Rosa Michele C. Bagtas	50	Female	Filipino	Corporate Secretary
Eric T. Dykimching	40	Male	Filipino	Assistant Corporate Secretary

The following is a brief description of the business experience of each of the Directors and Officers:

MR. RESTITUTO T. LOPEZ, Filipino, 74 years old, joined as one of the Company's Independent Director in January 2019. He earned from the University of the East his Bachelor of Science degree inBusiness Administration and Accountancy in 1972. He then obtained a Master's degree in Management from the Asian Institute of Management in 1981 and completed the KPMG International Partner Program from Wharton School, University of Pennsylvania in 1992. He is likewise a registered auditor under the United Kingdom Act of 1985 and an accredited consultant of the Asian Development Bank. Practicing as a Certified Public Account ("CPA") for over 30 years, Mr. Lopez has extensive experience in auditing and consultancy. Prior to joining the Company, he served as the President of Transnational Construction Corporation which is involved in the construction business, management services, and in the leasing of commercial spaces. He also served as an Independent Director of Draka Phils, Inc. from 2009 to 2012 and President and Director of KPMG Peat Marwich Management Consultants, Phils. From 1990 to 2000. He was a member of the boardof trustee of the Metropolitan Club, Inc. from 1998 to 2013. Currently, he is serving as the Chairman and Senior Partner of Lopez and Co., CPAs, Vice Chairman and Partner of KPMG – Fernandez Santos & Lopez, President and Chairman of RTL Holdings, Inc., and Chairman of LFC Solutions.net, Inc. and Spencers Landholdings, Inc.

MR. AUGUSTO PABLO A. CORPUS,JR Filipino, 67 years old, is the President of the Company. He was elected as President on 19 June 2020. He earned his Bachelor of Science degree in Hotel and Restaurant in 1978 from the University of the Philippines in Diliman.He then obtained a Master's of Business Administration in Management from the Texas A&M University, College Station, Texas in 1983. Mr. Corpus has almost 40-years' experience in management of restaurants, resorts, hotels and office buildings. Prior to joining the company, he served for 20 years as the Chief Executive Officer of Hotel Sogo which is involved in the construction, management and operation(including leasing of all commercial areas for rent) of the largest hotel chain in the Philippines. Mr. Corpus was key to growing the company from 3 hotels in 1994 to 41 hotels in 2019. He also served as the General Manager of the City Garden Hotel, Manila. From 1983 to 1995, he was the Vice President of Rosario Investments that constructed and operated 12 Hotels as well as managed and operated the King's Court Buildings, Makati.

MR. EDMUNDO G. LAS, Filipino, 72 years old, Director of the Company since November 2017. Prior to joining the Company, he served as aDirector and Chief Executive Officer of Hotel Sogo, Inc. for 24 years and a director of Eurotel hotel chain. A previous banker, he has accumulated 40 years' experience in the hotel and lodging industry. He is presently the President of Edsa I Real Estate Corporation, Las Tuazon and Sons Realty, Inc., Golden Quick Food, Inc., Dormsuites, Inc., Manhattan Residences, Inc., Northwalk Inn, Inc., and Hilton House, Inc. Mr. Las is the head of the Company's Business Development Division and has been very instrumental in the Company's expansion of its business, particularly in negotiating and managing the Company's acquisitions. He attended Notre Dame University Cotabato from 1969 to 1972 and Polytechnic University of the Philippines from 1972 to 1974.

[3] Mr. Edmund G. Las resigned as President and was replaced by Mr. Augusto Pablo A. Corpus, Jr. effective June19, 2020.

[4] Mr. Jason Romeo C. Valderrama resigned as Managing Director effective June 19, 2020.

[5] Mr. John F. Catindig was appointed as Chief Information Officer and Compliance Officer effective June 19, 2020.

MR. ROBERT IVAN F. OLANDAY, Filipino, 43 years old, has been the Company's Director since 2017. He is currently serving as the Corporate Secretary of Surprise Inc., Treasurer of We Serve 24 Hrs Inc. and EuroCapital Land, Inc., and Vice President for Finance and Authorized Managing Officer of New City Builders, Inc. He is also a director in LUC Foods, Inc. and Great Freshness Inc. He attended Thames International School in 2002.

MR. JOHN F. CATINDIG, Filipino, 54 years old, has served as a Director of the Company since 2017 and is also the Chief Information and Compliance Officer of the Company. He used to work as the Support Operation of Metropolitan Bank and Trust Company from 1991 to 1994 and Account Support of Zuellig Group of Companies from 1994 to 1996. At present, he is the General Manager of Drugcheck Philippines, Inc. andAssociated Person/Compliance Officer of IB Gimenez Securities, Inc. He received a Bachelor of Science degree in Commerce from the University of Santo Tomas in 1991. He also completedtrainings on Anti-Money Laundering and Principle of Risk Management, The Net Capital and Risk board Capital Adequacy Requirements conducted by the PSE in 2010 and SEC in 2006, respectively.

IGNACIO SALVADOR GIMENEZ, III, Filipino, 44 years old, was elected director of the Company in 9 January 2019 and also a Treasurer and Investor Relations Officer of the company . He is currently the President of I.B. Gimenez Securities, Inc.; Managing Director of J. Rosario Foods Corp. (a Jollibee franchisee); and Vice President for business development of China Philippines United Enterprises, Inc. Mr. Gimenez has a master's degree in strategic marketing from the University of Greenwich. He obtained a Bachelor of Arts in International Business (with Mandarin Chinese) from European Business School, London and Nanjing University, China. Mr. Gimenez is a member of JCI Manila and The Tower Club since 2010 and 2012, respectively.

MR. MARK ANTHONY C. MIGALLOS, Filipino, 70 years old, joined as one of the Independent Directors of the Company in January 2019. He previously worked for PruLife UK as the Vice President General Agencies from 1998 to 2018. He also worked for Insular Life as the Senior Assistant Vice President for Metro Manila Sales from 1983 to 1997. He obtained his Bachelor of Arts degree in English from the University of the Philippines in 1976. In 2007, he obtained his Master's degree in Business Administration from the Ateneo de Manila University.

ATTY. Rosa Michele C. Bagtas, Filipino, 50 years old, is the Corporate Secretary of the Company. She was elected as Corporate Secretary on 25 September 2020. She graduated with a degree of Bachelor of Science Major in Legal Management from the Ateneo de Manila University in 1994. She also earned her Juris Doctor degree from the Ateneo Law School in 1998. Atty Bagtas is currently a Senior Partner at Cruz marcelo & Tenefracia, where she heads the Property Development and Immigration Practice Groups. Ms. Bagtas has handled a wide range of commercial or corporate transactions, including mergers and acquisitions, joint ventures, foreign investments, tax and immigration matters, among others. Atty. Bagtas has extensive experience as Corporate Secretary of various private corporations and in handling corporate governance issues.

ATTY. ERIC T. DYKIMCHING, Filipino, 40 years old, is the Assistant Corporate Secretary of the Company. He was elected as Assistant Corporate Secretary on 25 September 2020. He graduated with a degree of Bachelor of Science Major in Legal Management from De La Salle University in 2004. He obtained his Juris Doctor degree from Ateneo Law School in 2008. Mr.

Dykimching is also a Certified Public Accountant since 2013. He earned his Bachelor of Science in Accountancy from La Consolacion College Manila in 2011. Mr. Dykimching is a Senior Associate at Cruz Marcelo and Tenefracia. His practice areas include infrastructure, transport and public utilities ,corporate and commercial law ,tax mergers and acquisitions, strategic and developmental projects, property development, and real estate transactions.

Principal Owners, Key Officer, and Significant Employees

The principal owners and directors of the Company will be subject to the lock-up requirement under the PSE rules. As existing shareholders of the Company, the principal owners and directors are restrained from selling, assigning, encumbering or in any manner disposing their shares for a period of one (1) year after the listing of such shares. The principal owners intend to remain with the Company. Any change in control of the Company will be subject to the tender offer rule under the Securities Regulation Code.

Mr. Augusto Pablo A. Corpus, Jr. , the President of the Company, was the chief negotiator and chief business development officer of the Company. Mr. Corpus reported to the Board of Directors of the Company. He was also required to procure approval of the Board of Directors (which includes independent directors) approval and/or shareholders' approval consistent with the requirements of the Revised Corporation Code of the Philippines. The Company also has in place a Related Party Transaction Committee and an Audit Committee to oversee certain decisions and functions of Mr. Corpus as President.

Family Relationship among Directors and Officers

Mr. Robert Ivan F. Olanday, the Corporate Secretary and a Director of the Company, is the son of Mr. Roberto B. Olanday, the beneficial owner of the shares held by We Serve 24 Hours, Inc. and EuroCapital Pte. Ltd.

Mr. Ignacio Salvador Gimenez, III, a Director of the Company, is the son of Mr. Ignacio B. Gimenez, the beneficial owner of the shares held by Crown Castle Holdings.Com, Inc.

Other than the ones disclosed, there are no other family relationships known to the Company.

Involvement of the Company, the Directors and Executive Officers in Certain Legal Proceedings

The Company has no pending lawsuits in connection with the ordinary course of its business. Neither has the Company been subject to any order, judgment or decree, or violated any securities or commodities law, nor has been involved in any litigation or arbitration proceedings that may have,or have had, a material adverse effect on its financial condition, nor, so far as it is aware, is any such proceeding pending or threatened.

To the best knowledge and/or information of the Company, the current Directors and the Executive Officers are not, presently or during the last five (5) years, involved or have been involved in any material legal proceeding adversely affecting or involving themselves and/or their property before any court of law or administrative body in the Philippines or elsewhere.

Item10.Executive

CompensationSummary

Compensation Table

Information as to the aggregate compensation for the years ended 31 December 2023 and 2022 paid to the Company's Chief Executive Officer and four other most highly compensated executive officers and all other officers and directors as a group, as well as the estimated aggregate compensation for the ensuing year are as follows:

				Other Annual
Name and Principal Position	Year	Salary(P)	Bonus (P)	Compensation
Total- President and Four Most Highly Compensated	2022	2,954,384		
Executive Officer	2023	2,249,500		
	2024(estimate)	3,000,000		
All other officers and named directors as group	2022	428,103.53		164,000
	2023	379,911.15		164,000
	2024(estimate)	469,239.52		248,000

Compensation of Directors and Executive Officers

In 2023, the compensation of key management personnel amounted to approximately P3 million. This is mainly composed of salaries and other short-term employee benefits.

While back-office functions (accounting, HR, IT and similar functions) are outsourced to Global O, the core business operations of KPPI (leasing and asset management) are handled by its senior officers and employees. Hence, the compensation to be paid to officers covers their respective salaries from KPPI for performing these functions.

The By-Laws of the Company provide that by resolution of the Board, each Director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. On 9 January 2019, the Board approved that each Director shall receive twenty-five thousand (₱25,000.00) as per diem for each meeting of the Board of Directors and fifteen thousand (₱15,000.00) as per diem for each meeting of the Board committees.

Except for the foregoing standard arrangement, the directors do not receive any other fees, bonuses and allowances from the Company. Aside from the said amounts, the directors have no other compensation plan or arrangement with the Company.

The executive officers receive salaries, bonuses and other usual benefits that are included in the amounts stated above.

On the Meeting of the Board last Nov. 13, 2020, it was approved that the per diem of the directors will be P5,000 for the BOD meeting and P3,000 for special meeting. Except for the Independent Auditor, the per diem will still be the same.

Employment Contracts and Termination of Employment and Change-in-Control Arrangement

Employees of the company are covered by standard employment contracts. Other than the foregoing, the Company is not aware of any other employment contract or change-in-control arrangement and there are no existing provisions in the Articles of Incorporation or the By-Laws of the Company which will delay, defer or in any manner prevent a change in control of the Company.

Outstanding Warrants and Options

There are no outstanding warrants or options to subscribe to common shares of the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As of March 31, 2024, the following are the owners of the Issuer's common stock in excess of 5% of total outstanding shares:

Title of Class	Name, Address of Record Owner and Relationship with Owner (Direct)	Name of Beneficial Owner (Indirect)	Citizenship	No. of Shares Held	% Ownership
Common	CROWN CASTLE HOLDINGS.COM, INC., 3F New Rosario Ortigas Arcade, Rosario Pasig City, Parent of the Issuer	CROWN CASTLE HOLDINGS.COM, INC.	Filipino	75,590,090	37.60
Common	PCD NOMINEE CORP. (FILIPINO) 29th Floor, BDO Equitable Tower 8751 Paseo de Roxas, Makati City 1226	I.B. GIMENEZ SECURITIES, INC., PCD Participant	Filipino	66,836,541	33.24
Common	WE SERVE 24 HOURS, INC., 501 Topaz Building, 101 Kamias Road, Quezon City	WE SERVE 24 HOURS, INC.	Filipino	34,310,390	17.07
Common	EURO CAPITAL PTE. LTD., 238 Orchard Boulevard, #19-07, The Orchard Residences, Singapore	EURO CAPITAL PTE. LTD.	Filipino	16,082,980	8.00

Security Ownership of Management as of March 31, 2024

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Class
Directors				
Common	Restituto T. Lopez	1 (direct)	Filipino	0.00
Common	Edmund G. Las	10 (direct)	Filipino	0.00

Common	Augusto Pablo A. Corpus,Jr	10(direct)	Filipino	0.00
Common	Robert Ivan F. Olanday	10 (direct)	Filipino	0.00
Common	John F. Catindig	10 (direct)	Filipino	0.00
Common	Ignacio Salvador Gimenez, III	10 (direct)	Filipino	0.00
Common	Mark Anthony C. Migallos	1 (direct)	Filipino	0.00

Voting Trust Holders of 5% or More

The Company is not aware of the existence of persons holding more than five percent (5%) of theCompany's common shares under a voting trust or similar agreement.

Changes in Control

The Company is not aware of any arrangement which may result in a significant change in control.

Item 12. Certain Relationships and Related Transactions

For further information on the Company's related party transactions, including detailed breakdowns of amounts receivable from related parties and the income and expenses relating to related party transactions, see Note 13 to the Company's audited financial statements as of and for the years ended 31 December 2023 and 2022.

PART IV - EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

Reports on Sec Form 17-C Filed During the Last 12-Month Period Covered By This Report

Date of Report	Items Reported
January 09, 2023	Material Information/Transactions (Comprehensive Report on Progress Plan as of 31 December 2022)
April 03, 2023	Matters approved during the Special Meeting of the Board of Directors held on April 03, 2023, via remote communication: 1. Reading and approval of the Minutes of the Organizational Board Meeting of the Board of Directors held on 13 July 2022; 2. Setting of the date of the 2023 Annual Stockholders' Meeting and all deadlines related thereto and authority to conduct the 2022 Annual Stockholders' Meeting on 12 July 2023 at 8:00 a.m. via remote communication; 3. Approval of the Annual Report on SEC Form 17-A and the Financial Statements of the Corporation for the year ended 31 December 2022; 4. Authority to Transact with China Banking Corporation; 5. Authority to Transact with Rizal Commercial and Banking Corporation;

	6. Authority to Transact with East West Banking Corporation; 7. Authority to Transact with East West Rural Bank - Cainta Branch; 8. Authority to Transact with Philippine National Bank; 9. Authority to Transact with BDO Unibank, Inc.; and 10. Designation of authorized representative for purposes of availing mobile, internet, and other products and services of Globe Telecom, Inc.
April 03, 2023	Notice of the Annual Stockholder's Meeting
April 05, 2023	Material Information/Transactions (Comprehensive Report on Progress Plan as of March 31, 2023)
May 25, 2023	Notice of the Annual Stockholder's Meeting
July 05, 2023	Material Information/Transactions (Comprehensive Report on Progress Plan as of June 30, 2023)
July 12, 2023	Matters approved during the Annual Stockholders' Meeting held on July 13, 2023: 1. Reading and approval of the Minutes of the Annual Stockholder's Meeting held on 13 July 2022; 2. Presentation of the President's Report on Operations;
	3. Ratification of the acts and Resolutions of the Board of Directors, Board Committees and management; 4. Appointment of the External Auditor for the Fiscal Year ending 31 December 2023; and 5. Election of the members of the Board of Directors.
	Matters approved during the Organizational Board Meeting held on July 13, 2023: 1. Reading and approval of the Minutes of the Special Meeting of the Board of Directors Held on 03 April 2023 2. Election of Officers

July 12, 2023	3. Election of the members of the Executive Committee, Audit Committee, Corporate Governance Committee, and Related Party Transactions Committee.
October 05, 2023	Material Information/Transactions (Comprehensive Report on Progress of Business Plan as of September 30, 2023)

COVER SHEET

C	S	2	0	0	5	1	6	3	6	1

S.E.C. Registration Number

KEPWEALTH PROPERTY PHILS., INC.

(Company's Full Name)

UNIT IJ01-23 BURGUNDY CORPORATE TOWER 252 SEN. GIL PUYAT AVE., MAKATI CITY

(Business address: No. Street City / Town / Province)

AUGUSTO PABLO CORPUS,JR

Contact Person

(02) 7978-5080

Company Telephone Number

12 31

Month Day

Fiscal Year

17-C

Form Type

Second Wednesday of July

Month Day

Annual Meeting

—

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

—

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

— Domestic

— Foreign

To be accomplished by SEC Personnel Concerned

LCU

CASHIER

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.Z(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
   April 05, 2024

2. SEC Identification Number
   CS200516361

3. BIR Tax Identification No.
   242-186-710-000

4. Exact name of issuer as specified in its charter
   Kepwealth Property Phils., Inc.

5. Province, country or other jurisdiction of incorporation
   Philippines

6. Industry Classification Code (SEC Use Only)
   ____

7. Address of principal office
   Unit IJ01-23 Burgundy Corporate Tower 252Sen, Gil Puyat Aye., Makati City
   Postal Code
   1230

8. Issuer's telephone number, including area code
   (02) 7978-5080

9. Former name or former address, if changed since last report
   N/A

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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	201,057,609

PART V. EXHIBITS AND SCHEDULES

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

Exhibits.

Other than index to the audited financial statements of the Company as at and for the years ended December 31, 2023 and 2022 including supplementary schedules, the Company has no other exhibits pertinent to this report.

Reports on SEC Form 17-C.

The Following is a summary of submissions of SEC Form 17-C filed during the year 2023:

Date of Report	Items Reported
January 09, 2023	Material Information/Transactions (Comprehensive Report on Progress Plan as of 31 December 2022)
April 03, 2023	Matters approved during the Special Meeting of the Board of Directors held on April 03, 2023, via remote communication: 1. Reading and approval of the Minutes of the Organizational Board Meeting of the Board of Directors held on 13 July 2022; 2. Setting of the date of the 2023 Annual Stockholders' Meeting and all deadlines related thereto and authority to conduct the 2022 Annual Stockholders' Meeting on 12 July 2023 at 8:00 a.m. via remote communication; 3. Approval of the Annual Report on SEC Form 17-A and the Financial Statements of the Corporation for the year ended 31 December 2022; 4. Authority to Transact with China Banking Corporation; 5. Authority to Transact with Rizal Commercial and Banking Corporation; 6. Authority to Transact with East West Banking Corporation; 7. Authority to Transact with East West Rural Bank - Cainta Branch; 8. Authority to Transact with Philippine National Bank; 9. Authority to Transact with BDO Unibank, Inc.; and 10. Designation of authorized representative for purposes of availing mobile, internet, and other products and services of Globe Telecom, Inc.
April 03, 2023	Notice of the Annual Stockholder's Meeting
April 05, 2023	Material Information/Transactions (Comprehensive Report on Progress Plan as of March 31, 2023)
May 25, 2023	Notice of the Annual Stockholder's Meeting
July 05, 2023	Material Information/Transactions (Comprehensive Report on Progress Plan as of June 30, 2023)
July 12, 2023	Matters approved during the Annual Stockholders' Meeting held on July 13, 2023: 1. Reading and approval of the Minutes of the Annual Stockholder's Meeting held on 13 July 2022; 2. Presentation of the President's Report on Operations;

July 12, 2023	3. Ratification of the acts and Resolutions of the Board of Directors, Board Committees and management; 4. Appointment of the External Auditor for the Fiscal Year ending 31 December 2023; and 5. Election of the members of the Board of Directors.
	Matters approved during the Organizational Board Meeting held on July 13, 2023: 1. Reading and approval of the Minutes of the Special Meeting of the Board of Directors Held on 03 April 2023 2. Election of Officers 3. Election of the members of the Executive Committee, Audit Committee, Corporate Governance Committee, and Related Party Transactions Committee.
October 05, 2023	Material Information/Transactions (Comprehensive Report on Progress of Business Plan as of September 30, 2023)

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of ________________________ 2024.

By:

Augusto Pablo A. Corpus, Jr.
President/Director

Ignacio Salvador R. Gimenez III
Treasurer/Director

Rosa Michele C. Bagtas

Rosa Michele C. Bagtas
Corporate Secretary

Robert Ivan F. Olanday
Director

John F. Catindig
Chief Compliance Officer/Director

APR 1? 2024

SUBSCRIBED AND SWORN to before me this ________________ affiants exhibiting to me their proofs of identity, as follows:

Name	Competent Evidence of Identity	Date of Expiry	Place of Issuance
Augusto Pablo A. Corpus, Jr.	Passport No. P6891453B	01 JUNE 2031	DFA Manila
Ignacio Salvador R. Gimenez III	Passport No. P8077208A	24 JUL 2028	DFA Manila
Rosa Michele C. Bagtas	Passport No. P7097640B	01 JUL 2031	LTO Manila
Robert Ivan F. Olanday	Passport No. P3531332B	14 OCT 2029	DFA NCR East
John F. Catindig	Driver's License No. N02-99-404028	28 MR 2032	LTO-P. Tuazon, QC

Doc No. 16
Page No. 3
Book No. 82-B
Series of 2024.

ATTY. ROSALIND[illegible] MONTENEGRO
NOTARY PUBLIC
My Commission expire on Dec. 31, 2025
Admin. Matter No. NP-067(2024-2025)
PTR No. 5555358 01/03/2024-Q.C.
IBP OR No. 397268 01/05/2024-Q.C.
ROLL No. 68465
MCLE Compliance No. VII-0021672 Valid Until April 14, 2025

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

C S 2 0 0 5 1 6 3 6 1

S.E.C. Registration Number

K E P W E A L T H P R O P E R T Y P H I L S . , I N C .

(Company's Full Name)

U N I T I J 0 1 - 2 3 B U R G U N D Y C O R P O R A T E T O W E R 2 5 2 S E N . G I L P U Y A T A V E . , M A K A T I C I T Y

(Business address: No. Street City / Town / Province)

AUGUSTO PABLO A. CORPUS JR.

Contact Person

(632) 7978-5080

Company Telephone Number

1 2	3 1	A A S F S	Second Wednesday of July
Month	**Day**	**FORM TYPE**	**Month Day**
Fiscal Year			**Annual Meeting**

Secondary License Type, If Applicable

C R M D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	**Domestic**	**Foreign**

Top be accomplished by SEC Personnel concerned

LCU

CASHIER

kepwealth
KEPWEALTH PROPERTY PHILS., INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **KEPWEALTH PROPERTY PHILS., INC.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, in accordance with the Philippine Financial Reporting Standard, 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 going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

R.S. Bernaldo & Associates, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed this 15 APR 2024 day of ______ 2024

RESTITUTO T. LOPEZ
Chairman of the Board

AUGUSTO PABLO A. CORPUS, JR.
President

IGNACIO SALVADOR GIMENEZ III
Treasurer

SUBSCRIBED AND SWORN to before me this 15 APR 2024 day of ______ 2024 affiants exhibiting to me their respective TIN, as follows:

ATTY. RUBEN M. AZAÑES, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
PTR No.5555119 , 01/02/2024-Q.C.
IBP No.384112, 01/01/2024-Quezon City Chapter
Roll of Attorney's No.46427
Admin Matter No.025(2023-2024)
MCLE-VII-0018605-05-24-2022
TIN:140-394-386-000
Bagong Lipunan Crame Q.C.

DOC NO. 256
PAGE NO. 53
BOOK NO. 159
SERIES OF 2024

PKF
R.S. Bernaldo & Associates

R.S. Bernaldo & Associates
18/F Cityland Condominium 10
Tower 1, 156 H.V. dela Costa St.,
Ayala North, Makati City,
Philippines 1226

+632 8812-1718 to 22
info@pkfrsbernaldo.com
www.pkfrsbernaldo.com

REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and the Stockholders
KEPWEALTH PROPERTY PHILS., INC.
Unit IJ01-23 Burgundy Corporate Tower
252 Sen. Gil Puyat Ave.
Makati City

We have issued our report dated April 5, 2024 on the basic financial statements of **KEPWEALTH PROPERTY PHILS., INC.** as of and for the year ended December 31, 2023. Our audit was conducted for the purpose of forming an opinion on the basic financial statements of **KEPWEALTH PROPERTY PHILS., INC.** taken as a whole. The information in Index to the Financial Statements and Supplementary Schedules as of and for the year ended December 31, 2023, which is not a required part of the financial statements, is required to be filed with the Securities and Exchange Commission. Such information is the responsibility of the Management of **KEPWEALTH PROPERTY PHILS., INC.** 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.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until May 28, 2024
BSP Group B Accredited
Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2023
Valid from January 31, 2023 until January 30, 2026
IC Group A Accredited
Accreditation No. 0300-IC
Valid until 2026 audit period

REAN G. ABALOS
Partner
CPA Certificate No. 126203
BSP Group C Accredited
Accreditation No. 126203-BSP
Valid until 2025 audit period
BIR Accreditation No. 08-007679-002-2023
Valid from October 20, 2023 until October 19, 2026
Tax Identification No. 271-226-260
PTR No. 10081197
Issued on January 9, 2024 at Makati City

April 5, 2024
Makati City, Metro Manila

PKF
R.S. Bernaldo & Associates

R.S. Bernaldo & Associates
18/F Cityland Condominium 10
Tower 1, 156 H.V. dela Costa St.,
Ayala North, Makati City,
Philippines 1226

+632 8812-1718 to 22
info@pkfrsbernaldo.com
www.pkfrsbernaldo.com

INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURN

The Board of Directors and the Stockholders
KEPWEALTH PROPERTY PHILS., INC.
Unit IJ01-23 Burgundy Corporate Tower
252 Sen. Gil Puyat Ave.
Makati City

We have audited the financial statements of **KEPWEALTH PROPERTY PHILS., INC.** as of December 31, 2023 and 2022 and for each of the three years then ended December 31, 2023, on which we have rendered the attached report dated April 5, 2024.

In compliance with Revenue Regulation V-20, we are stating that we are not related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until May 28, 2024
BSP Group B Accredited
Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2023
Valid from January 31, 2023 until January 30, 2026
IC Group A Accredited
Accreditation No. 0300-IC
Valid until 2026 audit period

REAN G. ABALOS
Partner
CPA Certificate No. 126203
BSP Group C Accredited
Accreditation No. 126203-BSP
Valid until 2025 audit period
BIR Accreditation No. 08-007679-002-2023
Valid from October 20, 2023 until October 19, 2026
Tax Identification No. 271-226-260
PTR No. 10081197
Issued on January 9, 2024 at Makati City

April 5, 2024
Makati City, Metro Manila

kepwealth

KEPWEALTH PROPERTY PHILS., INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **KEPWEALTH PROPERTY PHILS., INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the audited financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited to, the value added tax and/ or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2023 and the accompanying audited Annual Income Tax Return are in accordance with the books and records of **KEPWEALTH PROPERTY PHILS., INC.,** complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) the **KEPWEALTH PROPERTY PHILS., INC.** filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

AUGUSTO PABLO A. CORPUS, JR.	**IGNACIO SALVADOR GIMENEZ III**
President	Treasurer

PKF
R.S. Bernaldo & Associates

R.S. Bernaldo & Associates
18/F Cityland Condominium 10
Tower 1, 156 H.V. dela Costa St.,
Ayala North, Makati City,
Philippines 1226

+632 8812-1718 to 22
info@pkfrsbernaldo.com
www.pkfrsbernaldo.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
KEPWEALTH PROPERTY PHILS., INC.
Unit IJ01-23 Burgundy Corporate Tower
252 Sen. Gil Puyat Ave.
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **KEPWEALTH PROPERTY PHILS., INC.** (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022 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, 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and cash flows for each of the three years in the period then ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in *the 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) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our 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 basis for our opinion.

Key Audit Matters

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

Key Audit Matter

The Risk

Accounting for the Proceeds of Initial Public Offering (IPO)

The shares of the stock of the Company were listed with the Philippine Stock Exchange, Inc. on August 19, 2019. The Proceeds from the IPO amounted to ₱384,767,164. The accounting for the proceeds is significant to our audit because the outstanding balance of the unapplied proceeds amounting to ₱170,452,249 as at December 31, 2022 represent 20% of the total assets. Moreover, the Company is required to adhere the use of the proceeds pursuant to the Offering Circular.

Our Response

Our procedures included, among others, examining the underlying documents such as subscription advice and bank statements and obtaining confirmation from banks of the outstanding balance of the proceeds as of December 31, 2023.

Necessary disclosures are included in Note 6, Initial Public Offering, which discusses IPO and use of proceeds, and Note 16, Equity.

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, 2023, 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, 2023 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 these financial statements in accordance with PFRSs, 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 have no realistic alternative 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 assurance, but is not a guarantee that an audit is conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and to 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 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 the auditor's report. Future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audits of the financial statements of the current period and are therefore 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 of such communication.

Report on the Supplementary Information Required Under Revenue Regulation 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 under Revenue Regulation 15-2010 in Note 31 to the financial statement 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 **KEPWEALTH PROPERTY PHILS., INC**. The information has been subjected to the auditing procedures applied in our audits 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 whole.

The engagement partner on the audits resulting in this independent auditors' report is **REAN G. ABALOS.**

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until May 28, 2024
BSP Group B Accredited
Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2023
Valid from January 31, 2023 until January 30, 2026
IC Group A Accredited
Accreditation No. 0300-IC
Valid until 2026 audit period

REAN G. ABALOS
Partner
CPA Certificate No. 126203
BSP Group C Accredited
Accreditation No. 126203-BSP
Valid until 2025 audit period
BIR Accreditation No. 08-007679-002-2023
Valid from October 20, 2023 until October 19, 2026
Tax Identification No. 271-226-260
PTR No. 10081197
Issued on January 9, 2024 at Makati City

April 5, 2024
Makati City, Metro Manila

KEPWEALTH PROPERTY PHILS., INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022
(In Philippine Peso)

	Notes	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalent	7	**275,173,075**	106,761,862
Financial assets at fair value through profit or loss	8	**52,801,465**	237,779,472
Trade and other receivables	9	**10,021,277**	7,910,532
Due from related parties	15	**2,708,135**	3,401,490
Prepayments and other current assets	10	**17,739,827**	16,944,464
Total Current Assets		**358,443,779**	372,797,820
Non-current Assets			
Due from related parties — net of current portion	15	-	2,505,847
Investment properties — net	12	**353,407,367**	385,957,349
Property and equipment — net	11	**1,115,390**	1,656,774
Investment in trust accounts	13	**125,555,000**	75,555,000
Deferred taxes — net	24	**8,491,777**	4,583,468
Deferred input VAT	10	**658,712**	4,610,994
Total Non-current Assets		**489,228,246**	474,869,432
TOTAL ASSETS		**847,672,025**	847,667,252
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Current Liability			
Trade and other payables	14	**32,922,822**	31,529,083
Non-current Liabilities			
Advance rent	22	**1,130,281**	1,130,281
Security deposits	22	**133,932**	133,932
Total Non-current Liabilities		**1,264,213**	1,264,213
TOTAL LIABILITIES		**34,187,035**	32,793,296
STOCKHOLDERS' EQUITY			
Capital Stock	16	**456,057,609**	456,057,609
Additional Paid-in Capital	16	**299,519,764**	299,519,764
Retained Earnings		**57,907,617**	59,296,583
TOTAL STOCKHOLDERS' EQUITY		**813,484,990**	814,873,956
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**847,672,025**	847,667,252

BIR - RR7A - QUEZON CITY RDO 040 - CUBAO RECEIVED APR 15 2024

(See Notes to the Financial Statements)

KEPWEALTH PROPERTY PHILS., INC.
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2023, 2022 and 2021

(In Philippine Peso)

	Notes	2023	2022	2021
REVENUES	17	**46,510,562**	49,788,191	55,128,026
COST OF SERVICES	18	**(39,328,676)**	(39,902,290)	(39,959,968)
GROSS PROFIT		**7,181,886**	9,885,901	15,168,058
OTHER INCOME	19	**11,270,328**	7,738,289	7,360,813
GROSS INCOME		**18,452,214**	17,624,190	22,528,871
OPERATING EXPENSES	20	**(23,541,991)**	(19,542,737)	(19,502,477)
INCOME (LOSS) BEFORE TAXES		**(5,089,777)**	(1,918,547)	3,026,394
INCOME TAX BENEFIT	23	**3,700,811**	1,449,953	94,521
NET INCOME (LOSS)		**(1,388,966)**	(468,594)	3,120,915
TOTAL COMPREHENSIVE INCOME (LOSS)		**(1,388,966)**	(468,594)	3,120,915
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	25	**(0.01)**	(0.00)	0.02

(See Notes to the Financial Statements)

KEPWEALTH PROPERTY PHILS., INC.
STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2023, 2022 and 2021

(In Philippine Peso)

	Note	Capital Stock	Additional Paid-in Capital	Retained Earnings	Total
Balances at January 1, 2021		456,057,609	299,519,764	56,644,262	**812,221,635**
Net income				3,120,915	**3,120,915**
Balances at December 31, 2021	*16*	**456,057,609**	**299,519,764**	**59,765,177**	**815,342,550**
Net loss				(468,594)	**(468,594)**
Balances at December 31, 2022	*16*	**456,057,609**	**299,519,764**	**59,296,583**	**814,873,956**
Net loss				(1,388,966)	**(1,388,966)**
Balances at December 31, 2023	*16*	**456,057,609**	**299,519,764**	**57,907,617**	**813,484,990**

(See Notes to the Financial Statements)

KEPWEALTH PROPERTY PHILS., INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023, 2022 and 2021
(In Philippine Peso)

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (Loss) before taxes		**(5,089,777)**	(1,918,547)	3,026,394
Adjustments for:				
Depreciation	11,12	**34,194,403**	34,540,395	34,711,202
Unrealized loss (gain) on FA @ FVTPL	8	**720,034**	(3,223,674)	(2,004,012)
Gain on reversal of provision for ECL	9	**-**	-	(1,089,473)
Interest income	19	**(5,285,776)**	(4,128,356)	(3,937,916)
Realized gain	8	**(6,294,986)**	(51,786)	-
Operating cash flows before changes in working capital		**18,243,898**	25,218,032	30,706,195
Decrease (Increase) in operating assets:				
Deferred input VAT		**3,952,282**	3,952,282	5,951,411
Trade and other receivables		**(2,110,745)**	(2,808,795)	11,023,580
Prepayments and other current assets		**(795,362)**	(1,435,219)	(7,437,987)
Increase (Decrease) in operating liabilities:				
Trade and other payables		**1,393,739**	4,236,484	(5,837,451)
Advance rent		**-**	(10,822)	(652,518)
Security deposits		**-**	(1,371,196)	(872,901)
Deferred credits		**-**	-	(16,649)
Cash generated from operations		**20,683,812**	27,780,766	32,863,680
Interest received	7	**799,210**	366,452	638,822
Income taxes paid		**(207,499)**	(110,329)	(106,725)
Net cash from operating activities		**21,275,523**	28,036,889	33,395,777
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of financial assets measured at FVTPL	8	**190,552,959**	70,619,455	-
Interest received	13,15	**4,486,566**	3,761,904	3,299,094
Loan payments received from related party	15	**3,202,716**	3,051,389	740,048
Loans given to related party	15	**-**	-	(9,500,000)
Purchase of financial assets measured at FVTPL	8	**-**	(70,619,455)	(232,500,000)
Advances to related parties	15	**(3,514)**	(43,527)	(155,247)
Purchase of property and equipment	11	**(162,767)**	(694,166)	(266,233)
Purchase of investment properties	12	**(940,270)**	(921,212)	(3,581,737)
Purchase of investment in trust accounts	13	**(50,000,000)**	-	-
Net cash from (used in) investing activities		**147,135,690**	5,154,388	(241,964,075)
CASH FLOW FROM FINANCING ACTIVITY				
Payment of advances from related parties	15	**-**	-	(412,662)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT		**168,411,213**	33,191,277	(208,980,960)
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	7	**106,761,862**	73,570,585	282,551,545
CASH AND CASH EQUIVALENT AT END OF YEAR	7	**275,173,075**	106,761,862	73,570,585

(See Notes to the Financial Statements)

KEPWEALTH PROPERTY PHILS., INC.
MAKATI CITY – PHILIPPINES

FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

AND

INDEPENDENT AUDITORS' REPORT

1. CORPORATE INFORMATION AND STATUS OF OPERATION

Kepwealth Property Phils., Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 2005. The principal activities of the Company are to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, maintain, administer, manage, and operate alone or jointly with others, or otherwise dispose of real property, such as but not limited to office, commercial, agricultural and residential properties, hotels, inns, resorts, apartments, or personal property of every kind and description.

On March 9, 2019, the SEC approved the amendment of the Company's Articles of Incorporation. The amendment includes the following:

- change in business purpose from engaging in real estate business, excluding land ownership, to investing, purchasing, or otherwise acquiring and owning, holding, using, selling, assigning, transferring, leasing, mortgaging, exchanging, maintaining, administering, managing and operating alone or jointly with others, or otherwise disposing of real property, such as but not limited to office, commercial, agricultural and residential properties, hotel inns, resorts, apartments, or personal property of every kind and description;

- change in authorized capital structure from 8,800,000 common shares at ₱10 par value a share and 53,200,000 preferred shares at ₱10 par value a share to 365,000,000 common shares at ₱1 par value a share and 255,000,000 preferred shares at ₱1 par value a share, respectively; and

- change of principal office to Unit IJ01-23 Burgundy Corporate Tower, 252 Sen. Gil Puyat Ave., Makati City

The change in authorized capital structure resulted to an increase in authorized common shares by 356,200,000. On the other hand, the authorized preferred shares have decreased due to reclassification of 277,000,000 preferred shares to common shares.

The Company's stockholders and Board of Directors (BOD) declared stock dividends of 49,000,000 common shares on January 30, 2019.

On the same date, the stockholders and the BOD authorized the Company to undertake an initial public offering (IPO) of its common shares with the Philippine Stock Exchange (PSE). Subsequently, on July 23, 2019 and July 24, 2019, the SEC and the PSE approved the Company's application for IPO.

On August 19, 2019, the Company's common shares were listed with the PSE. The Company offered 67,032,607 new common shares to the public at an offer price of up to ₱5.74 per share. Net proceeds from the IPO amounted to ₱359,985,297, net of offer expenses of ₱24,767,164.

The Company's office address is located at Unit IJ01-23 Burgundy Corporate Tower, 252 Sen. Gil Puyat Avenue, Makati City.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Philippine Financial and Sustainability Reporting Standards Council (FSRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term "PFRS" in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FSRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Company. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

2.01 New and Revised PFRSs With No Material Effect on Financial Statements

The following new and revised PFRSs have been adopted in these financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The definition of accounting estimates has been amended as follows: accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

  The amendment also clarifies the following:

  - Entities develop accounting estimates if accounting policies require items in separate financial statements to be measured in a way that involves measurement uncertainty.
  - A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
  - A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies*

  The amendments to PAS 1 are the following:

  - an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
  - several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

The amendments also clarify the following:

- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's separate financial statements would need it to understand other material information in the separate financial statements; and
- if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

The effects of the Amendment to PAS 1 are considered in Material Accounting Policies in Note 4.

- Amendment to PAS 12, *"Deferred tax related to assets and liabilities arising from a single transaction"*

  The amendments introduce an exception to the initial recognition exemption (IRE) in PAS 12. Additional exclusions have been added to the IRE, detailed in paragraphs 15(b)(iii) and 24(c) for deferred tax liabilities and assets respectively. The effects of these amendments essentially mean that the IRE is not available for transactions which involve the recognition of both an asset and liability – which in turn leads to equal and opposite temporary differences – such that deferred taxes are calculated and booked for both temporary differences, both at initial recognition and subsequently. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

  The initial recognition exemption was initially included within PAS 12 to prevent a lack of reporting transparency for transactions which are not business combinations and, at the time of the transaction, do not affect either accounting or taxable profits. Under this exemption, deferred tax assets/liabilities would neither be recognized at initial recognition of the underlying asset/liability, nor subsequently.

  The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, the amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognized as assets at the beginning of the earliest comparative period presented.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, and disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

2.02 New and Revised PFRSs in Issue but Not Yet Effective

The Company will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, to have significant impact on the financial statements.

2.02.01 Standard Adopted by FSRSC and Approved by the Board of Accountancy (BOA)

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments to PAS 1 are the following:

  - clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
  - clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
  - make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

  The amendments defer the effective date of the January 2020 Classification of Liabilities as Current or Non-Current (Amendments to PAS 1) to annual reporting periods beginning on or after January 1, 2024, with early application permitted.

- Amendments to PAS 7 and PFRS 7, *Supplier Finance Arrangements*

  The amendments introduce new disclosure requirements to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2024, with early application permitted.

- Amendments to PAS 1, *Non-current Liabilities with Covenants*

  The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. Additional disclosures are required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2024, with early application permitted.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments clarify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2024, with early application permitted.

- PFRS 17, *Insurance Contracts*

  PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin. It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

  PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Early application is permitted for entities that apply PFRS 9 Financial Instruments and PFRS 15 Revenue from Contracts with Customers on or before the date of initial application of PFRS 17.

  An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- Amendments to PFRS 17, *Insurance Contracts*

  The amendments cover the following areas:

  - Insurance acquisition cash flows for renewals outside the contract boundary;
  - Reinsurance contracts held—onerous underlying insurance contracts;
  - Reinsurance contracts held—underlying insurance contracts with direct participation features; and
  - Recognition of the contractual service margin in profit or loss in the general model.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2025.

- Amendment to PFRS 17, "*Initial Application of PFRS 17 and PFRS 9 – Comparative Information*"

  The amendment is a transition option relating to comparative information about financial assets presented on initial application of PFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and Insurance contract liabilities, and therefore Improve the usefulness of comparative information for users of financial statements.

  PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025.

2.02.02 Deferred

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

  The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its financial statements to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognize partial gains and losses if the assets do not constitute a business (i.e. up to the extent only of unrelated investor share).

  On January 13, 2016, the FSRSC decided to postpone the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

3.01 Statement of Compliance

The financial statements have been prepared in conformity with PFRS and are under the historical cost convention, except for certain financial instruments that are carried at amortized cost or at fair value.

3.02 Presentation and Functional Currency

Items included in the financial statements of the Company are measured using Philippine Peso (₱), the currency of the primary economic environment in which the Company operates (the "functional currency"). All information presented in Philippine Peso has been rounded to the nearest Peso, except when otherwise specified.

The Company chose to present its financial statements using its functional currency.

3.03 Current and Non-current Presentation

The Company classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within twelve (12) months after the reporting period; or
- The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

The Company classifies all other assets as non-current.

The Company classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve (12) months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

4. MATERIAL ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Company in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value the Company takes into consideration the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. In addition, it assumes that the transaction takes place either: (a) in the principal market; or (b) in the absence of a principal market, in the most advantageous market.

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

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

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

4.02 Financial Assets

4.02.01 Initial Recognition and Measurement

The Company recognizes a financial asset in its statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Except for trade receivables that do not have a significant financing component, at initial recognition, the Company measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

4.02.02 Classification

➢ Financial Asset at Amortized Cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

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

The Company's financial assets measured at amortized cost pertain to cash in banks, cash equivalent, trade and other receivables (except for advances to supplier), due from related parties, and investment in trust accounts.

a) Cash in Banks and Cash Equivalent

Cash in banks are deposits held at call with bank that are subject to insignificant risk of change in value and shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of three (3) months or less from the date of acquisition and are subject to an insignificant risk of change in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

b) Trade and Other Receivables, and Due from Related Parties

Trade and other receivables and due from related parties are measured at amortized cost using the effective interest method, less any impairment. Finance income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

c) Investment in Trust Accounts

Investments in trust accounts are initially recognized at the transaction price including transaction costs. Subsequently, these assets are measured at amortized cost less impairment.

- Financial Asset at Fair Value through Profit or Loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

The Company at initial recognition, irrevocably designates a financial asset as measured at fair value through profit or loss, because it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Company's financial asset at fair value through profit or loss pertains to investment in Unit Investment Trust Fund (UITF). The Company's financial assets at FVTPL are classified as held for trading that can be disposed within 12 months after the reporting period.

The Company has no financial assets measured at fair value through other comprehensive income in both years.

4.02.03 Effective Interest Method

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets and financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired.

4.02.04 Impairment of Financial Assets

The Company measures expected losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable assumption that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Company adopted the following approaches in accounting for impairment.

➢ Simplified Approach

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. The Company determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

➢ General Approach

The Company applies general approach to cash in banks, cash equivalent, other receivables (except for advances to suppliers), due from related parties and investment in trust accounts. At each reporting date, the Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. However, if the credit risk has not increased significantly, the Company measures the loss allowance equal to 12-month expected credit losses.

The Company compares the risk of default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, and inflation rates, the performance of the counterparties' industry, that is available without undue cost or effort, to determine whether there is a significant increase in credit risk or not since initial recognition.

The Company determines that there has been a significant increase in credit risk when there is a significant decline in the factors.

The Company assumes that the credit risk on financial instrument has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

The Company does not apply the 30 days past due rebuttable presumption because based on the Company's historical experience, credit risk has not increased significantly even the amounts are past due for more than 30 days.

The Company does not apply the 90 days past due rebuttable presumption in determining whether a financial asset is credit-impaired or not, since based on the Company's historical experience, past due amounts even over 90 days are still collectible.

If the Company has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date, that the credit quality improves (i.e. there is no longer a significant increase in credit risk since initial recognition), then the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

The Company performs the assessment of significant increases in credit risk on an individual basis by considering information that is indicative of significant increases in credit risk.

The Company determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

4.02.05 Derecognition

The Company derecognizes a financial asset when, and only when the contractual rights from the cash flows of the financial asset expired or it transfers the financial asset and the transfer qualifies for derecognition. The difference between the carrying amount and the consideration received shall be recognized in profit or loss.

4.02.06 Write-off

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

4.03 Financial Liabilities

4.03.01 Classification as Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Capital stock is classified as equity.

4.03.02 Financial Liabilities – Initial Recognition and Measurement

The Company recognizes a financial liability in its statements of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial liability at its fair value minus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the liability.

4.03.03 Classification

The Company classifies all financial liabilities as subsequently measured at amortized, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in a business combination.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statements of comprehensive income.

The Company's financial liabilities measured at amortized cost include trade and other payables (excluding advance rent, statutory payables and deferred credits) and security deposits.

4.03.04 Derecognition

The Company removes a financial liability (or part of a financial liability) from its statements of financial position when, and only when, it is extinguished (i.e. when the obligation in the contract is discharged or cancelled or has expired).

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4.03.05 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

4.04 Prepaid Income Tax

Prepaid income tax pertains to excess income taxes paid over the actual due under the provisions of the tax code as a result of withholding of taxes at income sources and prior year excess taxes carried over.

4.05 Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation including property under construction for such purposes, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and impairment loss.

Depreciation is computed using the straight-line method based on the estimated useful lives ranging from thirteen (13) to forty (40) years for condominium units and parking lots.

Initial leasing cost is capitalized as cost of investment properties and is amortized over the lease term on the same basis as leasing revenue.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in PFRS 15.

4.06 Impairment of Non-financial Assets

At each reporting date, the Company reviews the carrying amounts of that any assets other than, deferred tax assets and financial assets that are within the scope of PFRS 9, *Financial Instruments,* to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

4.07 Equity

Capital stock represents the nominal (par) value of shares that have been issued.

Additional paid-in capital represents the excess of proceeds and/or fair value of considerations received over the par value of the subscribed capital stock. Incremental costs directly attributable to the issuance of new shares are recognized as a deduction from equity, net of tax.

Retained earnings represent the cumulative balance of net income, net of any dividend declaration.

4.08 Employee Benefits

4.08.01 Short-term Employee Benefits

The Company recognizes a liability for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Short term employee benefits given by the Company to its employees include salaries and wages and other employee benefits.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

4.09 Revenue Recognition

The Company recognizes revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

4.09.01 Performance Obligations Satisfied Over Time

The Company transfers control of a service over time and, therefore, satisfies a performance obligation and recognizes revenue over time if the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

Revenue recognized over time encompasses revenue from property administration fee and leasing commission.

4.09.02 Rental Income

The Company's policy for recognition of revenue from operating leases is described in Note 4.12.

4.09.03 Interest Income

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

4.10 Cost and Expense Recognition

Cost and expenses are recognized in the statements of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase has arisen that can be measured reliably.

4.10.01 Cost of Services

Cost of services are recognized as expense when the related services are rendered.

4.10.02 Operating Expenses

Operating expenses constitute costs of administering the business and costs incurred to sell and market services. These are expensed as incurred.

4.11 Leases

The Company assessed at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.11.01 The Company as a Lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

4.12 Related Parties and Related Party Transactions

A related party is a person or entity that is related to the Company that is preparing its financial statements. A person or a close member of that person's family is related to Company if that person has control or joint control over the Company, has significant influence over the Company, or is a member of the key management personnel of the Company or of a parent of the Company.

An entity is related to the Company if any of the following conditions applies:

- The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- Both entities are joint ventures of the same third party;

- One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- The entity is controlled or jointly controlled by a person identified above;
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- Management entity providing key management personnel services to a reporting entity.

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Company and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependents of that person or that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

4.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

4.13.01 Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provision recognized are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgment of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

4.13.02 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in a business combination) assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4.13.03 Current and Deferred Tax for the Period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax-effect is included in the accounting for business combination.

4.14 Earnings Per Share

The Company computes its basic earnings per share by dividing net income or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, profit or loss attributable to ordinary equity holders of the Company, and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

4.15 Segment Reporting

Operating segments are components of the Company: (a) that engage in business activities from which this may earn revenue and incur expenses; (b) whose operating results are regularly reviewed by the Company's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

4.16 Changes in Accounting Policies

The adoption of the new and revised standards and interpretations disclosed in Note 2.01 was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

The preparation of the financial statements in accordance with PFRS requires the Company to make judgments, accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments, accounting estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.01 Judgments

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

5.01.01 Determining the Classification of Financial Assets

Classification of financial assets under PFRS 9 depends on the results of the business model test and sole payment of principal and interest (SPPI) test performed by the Company.

The Company exercises judgment in determining the business model to be used in managing its financial instruments to achieve its business objectives. The Company also determines whether the contractual terms of financial assets at amortized cost give rise to specified dates to cash flows that are solely payments for principal and interest, with interest representing time value of money and credit risk associated with the outstanding principal amount. Any other contractual term that changes the timing or amount of cash flows does not meet the SPPI test.

Management assessed that the contractual terms of its financial assets excluding financial assets at FVTPL, are solely payments of principal and interest and consistent with basic lending arrangement.

As of December 31, 2023 and 2022, the Company's financial assets measured at amortized cost amounted to ₱412,416,563 and ₱194,943,838 respectively, as disclosed in Note 27.02.

5.01.02 Determining the Operating Segments

Determination of operating segments is based on the information about components of the Company that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segment and assess its performance.

The Company determined that its operating segments are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

5.01.03 Determining whether or not a Contract Contains a Lease

Management assessed that the lease of properties by the Company did not qualify as a lease since the contract did not contain an identified asset, the Company has right to retained substantially all of the economic benefits, and the Company has right to direct the use of the identified asset throughout the period of use of lessee.

5.01.04 Determining the Classification of Leases - The Company as a Lessor

The Company classifies leases in accordance with the substance of the contractual agreement and the transfer of the risks and benefits incidental to the ownership of the leased property. Leases, where management has determined that the risks and rewards related to the leased property are transferred to the Company, are classified as finance leases. On the other hand, leases entered into by the Company, where management has determined that the risks and rewards of the leased property are retained with the lessor, are accounted for as operating leases.

The Company entered into a number of operating lease agreements as a lessor. As a lessor, the Company has determined that it retains substantially all the risks and rewards of ownership of the assets being leased out under operating lease agreements.

Rental income from lease of properties amounted to ₱46,510,562, ₱49,788,191 and ₱55,119,445 in 2023, 2022 and 2021, respectively, as disclosed in Notes 12 and 17.

5.01.05 Determining whether or not it is Reasonably Certain that an Extension Option will be Exercised

Lease term is the non-cancellable period for which the Company has the right to use an underlying asset including optional periods when the Company is reasonably certain to exercise an option to extend (or not terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term should be included in the lease term if it is reasonably certain that the lessee will exercise the option and the option is enforceable. The Company is required to reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

For lease contracts of office space, Management assessed that it is reasonably certain that it will not exercise the extension option.

5.01.06 Assessment of Timing of Satisfaction of Performance Obligations

The Company satisfies a performance obligation by transferring control of a promised good to the customer, which could occur over time or at a point in time.

Management assessed that performance obligation is satisfied over time if the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

In 2023, 2022 and 2021 revenue from leasing commission amounted to nil, nil, and ₱8,581, respectively, as disclosed in Note 15 and 17.

5.01.07 Assessment of the Transaction Price and the Amounts Allocated to Performance Obligations

A performance obligation is a vendor's promise to deliver a good that is 'distinct' from other services identified in the contract.

Management assessed that the allocation of transaction price to performance obligations is not applicable since there is only one performance obligation for each contract with a customer which is to render service.

5.01.08 Assessment of 30 days Rebuttable Presumption

The Company determines when a significant increase in credit risk occurs on its financial assets based on its credit management practice.

Management believes that the 30 days rebuttable presumption on determining whether there is a significant increase in credit risk in financial assets is not applicable because based on the Company's historical experience, credit risk has not increased significantly even the amounts are past due for more than 30 days.

5.01.09 Assessment of 90 days Rebuttable Presumption

The Company determines when a default occurs on its financial assets based on its credit management practice.

Management believes that the 90 days rebuttable presumption on determining whether financial assets are credit impaired is not applicable since based on Company's policy, loans at default for more than 90 days are still collectible.

<u>*5.01.10 Distinction between Property and Equipment and Investment Properties*</u>

The Company determines whether a property qualifies as investment properties. In making its judgments, the Company considers whether the property generates cash flows largely independent of the other assets held by the entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

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

The Company classified the condominium units and parking slots and initial leasing cost as investment properties because these are held for rentals. Accordingly, the carrying amounts of investment properties amounted to ₱353,407,367 and ₱385,957,349 as of December 31, 2023 and 2022, respectively, as disclosed in Note 12.

<u>*5.01.11 Assessment of Principal-Agency Arrangement*</u>

When another party is involved in providing goods or services to a customer, the entity shall determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (ie the entity is a principal) or to arrange for the other party to provide those goods or services (ie the entity is an agent) to which it expects to be entitled in exchange for those services transferred.

In 2023, 2022 and 2021, the Company assessed that it is acting as agent and recognized lease commission from principal-agency relationship amounting to nil, nil, and ₱8,581, respectively, as disclosed in Note 15 and 17.

5.02 Key Sources of Estimation Uncertainties

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

<u>*5.02.01 Residual Values, Useful Lives and Depreciation Method of Property and Equipment and Investment Properties*</u>

The residual values, useful lives and depreciation method of the Company's property and equipment and investment properties are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date.

The useful lives of the Company's assets are estimated based on the period over which the assets are expected to be available for use. In determining the useful life of an asset, the Company considers the expected usage, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output and legal or other limits on the use of the Company's assets. In addition, the estimation of the useful lives is based on Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

A reduction in the estimated useful lives of office equipment would increase the recognized operating expenses and decrease non-current assets.

The Company uses a depreciation method that reflects the pattern in which it expects to consume the asset's future economic benefits. If there is an indication that there has been a significant change in the pattern used by which a Company expects to consume an asset's future economic benefits, the Company shall review its present depreciation method and, if current expectations differ, it shall change the depreciation method to reflect the new pattern.

In both years, Management assessed that there are no indications of a significant change in pattern used by the Company to consume the property and equipment and investment properties' future economic benefit.

As of December 31, 2023 and 2022, the carrying amounts of property and equipment and investment properties amounted to ₱354,522,757 and ₱387,614,123, respectively, as disclosed in Notes 11 and 12.

5.02.02 Asset Impairment

The Company performs an impairment review when certain impairment indicators are present. Determining the fair value of advances to suppliers presented under 'trade and other receivables', prepayments and other current assets, investment properties, property and equipment and deferred input VAT requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets and requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude advances to suppliers, prepayments and other current assets, investment properties, property and equipment and deferred input VAT are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

In both years, Management assessed that no indicators of impairment had existed on its advances to suppliers presented under 'trade and other receivables', prepayments and other current assets, investment properties, property and equipment and deferred input VAT. As of December 31, 2023 and 2022, the carrying amounts of the aforementioned assets amounted to ₱373,936,479 and ₱410,334,733, respectively, as disclosed in Notes 9, 10, 11 and 12.

5.02.03 Estimating the Expected Credit Losses on Other Financial Assets at Amortized Cost

The Company determines ECL on its other financial assets at amortized cost using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over their expected lives. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors: (a) actual or expected external and internal credit rating downgrade; (b) existing or forecasted adverse changes in business, financial or economic conditions; and (c) actual or expected significant adverse changes in the operating results of the debtor.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the debtor.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2023, 2022 and 2021.

As of December 31, 2023 and 2022, carrying amounts of the Company's financial assets measured at amortized cost amounted to ₱412,416,563 and ₱194,943,838 respectively, as disclosed in Note 27.02.

The Company estimates ECL on trade receivables using a provision matrix that is based on the days past due for groupings of various customer segments that have similar loss patterns. Depending on the diversity of its debtor's base, the Company uses its historical credit loss experience adjusted for forward-looking factors, as appropriate and macro-economic factors. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual experience.

In 2023 and 2022, the Management believes that there is no credit provision required, thus, no additional provision was recognized. In 2021, Management believes that there are indications for a significant change in credit quality and the amounts are still considered recoverable, thus, a gain on reversal of provision for expected credit loss amounting to ₱1,089,473 has been recognized, as disclosed in Note 19.

As of December 31, 2023 and 2022 the carrying amount of trade receivables amounted to ₱7,975,832 and ₱5,731,285, respectively, as disclosed in Note 9.

<u>5.02.04 Estimating Recoverability of Deferred Tax Assets (DTA)</u>

The Company reviews the carrying amounts at each reporting date and reduces DTA to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the DTA to be utilized.

In both years, Management believes that deferred tax assets are fully recoverable prior to its expiration.

The Company recognized DTA amounting to ₱8,558,378 and ₱5,861,792, as of December 31, 2023 and 2022, respectively, as disclosed in Note 24.

<u>5.02.05 Determining Fair Value of Financial Assets and Liabilities</u>

The Company carries some of its financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. In addition, certain liabilities acquired through debt exchange and restructuring are required to be carried at fair value at the time of the debt exchange and restructuring. While significant components of fair value measurement were determined using verifiable objective evidence, i.e., foreign exchange rates, interest rates, volatility rates, the amount of changes in fair value would differ if the Company utilized different valuation methodology. Any changes in fair value of these financial assets and liabilities would affect directly the profit or loss and equity.

Fair value of the Company's financial assets and liabilities are disclosed in Note 26.

(In Philippine Peso)

5.02.06 Estimation of Retirement Liability

Management has reviewed its obligation for retirement benefit cost in view of the requirements under Republic Act (RA 7641). Management has assessed that current employees have not meet the minimum requirements under RA 7641 to be eligible for retirement benefits. Accordingly, no provision for retirement benefit cost is recognized in the financial statements as of December 31, 2023 and 2022. Management however will continue to have a yearly assessment of its obligations, if any, to pay retirement benefit costs.

6. INITIAL PUBLIC OFFERING

On August 19, 2019, the Company's common shares were listed with the PSE. The Company offered 67,032,607 new common shares to the public at an offer price of up to ₱5.74 per share. Net proceeds from the IPO amounted to ₱360 million net of offer expenses of ₱24.8 million, as disclosed in Note 1.

In 2023 and 2022, no disbursements and applications were made.

The unapplied proceeds from the IPO of ₱170,452,249 as at December 31, 2023 is maintained in various current and saving accounts and highly liquid investments. It will be used to fund key property acquisitions for leasing purposes.

Management evaluated and believed that it is to the best interest of its Shareholders that the Company remain conservative in its investment in capital acquisition as the projected return on investments are unacceptable at this time.

7. CASH AND CASH EQUIVALENT

Cash at the end of the reporting period as shown in the statements of cash flow can be reconciled to the related items in the statements of financial position:

		2023		2022
Cash in banks	₱	**273,461,410**	₱	100,657,009
Cash equivalent		**1,685,924**		6,079,112
Cash on hand		**25,741**		25,741
	₱	**275,173,075**	₱	106,761,862

Cash in banks earns interest at the respective bank deposit rates. Cash equivalent has a maturity of less than three months and with annual interest ranging from 3% to 4%.

Included in the cash in banks is the restricted unapplied proceeds amounting to ₱170,452,249 as at December 31, 2023 for the Initial Public Offering, as disclosed in Note 6.

Interest income earned from bank deposits amounted to ₱597,298, ₱161,622 and ₱564,540 in 2023, 2022 and 2021, respectively, as disclosed in Note 19.

Interest income earned from cash equivalent amounted to ₱201,912, ₱204,830 and ₱74,282 in 2023, 2022 and 2021, respectively, as disclosed in Note 19.

(In Philippine Peso)

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company's financial assets at fair value through profit or loss (FVTPL) includes the following investments:

		2023		2022
Sun Life Prosperity Peso Starter Fund, Inc (Sun Life)	₱	**52,801,465**	₱	135,590,600
China Bank Short-term Fund (China Bank)		**-**		102,188,872
	₱	**52,801,465**	₱	237,779,472

An analysis of the Company's financial assets at fair value through profit or loss is as follows:

		China Bank		RCBC		Sun Life		Total
January 1, 2022								
Cost	₱	100,923,852	₱	70,567,669	₱	63,012,491	₱	**234,504,012**
Additions		-		-		70,619,455		**70,619,455**
Disposal		-		(70,567,669)		-		**(70,567,669)**
Unrealized gain (Note 19)		1,265,020		-		1,958,654		**3,223,674**
December 31, 2022		**102,188,872**		-		**135,590,600**		**237,779,472**
Disposal		(102,188,872)		-		(82,069,101)		**(184,257,973)**
Unrealized loss (Note 19)		-		-		(720,034)		**(720,034)**
December 31, 2023	₱	-	₱	-	₱	**52,801,465**		**52,801,465**

In 2023, the Company's investment was redeemed with China Bank and Sun Life with a proceed amounting to ₱190,552,959 resulting to a realized gain of ₱6,294,986, as disclosed in Note 19. The proceed was then deposited to the banks.

In 2022, the Company's investment with RCBC was redeemed with a proceed amounting to ₱70,619,455 resulting to a realized gain of ₱51,786, as disclosed in Note 19. The proceed was then used to make additional investment to Sun Life for the same amount.

The Company's financial assets at FVTPL are classified as held for trading that can be disposed within 12 months after the reporting period.

9. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables consist of:

		2023		2022
Trade receivables	₱	**7,975,832**	₱	5,731,285
Advances to suppliers		**1,015,183**		1,165,152
Staff advances		**818,981**		771,704
Accrued rent (Note 22)		**57,274**		189,571
Others		**154,007**		52,820
	₱	**10,021,277**	₱	7,910,532

Trade receivables are non-interest bearing and are generally collectible in the succeeding month.

Advances to suppliers are payments made in advance by the Company to its contractors for its office improvements.

Others pertains to association dues receivables from the lessee.

(In Philippine Peso)

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

In 2023 and 2022, the Management believes that there is no credit provision required, thus, no additional provision was recognized. In 2021, Management believes that there are indications for a significant change in credit quality and the amounts are still considered recoverable, thus, a gain on reversal of provision for expected credit loss amounting to ₱1,089,473 has been recognized, as disclosed in Note 19.

Trade receivables disclosed above include amounts which are past due at the end of the reporting period but against which the Company has not recognized an allowance for estimated credit losses because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral or other credit enhancements over these balances, nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Aging of accounts that are past due but not credit-impaired during 2023 and 2022 is as follows:

		2023		2022
1 – 30 days outstanding/ past due	₱	**915,426**	₱	347,674
31 – 60 days outstanding/ past due		**865,967**		554,567
61 – 90 days outstanding/ past due		**665,829**		300,547
over 90 days outstanding/ past due		**5,528,610**		2,401,515
	₱	**7,975,832**	₱	3,604,303

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Management believe that there is no further credit required to be recognized in excess of the allowance for expected credit losses.

10. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the Company's prepayments and other current assets are shown below:

		2023		2022
Prepaid income tax	₱	**10,239,520**	₱	7,961,056
Prepaid expenses		**3,533,999**		4,876,313
Deferred input VAT		**3,952,283**		3,952,283
Input VAT		**14,025**		154,812
	₱	**17,739,827**	₱	16,944,464

Prepaid income tax pertains to excess income taxes paid over the actual due under the provisions of the tax code as a result of withholding of taxes at income sources and prior year excess taxes carried over.

Prepaid expenses include advance payment for condominium dues and real property taxes.

Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services, including the use or lease of properties. Deferred input VAT is presented net of non-current portion amounting to ₱658,712 and ₱4,610,994 as of December 31, 2023 and 2022, respectively.

(In Philippine Peso)

11. PROPERTY AND EQUIPMENT – net

The carrying amounts of the Company's property and equipment is as follows:

2023		Office Improvements		Office Equipment		Total
Cost						
Balance, January 1	₱	2,990,120	₱	636,019	₱	3,626,139
Additions		125,000		37,767		162,767
Balance, December 31		3,115,120		673,786		3,788,906
Accumulated Depreciation						
Balance, January 1		1,392,127		577,238		1,969,365
Depreciation (Note 20)		643,426		60,725		704,151
Balance, December 31		2,035,553		637,963		2,673,516
Carrying Amount	₱	1,079,567	₱	35,823	₱	1,115,390

2022		Office Improvements		Office Equipment		Total
Cost						
Balance, January 1	₱	2,295,954	₱	636,019	₱	2,931,973
Additions		694,166		-		694,166
Balance, December 31		2,990,120		636,019		3,626,139
Accumulated Depreciation						
Balance, January 1		838,886		397,036		1,235,922
Depreciation (Note 20)		553,241		180,202		733,443
Balance, December 31		1,392,127		577,238		1,969,365
Carrying Amount	₱	1,597,993	₱	58,781	₱	1,656,774

All additions to property and equipment for 2023 and 2022 were paid for in cash.

The Company has no property and equipment with restricted title nor that are pledged as security for liabilities.

In 2023, 2022 and 2021, depreciation expense of property and equipment amounted to ₱704,151, ₱733,443 and ₱660,293.

In both years, the Company determined that there is no indication that impairment has occurred on its property and equipment.

(In Philippine Peso)

12. INVESTMENT PROPERTIES – net

The carrying amounts of the Company's investment properties are as follows:

	2023		
	Condominium Units and Parking Slots	**Initial Leasing Cost**	**Total**
Cost			
Balance, January 1	₱ 843,679,017	₱ 7,201,710	₱ 850,880,727
Additions	724,894	215,376	940,270
Balance, December 31	844,403,911	7,417,086	851,820,997
Accumulated Depreciation			
Balance, January 1	457,985,380	6,937,998	464,923,378
Depreciation (Note 18)	33,220,290	269,962	33,490,252
Balance, December 31	491,205,670	7,207,960	498,413,630
Carrying Amount	₱ 353,198,241	₱ 209,126	₱ 353,407,367

	2022		
	Condominium Units and Parking Slots	Initial Leasing Cost	Total
Cost			
Balance, January 1	₱ 843,197,481	₱ 6,762,034	₱ 849,959,515
Additions	481,536	439,676	921,212
Balance, December 31	843,679,017	7,201,710	850,880,727
Accumulated Depreciation			
Balance, January 1	424,788,288	6,328,138	431,116,426
Depreciation (Note 18)	33,197,092	609,860	33,806,952
Balance, December 31	457,985,380	6,937,998	464,923,378
Carrying Amount	₱ 385,693,637	₱ 263,712	₱ 385,957,349

This account consists mainly of condominium units and parking slots at Kepwealth Center (previously Keppel Center) located in Cebu Business Park, Cebu City. These units are being leased-out to third parties with lease terms ranging from one (1) to six (6) years. This also includes initial leasing cost which consists of unamortized portion of commission incurred for lease transactions.

In 2023 and 2022, additions were paid in cash.

No investment property have been pledged as security for liabilities and there were no contractual commitments for the acquisition of investment property except for the additions of ₱724,895 and ₱481,536 in 2023 and 2022, respectively.

The property rental income earned by the Company from its investment properties, all of which is leased out under operating leases, amounted to ₱46,510,562, ₱49,788,191 and ₱55,119,445 in 2023, 2022 and 2021, respectively, as disclosed in Note 17.

The investment properties are leased out to outside parties to earn rental.

(In Philippine Peso)

In both years, no significant change in fair value of its investment properties since the latest appraisal, thus Management believes that the fair value approximates ₱869,200,000 which is based on the appraisal of an accredited independent appraiser. The latest appraisal report is dated July 6, 2018.

In both years, the Company determined that there is no indication that impairment has occurred on its investment properties.

13. INVESTMENT IN TRUST ACCOUNTS

The Company invested in trust accounts held by local banks aggregating to ₱125,555,000. The trustee-banks in turn invested in preferred shares of San Miguel Corporation which yields interest of 4.50% to 4.75% with a tenor of three (3) – five (5) years.

As of December 31, 2023 and 2022, investment in trust accounts amounted to ₱125,555,000 and ₱75,555,000. Interest income amounting to ₱4,280,272, ₱3,404,283 and ₱3,186,889 was received in 2023, 2022 and 2021, respectively, as disclosed in Note 19.

14. TRADE AND OTHER PAYABLES

The components of trade and other payables account are as follows:

	Note	2023	2022
Trade payable		₱ **6,532,803**	₱ 6,029,005
Security deposits	22	**19,646,614**	18,723,535
Advance rent	22	**4,744,138**	4,984,241
Accrued expenses		**1,772,075**	1,502,916
Deferred credits	22	**8,492**	8,492
Statutory payables		**-**	62,194
Miscellaneous		**218,700**	218,700
		₱ **32,922,822**	₱ 31,529,083

The average credit period on purchases of certain goods from suppliers is thirty (30) days. No interest is charged on trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Accrued expenses include condominium dues, professional fees, taxes and licenses, salaries, utilities, directors and management fee and commission. Accrued expenses are normally settled within one (1) year.

Statutory payables include output VAT, withholding taxes and government contributions, which are normally settled within the next month.

(In Philippine Peso)

15. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its related parties are disclosed below:

Related Party	Nature of Transactions	Year		Transaction during the period		Due from (due to) Related Parties
Entities under common control	Contracted services	**2023**	₱	**2,993,818**	₱	**-**
		2022		2,993,818		-
	Commission expense	**2023**		**269,962**		**-**
		2022		609,860		-
	Condominium dues	**2023**		**14,028,447**		**-**
		2022		10,968,550		-
	Leasing revenue	**2023**		**-**		**-**
		2022		435,600		-
	Management income	**2023**		**329,412**		**-**
		2022		329,412		-
	Noninterest-bearing cash advances	**2023**		**3,514**		**202,288**
		2022		43,527		198,774
	Loans	**2023**		**-**		**2,505,847**
		2022		-		5,708,563
Stockholders	Director's fees	**2023**		**140,000**		**-**
		2022		164,000		-
		2023			₱	**2,708,135**
		2022			₱	5,907,337

The Company in its regular conduct of business entered into transactions with related parties to augment its working capital requirements which principally consist of advances and reimbursement of expenses.

15.01 Significant Contract Agreement

Loan Contracts

In 2021, the Company has entered into loan agreement with its related party under common control. Details of the account is as follows:

		2023		2022
Balance as of January 1	₱	**5,708,563**	₱	8,759,952
Principal received		**(3,202,716)**		(3,051,389)
Interest income		**206,294**		357,621
Interest received		**(206,294)**		(357,621)
Balance as of December 31		**2,505,847**		5,708,563
Current portion		**2,505,847**		3,202,716
Non-current portion	₱	**-**	₱	2,505,847

These amounts are with 5% interest, unsecured and will be settled in cash within three (3) years. No provisions have been made for expected credit losses in respect of the amounts owed by related party.

Management Agreements

The Company has entered into management agreements with related parties under common control as follows:

- Operational, financial and administration services agreement for a fixed monthly fee. Management income amounted to ₱329,412 in 2023, 2022 and 2021, respectively, as disclosed in Note 19; and
- Asset management for a fixed monthly fee starting March 2019. Total management revenue amounted to nil in 2023, 2022 and 2021.
- Commission agreement for a predetermined fee. Lease commission which is included as part of asset management revenue amounted to nil, nil and ₱8,581 in 2023, 2022 and 2021, respectively, as disclosed in Note 17.

Service Agreements

On March 1, 2019, the Company entered into a service agreement with a related party under common control for a fixed monthly fee. The services rendered to the Company include finance, human resources, information and communication technology and internal audit services.

The agreement is for a period of five years and is renewable upon mutual agreement by the parties. Contracted services amounted to ₱2,993,818, ₱2,993,818 and ₱2,996,968 in 2023, 2022 and 2021, respectively, as disclosed in Note 20.

Other transactions

Aside from those mentioned above the following is the nature of the remaining transactions:

- Commission expense pertains to amortization of initial leasing cost.
- Condominium dues are the amount paid by the Company to condominium unit owners for maintenance and communal expenses.
- Non-interest bearing cash advances pertains to cash granted to related party to finance its working capital requirements.

Terms and Conditions of Transactions with Related Parties

Unless stated, transactions with related parties under common control are non-interest bearing, unsecured, will be settled in cash and are either payable on demand or settled within one year.

15.02 Remuneration of Key Management Personnel

The remuneration to the key management personnel paid by the Company in the form of short-term benefits amounted to ₱3,140,000 and ₱3,118,384 for the years ended December 31, 2023 and 2022, respectively.

(In Philippine Peso)

16. ISSUED CAPITAL

The issued capital of the Company are as follows:

	2023	2022	2021
Capital stock	₱ **456,057,609**	₱ 456,057,609	₱ 456,057,609
Additional paid-in capital	**299,519,764**	299,519,764	299,519,764
	₱ **755,577,373**	₱ 755,577,373	₱ 755,577,373

Components of capital stock are as follows:

	2023	2022	2021
Preference shares	₱ **255,000,000**	₱ 255,000,000	₱ 255,000,000
Ordinary shares	**201,057,609**	201,057,609	201,057,609
	₱ **456,057,609**	₱ 456,057,609	₱ 456,057,609

16.01 Ordinary Shares

Shown below are the details on the movements of ordinary shares:

	2023		2022		2021	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Authorized ₱1 par value	**365,000,000**	₱ **365,000,000**	365,000,000	₱ 365,000,000	365,000,000	₱ 365,000,000
Issued and fully paid	**201,057,609**	₱ **201,057,609**	201,057,609	₱ 201,057,609	201,057,609	₱ 201,057,609

Ordinary shares carry one vote per share and carry a right to dividends.

16.02 Preference Shares

The movements in the carrying amount of the Company's preference shares are shown below:

	2023		2022		2021	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Authorized ₱1 par value	**255,000,000**	₱ **255,000,000**	255,000,000	₱ 255,000,000	255,000,000	₱ 255,000,000
Issued and fully paid	**255,000,000**	₱ **255,000,000**	255,000,000	₱ 255,000,000	255,000,000	₱ 255,000,000

Preferred shares are non-voting, and redeemable at dates and in number of shares to be determined by the BOD.

(In Philippine Peso)

16.03 History of Registration of Securities

On March 9, 2019, the SEC approved the Company's change in authorized capital structure from 8,800,000 common shares at ₱10 par value a share and 53,200,000 preferred shares at ₱10 par value a share to 365,000,000 common shares at ₱1 par value a share and 255,000,000 preferred shares at ₱1 par value a share, respectively.

The change in authorized capital structure resulted to an increase in authorized common shares by 356,200,000. On the other hand, the authorized preferred shares have decreased due to reclassification of 277,000,000 preferred shares to common shares.

The Company's BOD and stockholders declared stock dividends of 49,000,000 common shares at ₱1 par value a share equivalent to ₱49,000,000 from the resulting increase in authorized common shares on January 30, 2019. The stock dividends were issued upon the approval of the change in authorized capital structure by the SEC.

On August 19, 2019, the Company's common shares were listed with the PSE. The Company offered 67,032,607 new common shares to the public at an offer price of up to ₱5.74 per share. Net proceeds from the IPO amounted to ₱360 million, net of offer expenses amounting to ₱24,767,164.

16.04 Additional Paid in Capital

Additional paid-in capital arising from issuance of shares amounted to ₱299,519,764 as of December 31, 2023, 2022 and 2021.

17. REVENUES

The Company derives its revenue from contracts with customers for lease of properties and services over time. This is consistent with the revenue information that is disclosed for each reportable segment under PFRS 8.

An analysis of the Company's revenues for the year is as follows:

	Notes		2023		2022		2021
Rental income	12	₱	**46,510,562**	₱	49,788,191	₱	55,119,445
Property administration fee	15		**-**		-		-
Leasing commission	15		**-**		-		8,581
		₱	**46,510,562**	₱	49,788,191	₱	55,128,026

18. COST OF SERVICES

Analysis of the Company's cost of services are as follows:

	Notes		2023		2022		2021
Depreciation	12	₱	**33,490,252**	₱	33,806,952	₱	34,050,909
Taxes and licenses			**3,227,915**		3,331,370		3,075,829
Salaries and wages	21		**2,425,070**		2,615,093		2,757,805
Repairs and maintenance			**185,439**		148,875		75,425
		₱	**39,328,676**	₱	39,902,290	₱	39,959,968

(In Philippine Peso)

19. OTHER INCOME

Components of other income (expense) are as follows:

	Notes		2023		2022		2021
Realized gain	8		**6,294,986**		51,786		-
Interest income			**5,285,776**		4,128,356	₱	3,937,916
Management fee	*15*		**329,412**		329,412		329,412
Penalties and charges			**80,188**		5,061		-
Unrealized gain (loss)	*8*		**(720,034)**		3,223,674		2,004,012
Reversal of provision for ECL	*9*		-		-		1,089,473
		₱	**11,270,328**	₱	7,738,289	₱	7,360,813

Penalties and charges mainly consist of forfeitures from pre-terminated lease contracts and gain from liability extinguishment.

Details of interest income are as follows:

	Notes		2023		2022		2021
Investment in trust accounts	*13*	₱	**4,280,272**	₱	3,404,283	₱	3,186,889
Cash in banks	*7*		**597,298**		161,622		564,540
Due from related parties	*15*		**206,294**		357,621		112,205
Cash equivalent	*7*		**201,912**		204,830		74,282
		₱	**5,285,776**	₱	4,128,356	₱	3,937,916

20. OPERATING EXPENSES

The account is composed of the following operating expenses:

	Notes		2023		2022		2021
Condominium dues	*15*	₱	**14,028,447**	₱	10,968,550	₱	9,270,820
Contracted services	*15*		**2,993,818**		2,993,818		2,996,968
Salaries, wages and employee benefits	*21*		**1,505,237**		1,383,576		1,465,570
Professional fees			**1,484,936**		1,289,631		1,512,949
Taxes and licenses			**1,414,835**		1,204,331		1,537,490
Depreciation – overhead	*11*		**704,151**		733,443		660,293
Penalties			**232,324**		255,249		620,184
Directors' fees	*15*		**140,000**		164,000		248,000
Subscription			**156,311**		111,042		243,204
Transportation and travel			**170,813**		66,218		69,836
Stationeries and supplies			**70,279**		53,643		34,780
Utilities			**66,116**		52,491		69,395
Repairs and maintenance			**61,200**		-		4,801
Registration and filing fees			**50,000**		60,808		-
Postage, telephone and communication			**41,609**		31,402		87,425
Representation and entertainment			**11,416**		5,694		29,819
Selling and marketing			-		26,250		-
Rent expense	*22*		-		-		41,220
Others			**410,499**		142,591		609,723
		₱	**23,541,991**	₱	19,542,737	₱	19,502,477

(In Philippine Peso)

Others pertain to miscellaneous expenses such as interest from BIR penalties, bank and other charges.

21. EMPLOYEE BENEFITS

21.01 Short-term Employee Benefits

Short-term employee benefits, as disclosed in Notes 18 and 20, are detailed as follows:

		2023		2022		2021
Salaries and wages	₱	**3,443,939**	₱	3,512,217	₱	3,852,432
Other employee benefits		**486,368**		486,452		370,943
	₱	**3,930,307**	₱	3,998,669	₱	4,223,375

22. LEASES

22.01 The Company as a Lessor

Operating leases relate to the investment property owned by the Company with lease terms of between one (1) to six (6) years. These were subjected to certain escalation clauses ranging from 3% to 10% per year.

The rental income earned by the Company from its investment properties, all of which is leased out under operating leases, amounted to and ₱46,510,562, ₱49,788,191 and ₱55,119,445, during 2023, 2022 and 2021, respectively, as disclosed in Note 17. Direct operating expenses arising on the investment properties amounted to ₱39,328,676, ₱39,902,290 and ₱39,959,968, during 2023, 2022 and 2021, respectively, as disclosed in Note 18. Accrued rent from straight-line adjustments in accordance with PFRS 16 amounted to ₱57,274 and ₱189,571 as of December 31, 2023 and 2022, as disclosed in Note 9.

At each reporting date, the Company had outstanding commitments for future minimum lease collections under non-cancellable operating leases, which fall due as follows:

		2023		2022
Not later than one (1) year	₱	**21,313,589**	₱	23,483,073
Later than one (1) year but not later than two (2) years		**1,404,480**		1,935,367
Later than two (2) years but not later than three (3) years		**1,335,360**		1,004,400
Later than three (3) years		**4,978,290**		-
	₱	**29,031,719**	₱	26,422,840

Advance rent presented in the statements of financial position received by the Company in relation to the lease agreements are classified as follows:

		2023		2022
Current (Note 14)	₱	**4,774,138**	₱	4,984,241
Noncurrent		**1,130,281**		1,130,281
	₱	**5,874,419**	₱	6,114,522

(In Philippine Peso)

Analysis of security deposits are as follows:

		2023		2022
Balance, January 1	₱	**18,857,467**	₱	17,871,042
Additions		**1,801,614**		1,824,010
Refund		**(878,535)**		(837,585)
Balance, December 31		**19,780,546**		18,857,467
Current portion (Note 14)		**19,646,614**		18,723,535
Non-current portion	₱	**133,932**	₱	133,932

Analysis of deferred credits is as follows:

		2023		2022
Balance, January 1	₱	**8,492**	₱	16,649
Amortization		**-**		(8,157)
Balance, December 31 (Note 14)	₱	**8,492**	₱	8,492

Amortization of deferred credits is recorded as part of revenue in the statements of comprehensive income.

22.02 The Company as a Lessee

22.02.01 Lease payments not recognized as a Liability

The Company has elected not to recognize a lease liability on its short-term rentals on office space with terms of one year. Payments made under such leases are expensed as incurred.

The contract of rentals on office space is renewable for another period for another term under such terms and conditions as shall be reasonably be agreed upon by the parties. Management assessed that it is reasonably certain that it will not exercise the extension option.

In 2023, 2022 and 2021, the Company recognized rent expense which amounted to nil, nil and ₱41,220, respectively, as disclosed in Note 20.

23. INCOME TAXES

23.01 Income Tax Recognized in Profit or Loss

Components of income tax expense (benefit) are as follows:

		2023		2022		2021
Current tax expense (benefit)	₱	**207,499**	₱	110,329	₱	(454,321)
Deferred tax expense (benefit)		**(3,908,310)**		(1,560,282)		359,800
	₱	**(3,700,811)**	₱	(1,449,953)	₱	(94,521)

(In Philippine Peso)

A numerical reconciliation between tax benefit and the product of accounting profit (loss) multiplied by the tax rates in 2023, 2022 and 2021 are as follows:

		2023		2022		2021
Accounting profit (loss)	₱	**(5,089,777)**	₱	(1,918,547)	₱	3,026,394
Tax expense at statutory rates	₱	**(1,272,444)**	₱	(479,637)	₱	756,599
Tax effect of non-deductible expenses:						
Penalties		**58,080**		63,812		155,046
Remeasurement of deferred tax assets and liabilities		-		-		563,831
Difference between OSD and itemized deduction		-		-		-
Effect of change in tax rates		-		-		(561,045)
Interest income subject to final tax		**(1,321,444)**		(1,032,089)		(984,480)
Derecognition of deferred tax liability		**(1,165,003)**		-		-
Others		-		(2,039)		(24,472)
	₱	**(3,700,811)**	₱	(1,449,953)	₱	(94,521)

Details of NOLCO from 2022 and 2023 are as follows:

Year Incurred		Amount		Applied Previous Year		Applied Current Year		Expired		Unapplied	Expiry Date
2022	₱	8,254,615		-	₱	-	₱	-	₱	8,254,615	2025
2023		9,476,415		-		-		-		9,476,415	2026
	₱	**17,731,030**	₱	-	₱	-	₱	-	₱	**17,731,030**	

Details of NOLCO covered by Revenue Regulation No. 25-2020 is as follows:

Year Incurred		Amount		Applied Previous Year		Applied Current Year		Expired		Unapplied	Expiry Date
2021	₱	**8,209,817**	₱	-	₱	-	₱	-	₱	**8,209,817**	2026

The Bureau of Internal Revenue (BIR) has recently issued Revenue Regulations (RR) No. 25-2020 to inform all concerned on the longer period for claiming NOLCO from taxable years 2020 and 2021.

Pursuant to Section 4 (bbb) of Bayanihan II and as implemented under RR No. 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three consecutive years only.

(In Philippine Peso)

Details of the Company's MCIT which can be claimed as tax credits against regular income tax are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2021	₱ 106,725	₱ -	₱ -	₱ -	₱ 106,725	2024
2022	110,329	-	-	-	110,329	2025
2023	207,499	-	-	-	207,499	2026
	₱ 424,553	**₱ -**	**₱ -**	**₱ -**	**₱ 424,553**	

24. DEFERRED TAXES – net

Components of deferred taxes is as follows:

	2023	2022
Deferred tax assets (Note 24.01)	₱ **8,558,378**	₱ 5,861,792
Deferred tax liabilities (Note 24.02)	**(66,601)**	(1,278,324)
	₱ **8,491,777**	₱ 4,583,468

24.01 Deferred Tax Assets

The components of the Company's deferred tax assets and their respective movements are as follows:

	Advance Rent	NOLCO	MCIT	Unrealized Loss	Total
Balance, January 1, 2021	₱ 1,755,110	₱ 2,052,454	₱ 106,725	₱ -	₱ **3,914,289**
Recognized in profit or loss	(226,480)	2,063,654	110,329	-	**1,947,503**
Balance, December 31, 2022	**1,528,630**	**4,116,108**	**217,054**	-	**5,861,792**
Recognized in profit or loss	(60,025)	2,369,104	207,499	180,008	**2,696,586**
Balance, December 31, 2023	**₱ 1,468,605**	**₱ 6,485,212**	**₱ 424,553**	**₱ 180,008**	**₱ 8,558,378**

24.02 Deferred Taxes Liabilities

The components of the Company's deferred tax liabilities and their respective movements are as follows:

	Initial Leasing cost	Accrued Rent	Unrealized Gain	Total
Balance, January 1, 2022	₱ 108,474	₱ 281,626	₱ 501,003	₱ **891,103**
Recognized in profit or loss	(42,546)	(234,233)	664,000	**387,221**
Balance, December 31, 2022	**65,928**	**47,393**	**1,165,003**	**1,278,324**
Recognized in profit or loss	(13,646)	(33,074)	(1,165,003)	**(1,211,723)**
Balance, December 31, 2023	**₱ 52,282**	**₱ 14,319**	**₱ -**	**₱ 66,601**

(In Philippine Peso)

25. EARNINGS PER SHARE

The Company's basic and diluted earnings (loss) per share from continuing operations were computed as follows:

Year Incurred		2023		2022		2021
Net income (loss)	₱	(1,388,966)	₱	(468,594)	₱	3,120,915
Divided by weighted average number of outstanding common shares:						
Balance at the beginning of year	₱	201,057,609	₱	201,057,609	₱	201,057,609
Issuance		-		-		-
	₱	201,057,609	₱	201,057,609	₱	201,057,609
Balance, December 31	₱	(0.01)	₱	(0.00)	₱	0.02

26. FAIR VALUE DISCLOSURES

26.01 Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated fair values of the Company's financial assets and financial liabilities as of December 31, 2023 and 2022 are presented below:

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash and cash equivalent	₱ 275,173,075	₱ 275,173,075	₱ 106,761,862	₱ 106,761,862
Trade and other receivables	9,006,094	9,006,094	6,745,380	6,745,380
Investment in trust accounts	125,555,000	125,555,000	75,555,000	75,555,000
Due from related parties	2,708,135	2,708,135	5,907,337	5,907,337
Financial assets at fair value through profit or loss	52,801,465	52,801,465	237,779,472	237,779,472
	₱ 465,243,769	₱ 465,243,769	₱ 432,749,051	₱ 432,749,051
Financial Liabilities:				
Trade payable	₱ 6,532,803	₱ 6,532,803	₱ 6,029,005	₱ 6,029,005
Security deposits	19,780,546	19,780,546	18,857,467	18,857,467
Accrued expenses	1,772,075	1,772,075	1,502,916	1,502,916
Other payables	218,700	218,700	218,700	218,700
	₱ 28,304,124	₱ 28,304,124	₱ 26,608,088	₱ 26,608,088

The carrying amounts of cash and cash equivalent, trade and other receivables (except advances to supplier), investment in trust accounts, due from related parties, trade payable, accrued expenses, and other payables approximate their respective fair values due to the short-term nature and maturities of the accounts.

The fair value of security deposits is based on discounted cash flow methodology using risk free rates similar borrowings with maturities consistent with those of liabilities being valued.

Financial asset measured at fair value in the statements of financial condition are categorized in accordance with the fair value hierarchy based on PFRS 7. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair values of financial assets and financial liabilities are determined as follows:

26.02 Fair Value Measurements Recognized in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2023 and 2022, financial asset at fair value through profit or loss is determined under Level 1 of the fair value hierarchy.

The fair value of the Company's fair value through profit or loss as of December 31, 2023 and 2022 amounted to ₱52,801,465 and ₱237,779,472, respectively.

26.02.01 Fair Value Hierarchy

The Company used Level 3 to value its investment property wherein inputs other than quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date, either directly or indirectly.

Fair value is the amount for which an asset could be exchanged, or a liability be settled, between knowledgeable, willing parties in an arm's length transaction.

The Management believes that the fair value of the Company's investment properties approximates ₱869,200,000. This has been arrived on the basis of a valuation carried out on July 6, 2018.

26.02.02 Valuation Techniques

The fair value was derived using the sales comparison approach. Sales comparison approach is a valuation technique that considers the sales of similar or substitute properties and related market data and establishes a value estimate by process involving comparison. Listings and offerings may also be considered. The properties used as a basis for comparison are situated within the subject building or in other comparable condominium buildings nearby.

26.02.03 Highest and Best Use

The Company's non-financial asset which composed of investment properties were currently held for rental. However, as of December 31, 2023 and 2022, the Company assessed the highest and best of the investment properties from the perspective of market participants. The investment properties in combination with other assets and liabilities could be developed for commercial purposes. The Company determined that the current use of the investment properties is the asset's highest and best use since the property being leased out to others is earning income and developing and converting the asset into a residential property would entail a high cost.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, including interest rate risk, credit risk, liquidity risk and cash flow interest rate risk.

The Corporate Treasury function reports quarterly to the Company's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

27.01 Interest Rate Risk Management

The Company's exposure to interest rate risk arises from its cash deposits in banks which are subject to variable interest.

The interest rate risk arising from deposits with banks is managed by means of effective investment planning and analysis and maximizing investment opportunities in various local banks and financial institutions.

Losses for the years 2023 and 2022, respectively, would not be affected since the Company has no borrowings at variable rate and interest rate risk exposure for cash in banks, which is subject to variable rate, is very immaterial.

27.02 Credit Risk Management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from cash in banks, cash equivalent, trade and other receivables (except advances to suppliers), investment in trust accounts and due from related parties, all measured at amortized cost.

The Company considers the following policies to manage its credit risk:

- Banks

  The Company transacts only with banks with investment grade credit rating. This information is supplied by independent rating agencies. The Company uses other publicly available information such as annual report to monitor the financial status of the banks. The Company assesses the current and forecast information of the banking industry and the macro-economic factors such as GDP, interest, and inflation rates to determine the possible impact to banks.

- Trade and other receivables

  The Company transacts only with creditworthy clients. The Company assesses payment profiles of the client, the current and forecast information of the clients' industry and the macro-economic factors such as GDP, interest, and inflation rates to determine the possible impact to clients.

- Due from related parties

  The Company transacts only with creditworthy counterparties. It is the Company's policy that all new counterparties undergo background investigation. The Company assesses the creditworthiness of each recurring counterparties before bidding for new projects. The acceptance or continuance of contract needs approval from the Management. The Company assesses the current and forecast information of the counterparties' industry and the macro-economic factors such as GDP, interest, and inflation to determine the possible impact to counterparties.

(In Philippine Peso)

Financial assets measured at amortized cost are as follows:

		2023		2022
Cash in banks	₱	**273,461,410**	₱	100,657,009
Cash equivalent		**1,685,924**		6,079,112
Trade and other receivables		**9,006,094**		6,745,380
Due from related parties		**2,708,135**		5,907,337
Investment in trust accounts		**125,555,000**		75,555,000
	₱	**412,416,563**	₱	194,943,838

The calculation of allowance for expected credit losses are based on the following three (3) components:

- Probability of Default (PD)

  PD is the likelihood over a specified period, usually 30 days for customers majority of which is its Parent company and one year for service providers that they will not be able to make scheduled repayments. PD depends not only on the counterpart's characteristics, but, also on the economic environment. PD may be estimated using historical data and statistical techniques.

- Loss Given Default (LGD)

  LGD is the amount of money a company loses when a customer defaults on a contract. The most frequently used method to calculate this loss is by comparing the actual total losses and the total amount of potential exposure sustained at the time that a contract goes into default.

- Exposure at Default (EAD)

  EAD is the total value a company is exposed to when a loan defaults. It refers to the gross carrying amount of financial asset.

The Company assessed that its exposure to credit risk is minimal. Trade receivables arise mainly from transactions with customers with good credit rating or bank standing. The Company regularly updates the status of accounts that remain uncollected beyond a reasonable period of time.

Further, the Company holds post-dated checks for most of its lease contracts to cover the trade receivables.

For due from related parties, management considers the current financial status of the related parties and their available assets to pay the outstanding receivables.

The Company's cash in banks and short-term investments are deposited with highly reputable and pre-approved financial institutions with good credit standing in the local banking industry thus the management assessed that the ECL from these financial assets are very minimal.

There are no significant concentrations of credit risks within the Company.

Significant Increase in Credit Risk. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and expert credit assessment and including forward-looking information. A significant increase in credit risk can be measured by comparing the probability of default of the borrower from the initial recognition and the result of the current probability of default.

Definition of Default. The Company considers a financial asset to be in default when a customer fails to pay the receivables in full or the receivable is more than 30 days past due.

(In Philippine Peso)

The table below presents the summary of the Company's gross maximum exposure to credit risk, before taking into consideration any collateral and credit enhancements, and shows the credit quality of the financial assets by indicating whether these are subjected to 12-month or lifetime ECL.

2023

	12-month ECL	**Lifetime ECL - Not Credit Impaired**	**Credit Impaired**	**Total**
Cash in banks	**₱ 273,461,410**	**₱ -**	**₱ -**	**₱273,461,410**
Cash equivalent	**1,685,924**	**-**	**-**	**1,685,924**
Trade and other receivables	**-**	**9,006,094**	**-**	**9,006,094**
Due from related parties	**2,708,135**	**-**	**-**	**2,708,135**
Investment in trust accounts	**125,555,000**	**-**	**-**	**125,555,000**
	₱ 403,410,469	**₱ 9,006,094**	**₱ -**	**₱412,416,563**

2022

	12-month ECL	Lifetime ECL - Not Credit Impaired	Credit Impaired	Total
Cash in banks	₱ 100,657,009	₱ -	₱ -	₱100,657,009
Cash equivalent	6,079,112	-	-	6,079,112
Trade and other receivables	-	6,745,380	-	6,745,380
Due from related parties	5,907,337	-	-	5,907,337
Investment in trust accounts	75,555,000	-	-	75,555,000
	₱ 188,198,458	₱ 6,745,380	₱ -	₱194,943,838

In 2023 and 2022, the Management believes that there is no credit provision required, thus, no additional provision was recognized. In 2021, Management believes that there are indications for a significant change in credit quality and the amounts are still considered recoverable, thus, a gain on reversal of provision for expected credit loss amounting to ₱1,089,473 has been recognized.

In both years, the Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2023, 2022 and 2021.

(In Philippine Peso)

27.03 Liquidity Risk Management

Liquidity risk relates primarily to the Company's working capital requirements. The Company aims to manage working capital and maintain flexibility in funding.

The Company monitors its cash position by a system of cash forecasting. All expected collections, cash disbursements and other payments are determined to arrive at the projected cash position.

The Company has an outstanding line of credit with a local bank, in case of the need for financing arises.

The following table summarizes the maturity profile of the Company's financial liabilities as at December 31, 2023 and 2022 based on contractual, undiscounted principal and interest payments:

2023

	Total	On Demand	One (1) Year And below	Greater than One (1) up to Five (5) Years
Trade payable	₱ 6,532,803	₱ –	₱ 6,532,803	₱ –
Security deposits	19,780,546	–	19,646,614	133,932
Accrued expenses	1,772,075	–	1,772,075	–
Other payables	218,700	218,700	–	–
	₱ 28,304,124	₱ 218,700	₱27,951,492	₱ 133,932

2022

	Total	On Demand	One (1) Year And below	Greater than One (1) up to Five (5) Years
Trade payable	₱ 6,029,005	₱ –	₱ 6,029,005	₱ –
Security deposits	18,857,467	–	18,723,535	133,932
Accrued expenses	1,502,916	–	1,502,916	–
Other payables	218,700	218,700	–	–
	₱ 26,608,088	₱ 218,700	₱26,255,506	₱ 133,932

(In Philippine Peso)

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

2023

	Total	On Demand	One (1) Year And below	Greater than One (1) up to Five (5) Years
Cash on hand	₱ 25,741	₱ 25,741	₱ –	₱ –
Cash in banks	273,461,410	273,461,410	–	–
Cash equivalent	1,685,924	–	1,685,924	–
Trade and other receivables	9,006,094	–	9,006,094	–
Investment in trust accounts	125,555,000	–	–	125,555,000
Due from related parties	2,708,135	–	202,589	2,505,546
Financial assets at fair value through profit or loss	52,801,465	–	52,801,465	–
	₱ 465,243,769	₱ 273,487,151	₱ 63,696,072	₱ 128,060,546

2022

	Total	On Demand	One (1) Year And below	Greater than One (1) up to Five (5) Years
Cash on hand	₱ 25,741	₱ 25,741	₱ –	₱ –
Cash in banks	100,657,009	100,657,009	–	–
Cash equivalent	6,079,112	–	6,079,112	–
Trade and other receivables	6,745,380	–	6,745,380	–
Investment in trust accounts	75,555,000	–	–	75,555,000
Due from related parties	5,907,337	198,774	3,202,716	2,505,847
Financial assets at fair value through profit or loss	237,779,472	–	237,779,472	–
	₱ 432,749,051	₱ 100,881,524	₱ 253,806,680	₱ 78,060,847

28. SEGMENT INFORMATION

The Company's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different market.

28.01 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, investment properties and property and equipment, among others. Segment liabilities include all operating liabilities and consist primarily of accounts and other payables.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating income or loss and is measured consistently with operating income in the financial statements.

(In Philippine Peso)

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. For management purposes, the Company is organized into business units based on the services rendered and has two reportable operating segments as follows:

28.01.01 Leasing
This segment includes leasing of condominium units and parking slots in Kepwealth Center (previously Keppel Center) located in Cebu Business Park, Cebu City.

28.01.02 Asset Management
This segment includes management of various properties located across Metro Manila and commission on every unit which will be leased out by the Company on these properties.

28.01.03 Corporate and Others
This segment pertains to the business segment which caters to the Company's investing activities other than leasing and asset management.

28.02 Business Segment Information

The following table presents the revenue and expenses of the Company's business segments for the years ended 2023, 2022 and 2021, and certain assets and liabilities information as at December 31, 2023, 2022 and 2021:

	2023			
	Leasing	Asset Management	Corporate and Others	Total
Results of Operations				
Revenues	₱ 46,510,562	₱ -	₱ -	₱ 46,510,562
Cost of services	(39,328,676)	-	-	(39,328,676)
Other operating expenses	(23,541,991)	-	-	(23,541,991)
Operating loss	₱ (16,360,105)	₱ -	₱ -	₱ (16,360,105)
Interest income	5,285,776	-	-	5,285,776
Other income	5,984,552	-	-	5,984,552
Income tax benefit	3,700,811	-	-	3,700,811
Net income	₱ (1,388,966)	₱ -	₱ -	₱ (1,413,455)
Assets and Liabilities				
Assets	₱ 847,672,025	₱ -	₱ -	₱ 847,672,025
Liabilities	34,187,035	-	-	34,187,035
Other Segment Information				
Capital expenditures:				
Investment properties	₱ 724,895	₱ -	₱ -	₱ 724,895
Property and equipment	162,767	-	-	162,767
Depreciation and amortization	₱ 34,194,403	₱ -	₱ -	₱ 34,194,403

(In Philippine Peso)

2022		Leasing		Asset Management		Corporate and Others		Total
Results of Operations								
Revenues	₱	49,788,191	₱	-	₱	-	₱	49,788,191
Cost of services		(39,902,290)		-		-		(39,902,290)
Other operating expenses		(19,542,737)		-		-		(19,542,737)
Operating loss	₱	(9,656,836)	₱	-	₱	-	₱	(9,656,836)
Interest income		4,128,356		-		-		4,128,356
Other income		3,609,933		-		-		3,609,933
Income tax benefit		1,449,953		-		-		1,449,953
Net income	₱	(468,594)	₱	-	₱	-	₱	(468,594)
Assets and Liabilities								
Assets	₱	847,667,252	₱	-	₱	-	₱	847,667,251
Liabilities		32,793,296		-		-		32,793,296
Other Segment Information								
Capital expenditures:								
Investment properties	₱	921,212	₱	-	₱	-	₱	921,212
Property and equipment		694,166		-		-		694,166
Depreciation and amortization	₱	34,540,395	₱	-	₱	-	₱	34,540,395

2021		Leasing		Asset Management		Corporate and Others		Total
Results of Operations								
Revenues	₱	55,119,445	₱	8,581	₱	-	₱	55,128,026
Cost of services		(39,959,968)		-		-		(39,959,968)
Other operating expenses		(19,502,477)		-		-		(19,502,477)
Operating loss	₱	(4,343,000)	₱	8,581	₱	-	₱	(4,334,419)
Interest income		751,027		-		-		751,027
Other income		6,609,786		-		-		6,609,786
Income tax benefit		94,521		-		-		94,521
Net income	₱	3,112,334	₱	8,581	₱	-	₱	3,120,915
Assets and Liabilities								
Assets	₱	845,281,380	₱	-	₱	-	₱	845,281,380
Liabilities		29,938,830		-		-		29,938,830
Other Segment Information								
Capital expenditures:								
Investment properties	₱	3,581,737	₱	-	₱	-	₱	3,581,737
Property and equipment		266,233		-		-		266,233
Depreciation and amortization	₱	34,711,201	₱	-	₱	-	₱	34,711,201

(In Philippine Peso)

29. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2022.

Pursuant to Section 42 of the Revised Corporation Code of the Philippines, stock corporations are prohibited from retaining surplus plus profits in excess of 100% of their paid-in capital stock, except: 1) when justified by definite corporate expansion projects or programs approved by the board of directors; or 2) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet been secured; or 3) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for special reserve for probable contingencies.

The Company is not subject to any externally imposed capital requirements.

The Company's risk management committee reviews the capital structure of the Company on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

The Company considers the following as its core capital aggregating as follows:

		2023		2022
Capital stock	₱	**456,057,609**	₱	456,057,609
Additional paid-in capital		**299,519,764**		299,519,764
Retained earnings		**57,907,617**		59,296,583
	₱	**813,484,990**	₱	814,873,956

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Board of Directors on April 5, 2024.

(In Philippine Peso)

31. INFORMATION UNDER REVENUE REGULATIONS No. 15 – 2010

Revenue Regulations (RR) No. 21-2002 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying income tax returns was amended under RR No. 15-2010. The amendment that became effective on December 28, 2010 requires the inclusion in the notes to financial statements, information on taxes, duties and license fees paid or accrued during the year in addition to what is required under the Philippine Financial Reporting Standards and such other standards and/or conventions.

Below are the additional information required by RR No. 15 – 2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

The details of the Company's taxes, duties and licenses fees paid or accrued in 2023 are as follows:

31.01 VAT Output Tax

Details on the Company's VAT output tax declared during the year are as follows:

		Gross amount of revenue		Output VAT
Vatable Sales/Receipts	₱	39,769,257	₱	4,772,311
Zero Rated Sales/Receipts		4,872,101		-
Total Sales /Receipts and Output Tax Due		44,641,358		4,772,311
Allowable income tax				4,735,701
Vat payments				50,635
Balance, December 31			₱	(14,025)

Revenue is based on gross receipts of the Company for VAT purposes while revenue presented in the statements of comprehensive income is recognized on accrual basis.

31.02 VAT Input Tax

An analysis of the Company's VAT input tax claimed during the year is as follows:

Balance, January 1	₱	-
Input Tax Carried over from previous period		154,813
Input Tax Deferred on Capital Goods Exceeding 1M		8,563,277
Current year's domestic purchases/payments for:		
Purchases of capital goods not exceeding 1M		36,321
Domestic purchases of goods other than capital goods		17,321
Domestic purchases of services		574,964
Capital goods not subject to amortization		
Services lodged under cost of goods sold		
Total available input tax	₱	**9,346,696**
Amortization of deferred input VAT		(4,610,995)
Applied against output VAT		(4,772,311)
Vat payments		50,635
Balance, December 31	₱	14,025

(In Philippine Peso)

31.03 VAT on Importation of Goods

The Company had no input VAT on importation of goods in 2023.

31.05 Documentary Stamp Tax

The Company's documentary stamp tax for 2023 amounted to ₱158,720.

31.06 Other Taxes and Licenses

An analysis on the Company's other taxes and licenses and permit fees paid or accrued during the year is as follows:

Real property tax	₱	3,848,959
Business permits and taxes		635,071
	₱	**4,484,030**

31.07 Withholding Taxes

An analysis on the Company's withholding taxes paid or accrued during the year is as follows:

Withholding tax on compensation and benefits	₱	700,516
Expanded withholding taxes		133,103
	₱	**833,619**

31.08 Deficiency Tax Assessments and Tax Cases

On March 07, 2023, the Company received Discrepancy Notice from the Bureau of Internal Revenue; A computerized matching on the information/data provided by third-party sources against the Company's tax returns for the taxable year 2020 pursuant to Section 6(A) and 10(C) of the National Internal Revenue Code (NIRC) of 1997, as amended.

On July 14, 2023, as indicated on the Agreement form between the Company and BIR, the former paid the related deficiency taxes, including legal increments, pursuant to Discrepancy Notice on Vat, the Company settled the aforementioned DN as disclosed below:

Deficiency tax	₱	232,324
Interest		69,124
	₱	**301,448**

KEPWEALTH PROPERTY PHILS. INC.
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2023

KEPWEALTH PROPERTY PHILS, INC.
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2023

Unappropriated Retained Earnings, beginning of reporting period (see Footnote 2)		**54,068,897**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s		
Effect of restatements of prior-period adjustments		
Others (describe nature)		
Sub-total		-
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period		
Retained Earnings appropriated during the reporting period		
Effect of restatements of prior-period adjustments		
Others (describe nature)		
Sub-total		-
Unappropriated Retained Earnings, as adjusted		**54,068,897**
Add/Less: Net Income (Loss) for the current year		**(1,388,966)**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents		
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		
Unrealized fair value gain of investment property		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)		
Sub-total		-
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents but realized in the current reporting period (net of tax)		
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	6,294,986	
Realized fair value gain of investment property		
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)		
Sub-total		**6,294,986**
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents		
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		
Reversal of previously recorded fair value gain of Investment Property		
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)		
Sub-total		-
Adjusted Net Income/Loss		**58,974,917**
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		
Sub-total		-

Add/Less: <u>Category E</u>: Adjustments related to relief granted by the SEC and BSP (see Footnote 3)		
Amortization of the effect of reporting relief		
Total amount of reporting relief granted during the year		
Others (describe nature)		
Sub-total		-
Add/Less: <u>Category F</u>: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)		
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	2,696,586	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable		
Adjustment due to deviation from PFRS/GAAP - gain (loss)		
Others (describe nature)		
Sub-total		2,696,586
Total Retained Earnings, end of the reporting period available for dividend		**61,671,503**

FOOTNOTES

(1) The amount of retained earnings of a company shouldbe based on its separate ("stand-alone") audited financial statements.

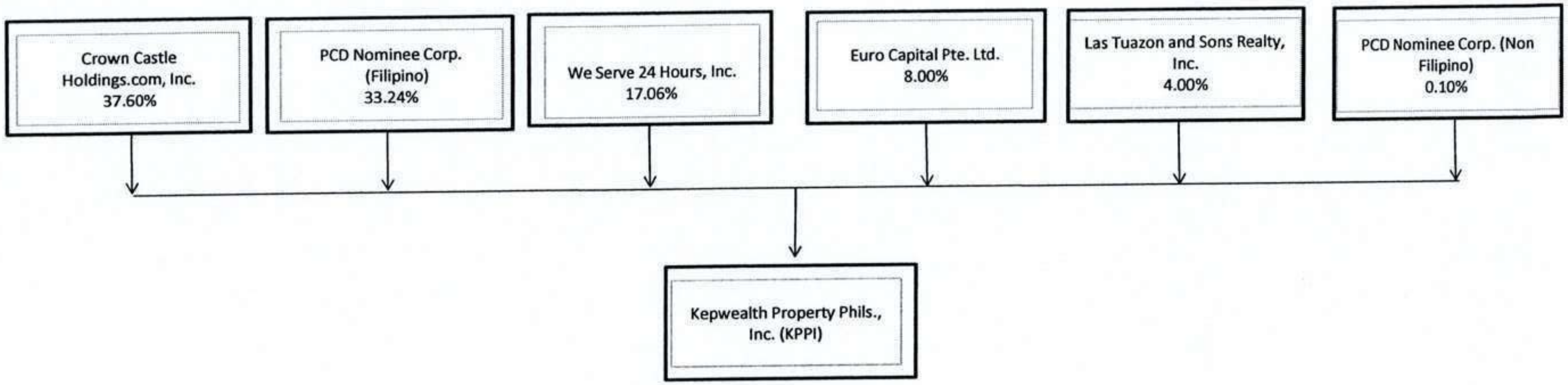
(2) Unappropriated Retained Earnings, beginning of reporting period refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declation" of the immediatedly preceding period.

(3) Adjustments related to the relief provided by the SEC and BSP pertan to accounting relief (e.g. losses that are reported on a staggered basis) granted by the regulators. However, these are actual losses sustained by the Company and must be adjusted in the reconciliation to reflect the actual distributable amount.

(4) This Reconciliation of Retained Earnings Availble for Dividend Declaration in pursuant to Sec. 42 of the Revised Corporation Code, which prohibits stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT companies as a basis to determine the amount of its distributable income or dividends to its shareholders. The determination of its distributable income should be in accordance with the REIT Act and Implementing Rules and Regulations.

Schedule II

KEPWEALTH PROPERTY PHILS. INC.
MAP SHOWING RELATIONSHIPS BETWEEN AND AMONG PARENT, SUBSIDIARIES, AN ASSOCIATE, AND JOINT VENTURE
DECEMBER 31, 2023



KEPWEALTH PROPERTY PHILS. INC.
Schedule A – Financial Assets
DECEMBER 31, 2023

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet	Income accrued
Trust investment to San Miguel Corporation	1,057,400	125,555,000	-
UITF investment in China Bank Short-Term Fund		-	-
UITF investment in Sun Life Prosperity Peso Starter Fund, Inc		52,801,465	-
Total		**178,356,465**	-

KEPWEALTH PROPERTY PHILS. INC.
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
DECEMBER 31, 2023

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts Written-off	Current	Non- Current	Balance at end of period
Keppel Condominium Center Corporation	5,708,563	-	(3,202,716)	-	2,505,847	-	2,505,847
Eurocapital Land, Inc.	198,774	3,514	-	-	202,288	-	202,288
Total	**5,907,337**	**3,514**	**(3,202,716)**	**-**	**2,708,135**	**-**	**2,708,135**

KEPWEALTH PROPERTY PHILS. INC.
Schedule C - Receivable from Related Parties which are eliminated during the consolidation of financial statements
DECEMBER 31, 2023

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Non Current	Balance at the end of the period

None to Report

KEPWEALTH PROPERTY PHILS. INC.
Schedule D - Intangible Assets - Other Assets
DECEMBER 31, 2023

Description	Beginning Balance	Additions at Cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending Balance

None to Report

KEPWEALTH PROPERTY PHILS. INC.
Schedule E - Long-Term Debt
DECEMBER 31, 2023

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt' in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rate %	Maturity Date

None to Report

KEPWEALTH PROPERTY PHILS. INC.
Schedule F - Indebtedness to Related Parties
(Included in the consolidated financial statement of position)
DECEMBER 31, 2023

Name of Related Parties	Balance at beginning of period	Balance at end of period

None to report

KEPWEALTH PROPERTY PHILS. INC.
Schedule G - Guarantees of Securities of Other Issuers
DECEMBER 31, 2023

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding	Amount owned by person of which statement is filed	Nature of guarantee

None to Report

KEPWEALTH PROPERTY PHILS. INC.
Schedule H - Capital Stock
DECEMBER 31, 2023

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Ordinary shares - P1 par value	365,000,000	201,057,609	-	134,024,950	52	67,032,607
Preference shares - P1 par value	255,000,000	255,000,000	-	255,000,000	0	-

KEPWEALTH PROPERTY PHILS. INC.
SCHEDULE III - FINANCIAL SOUNDNESS INDICATORS
For the Years Ended December 31, 2023 and 2022

	December 31, 2023	December 31, 2022
A. SHORT-TERM LIQUIDITY RATIO		
CURRENT RATIO	**10.89**	11.82
Current Assets	**358,443,779**	372,797,820
Current Liabilities	**32,922,822**	31,529,083
WORKING CAPITAL TO ASSETS	**0.38**	0.40
(Current Assets - Current Liabilities)	**325,520,957**	341,268,737
Total Assets	**847,672,025**	847,667,252
B. LONG-TERM SOLVENCY		
ASSET TO EQUITY	**1.04**	1.04
Total Asset	**847,672,025**	847,667,252
Stockholders' Equity	**813,484,990**	814,873,956
DEBT TO EQUITY	**0.04**	0.04
Total Liabilities	**34,187,035**	32,793,296
Stockholders' Equity	**813,484,990**	814,873,956
LONG-TERM DEBT TO EQUITY	**0.00**	0.00
Long-Term Debt	**1,264,213**	1,264,213
Stockholders' Equity	**813,484,990**	814,873,956
FIXED ASSETS TO EQUITY	**0.44**	0.48
(Fixed Assets - Accumulated Depreciation)	**354,522,757**	387,614,123
Stockholders' Equity	**813,484,990**	814,873,956
CREDITORS EQUITY TO TOTAL ASSETS	**0.04**	0.04
Total Liabilities	**34,187,035**	32,793,296
Total Assets	**847,672,025**	847,667,252

KEPWEALTH PROPERTY PHILS. INC.
SCHEDULE III - FINANCIAL SOUNDNESS INDICATORS
For the Years Ended December 31, 2023 and 2022

	December 31, 2023	December 31, 2022
FIXED ASSETS TO LONG-TERM DEBT	**280.43**	306.61
(Fixed Assets - Accumulated Depreciation)	**354,522,757**	387,614,123
Long-Term Debt	**1,264,213**	1,264,213
C. RETURN ON INVESTMENTS		
RATE OF RETURN ON TOTAL ASSETS	**(0.00)**	(0.00)
Net Income (Loss)	**(1,388,966)**	(468,594)
Average Total Assets	**847,669,639**	847,667,252
RATE OF RETURN ON EQUITY	**(0.00)**	(0.00)
Net Loss	**(1,388,966)**	(468,594)
Average Stockholders' Equity	**814,179,473**	815,108,253
D. PROFITABILITY RATIOS		
GROSS PROFIT RATIO	**0.15**	0.20
Gross Profit	**7,181,886**	9,885,901
Revenues	**46,510,562**	49,788,191
OPERATING LOSS TO REVENUES	**(0.35)**	(0.19)
Loss from Operations	**(16,360,105)**	(9,656,836)
Revenues	**46,510,562**	49,788,191
PRETAX INCOME (LOSS) TO REVENUES	**(0.11)**	(0.04)
Income (Loss) before tax	**(5,089,777)**	(1,918,547)
Revenues	**46,510,562**	49,788,191
NET INCOME (LOSS) TO REVENUES	**(0.03)**	(0.01)
Net Income (Loss)	**(1,388,966)**	(468,594)
Revenues	**46,510,562**	49,788,191
E. INTEREST COVERAGE RATIO		
INTEREST COVERAGE RATIO	**N/A**	N/A
Earnings (Loss) Before Interest and Tax	**(5,089,777)**	(1,918,547)
Interest Expense	**-**	-

Schedule IV

KEPWEALTH PROPERTY PHILS. INC.
SUPPLEMENTARY SCHEDULE OF APPLICATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING
DECEMBER 31, 2023

		Estimated		Actual		Balance
Gross Proceeds		384,767,164		384,767,164		-
Offering Expenses		(21,739,481)		(24,781,567)		3,042,086
Net Proceeds		**363,027,683**		**359,985,597**		**3,042,086**

Details of the estimated and actual application of the proceeds:

		Estimated		Actual		Balance
Gross Proceeds		384,767,164		384,767,164		-
Use of Proceeds						
Acquisition of office space in:						
Metro Manila		(245,000,000)		(189,533,348)		(55,466,652)
Davao City		(120,000,000)		-		(120,000,000)
		(365,000,000)		(189,533,348)		(175,466,652)
Offering Expenses		(21,739,481)		(24,781,567)		3,042,086
Net Proceeds		**(1,972,317)**		**170,452,249**		**(172,424,566)**

KEPWEALTH PROPERTY PHILIPPINES, INC. SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	KEPWEALTH PROPERTY PHILS. INC. (“KPPI”, “we” or the “Company”) is engaged in the business of investing in, purchasing, or otherwise acquiring and owning, holding, using, selling, assigning, transferring, leasing, mortgaging, exchanging, maintaining, administering, managing, and operating alone or jointly with others, or otherwise disposing of real property, such as but not limited to office, commercial, agricultural and residential properties, hotels, inns, resorts, apartments, or personal property of every kind and description.
Location of Headquarters	Unit IJ01-23 Burgundy Corporate Tower 825 Sen. Gil Puyat Ave., Makati City
Location of Operations	Metro Manila and Cebu, Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	KEPWEALTH PROPERTY PHILS. INC.
Business Model, including Primary Activities, Brands, Products, and Services	Leasing of real property and asset management (office condominium units and parking spaces)
Reporting Period	01 January 2023 to 31 December 2023
Highest Ranking Person responsible for this report	John F. Catindig *Chief Information Officer and Compliance Officer*

<u>Materiality Process</u>

Multiple discussions were conducted with several key persons in the Company, such as the Board of Directors, Executives and Officers as well as the various Stakeholders, to help us ascertain what truly matters to us, to our business and to our stakeholders.

This process greatly contributed to the better understanding of our business perspective and enabled us to craft ways to improve both our financial and non-financial performance.

The following questions were formulated, and answers were made to guide us in this Materiality Process:

1. What does sustainability mean to us? – Sustainability means that our business should be sustainable not only from our perspective but also from the society’s point of view. We have identified, evaluated,

and studied the needs of the society to determine what our business can contribute to create a sustainable development of society.

2. What does sustainability mean to our Stakeholders? – Through understanding what sustainability means to our stakeholders by our engagement with them, it helped us validate and enhance our list of material topics. This process assisted us in selecting what topics are important not just to us but also to them.

3. What are the material topics? – By evaluating our business process as a whole, from the entire value chain of our business operations to the identified sustainability topic that are important to us and to our stakeholders, we have determined the economic, environmental, and social topics that we should monitor and improve on moving forward.

4. How to measure the performance and effectiveness of our approaches? – The Company is continuing to create baseline data as the basis for measuring its performance on each identified material topic. The Company followed the Global Reporting Initiative (GRI) Standards and Reporting Principles and the Securities and Exchange Commission (SEC) Sustainability Reporting Guidelines for Publicly Listed Companies for consolidation guidance and this ensured that the metrics used were right, and the data collected were accurate and comparable. For the year 2023, the Company begun to perform an analysis of gaps in data in each performance area and has started to set up procedures to systematically

5. collect more data to better measure sustainability performance. We have also begun designing management approaches that will help improve performance in these areas.

   The Company will continually assess what is material for us, for our stakeholders, as well as to the society where we do business. We will regularly review our impact to the environment and society, how to improve the same and how we can better communicate these to our stakeholders.

[1] See *GRI 102-46* (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	46.51 million	PhP
Direct economic value distributed:		
a. Operating costs	23.54 million	PhP
b. Employee wages and benefits	3.93 million	PhP
c. Payments to suppliers, other operating costs	16.76 million	Php
d. Dividends given to stockholders and interest payments to loan providers	Nil	PhP
e. Taxes given to government	4.64 million	PhP
f. Investments to community (e.g. donations, CSR)	Nil	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
In 2023, ten percent (10%) of the Company's revenue went to the Government in the form of taxes , another eight percent (8%) went to employees in the form of wages and benefits, and thirty eight percent (38%) of revenue went to suppliers who are all found in the locality where we do business or found in the Philippines and forty four percent (44%) went to operating cost. The office spaces that we either own or are under our management are being used by more than 38 businesses that creates, provides, and/or supports jobs for the community where we operate.	Employees, Stockholders, Investors, Clients, Jobseekers, Suppliers, and Government.	The Company maintains the highest standards of corporate governance, *i.e.* anti-corruption policy, in all our transactions, both in the Government and Private sectors, to safeguard and ensure that economic value flows to the right stakeholders.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

Since our suppliers are all local, any unfair practice in their dealings with their own suppliers or employees could pose a risk that prevents us from creating equal opportunity and fair flow of value to the society where we do business. In addition, the unavailability of either suppliers of materials or manpower in the locality where we do business may compel us to engage suppliers from other parts of the country, thus minimizing the job opportunities that we provide in the society where we do business.	Employees, Stockholders, Investors, Clients, Jobseekers, Suppliers, and Government.	Fair Flow of value - Company policies and practices ensure that we pay the fair and reasonable price to all our stakeholders, including suppliers, to ensure fair distribution of economic value to the society. We regularly monitor our tax, wages and benefits, and supplier payments to ensure payment of the correct amounts. For 2023, 100.81% of revenue flows back to the economy (government, employees, etc.) Equitable distribution of job opportunities. In the society where we do our business, as a policy and practice, the Company ensures that it prioritizes the sourcing of goods and

		services locally provided minimum standards are met. When qualified suppliers do not exist in the locality, the Company is constrained to source the said goods and services in other cities in Metro Manila and other places. Efforts are made to source from MSMEs whenever possible. Equitable access to our products. The office spaces that we either own or manage enable businesses to grow by providing them with the right location coupled with affordable rental rates. This provides them and their clients space to do their business activities. As a company policy, we do not discriminate against local clients by favoring foreign clients or tenants. Office space is available whether the potential client is a local or foreign business. Through this practice, we ensure equal access to our products and services. Ensuring fair compensation to our employees. Our compensation packages are at par with the industry standards in the Philippines to ensure competitiveness in the market. Moreover, we ensure that our employees are paid at least a minimum wage to afford them social safety nets in cases of emergencies.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There are opportunities to improve performance, particularly on assessment of the economic performance as well as the policy and practice of our suppliers on anti-corruption and employees' compensation and benefits.	Employees, Stockholders, Investors, Clients, Jobseekers, Suppliers, and Government	The Company will continuously review its policy on accreditation of suppliers and is constantly re-evaluating policies on employee's compensation and benefits to ensure that employees are paid a living wage.

Climate-related risks and opportunities[2]

Governance Disclose the organization's governance around climate related risks and opportunities	
a. Describe the board's oversight of climate-related risks and opportunities.	The Board is primarily responsible for the oversight of the Company's Risk Management policies, including climate-related risks and opportunities, to ensure its functionality and effectiveness.
b. Describe management's role in assessing and managing climate-related risks and opportunities	The Management is responsible for providing accurate and timely information to the Board. The Board, guided by Management, uses this information to assess climate-related risks and opportunities.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	The business of the Company may be affected by natural occurrences including typhoons, massive floodings, droughts, volcanic eruptions, and earthquakes as this may disrupt operations of its tenants and/or damage the Company's properties.
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	The properties of the Company may be damaged, and the business operations of its tenants may be disrupted resulting in delayed rental collection. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property.
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios.	KPPI conducts thorough technical due diligence and environment scanning of the entire building where it either owns office spaces or which is under its management. Technical due diligence includes environmental studies not just for the specific building but also for the buildings in the adjacent areas as well. The Company is constantly improving its properties through various upgrades in equipment and facilities to make these more efficient and resilient to damage due to natural calamity.

Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	
a. Describe the organization's processes for identifying and assessing climate-related risk.	The Company's processes for identifying and assessing climate-related risks are laid out in the Company's Risk Management Policy.
b. Describe the organization's processes for managing climate-related risks.	The Company's processes for managing climate-related risks are defined and discussed in its Risk Management Policy.
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	The Company developed a formal enterprise risk management plan which contains: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies and measure. The main objective of this formal enterprise risk management plan is to reduce any potential impact of risks to the business. This serves as a means of enhancing shareholding value by effectively and efficiently balancing risks and rewards. Furthermore, the Company implements a Risk Policy that states how risks are identified and assessed to formulate strategies in mitigating or eliminating said risk.
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Natural catastrophes directly affect the Company's operations. These are measured through the following: ● Number of days of property downtime and business disruption, ● Costs of repair or replaced damage or destroyed assets, and ● Costs for maintenance due to wear and tear on or damage to building/s.
b. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	In order to mitigate or eliminate the exposure to risks, the Company sees the opportunity of improving its business operations through: ● Conducting regular preventive check and maintenance of all assets, ● Retrofitting of office spaces and other developments, ● Tracking the frequency of discussions with Board and Management on climate-

	related risks, • Tracking the frequency of communication and trainings with employees regarding protocols in situations related to natural catastrophes or severe weather conditions.

[2] *Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non- financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.*

[3] *For this disclosure, impact refers to the impact of climate-related issues on the company*.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company affects the local economy by sourcing its supply requirement directly from the local suppliers.	Local suppliers, and Business partners.	The Company has an established accreditation process and chooses its suppliers based on certain set of parameters. In the society where we do our business, as a policy and practice, the Company ensures that it prioritizes the sourcing of goods and services from local suppliers provided minimum standards are met. When qualified suppliers do not exist, the Company is constrained to source the said goods and services in other cities in Metro Manila and other places of the country. We also make an effort to source from MSMEs whenever possible. The Company is dedicated to supporting local suppliers to help develop the local economy.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Suppliers may lack the technical knowledge to meet the requirements and minimum standards of the Company.	The Company, its suppliers and business partners.	The Company ensures that all suppliers are given equal opportunity to do business. Moreover, all suppliers undergo thorough evaluation and assessment of their technical capabilities to ensure they meet the required minimum standards. Due diligence (background check, submission of corporate and financial documents, government permits and certifications, company and plant visits, and other relevant inquiries) is conducted on suppliers to know their financial condition, employee policies and practices as well as their overall company governance.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company aims to continue providing opportunities to more local suppliers in its areas of operation.	The Company, its suppliers and business partners.	The Company seeks to further enhance its supplier accreditation policy and improve the process to give opportunity to more local suppliers to be future business partners and to establish a long-term relationship with its current business partners.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	50	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Anti-corruption-related policies are communicated to its employees during job orientations. The Company likewise conducts an annual corporate values sessions where these policies are reiterated. Furthermore, these policies are also posted in the Company's website for the information of all stakeholders. The members of the board of directors receive orientation on the Company's Code of Conduct which includes anti-graft corruption policy. The Company is committed to promoting transparency and fairness to all stakeholders.	Employees Directors, Management, Employees, Business partners.	The Board sets the policy and guidelines against corrupt practices by adopting anti-corruption policies, including Whistleblowing and Anti-Bribery Policy. These policies were crafted in compliance with the principles and best practices set out in the Company's Manual on Corporate Governance.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company's excellent reputation will be at stake if anti-corruption and other related policies are not well-implemented and communicated to the stakeholders.	The Company, its Board, Management and Employees as well the entire KPPI Community.	The Company includes a mandatory orientation and discussion of the Anti- Corruption Policies during on the job orientation and during the corporate meetings and annual values sessions.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**

The Company is looking to participate or conduct anti-corruption trainings to enhance its anti-corruption policy and practice.	The KPPI Community, specifically its Officers and Employees.	The Company will conduct or participate in regular anti-corruption trainings.

<u>Incidents of Corruption</u>

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No significant impacts identified, as there are no incidents reported regarding corruption activities within the Company for 2023.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company's excellent reputation will be at stake if anti-corruption and other related policies are not well-implemented and communicated to the stakeholders.	The Company, its Board, Management and Employees as well the entire KPPI Community.	The Company includes a mandatory orientation and discussion of the Anti-Corruption Policies of the Company to during on the job orientation, before commencement of new officers, and during the corporate meetings and annual values session.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company is looking to participate or conduct anti-corruption trainings to enhance its anti-corruption policy and practice.	The KPPI Community, specifically its Officers and Employees.	The Company will conduct or participate in regular anti-corruption trainings.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	Not applicable	GJ

Energy consumption (gasoline)	Not applicable	GJ
Energy consumption (LPG)	Not applicable	GJ
Energy consumption (diesel)	Not applicable	GJ
Energy consumption (electricity)	2,945,789	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	n/a	GJ
Energy reduction (LPG)	n/a	GJ
Energy reduction (diesel)	n/a	GJ
Energy reduction (electricity)*	439,015	kWh
Energy reduction (gasoline)	n/a	GJ

**Reduction as compared to the consumption from 2022*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
For offices spaces that are either owned or under its management, as well as in its administrative offices, the Company manages the energy consumption in these areas by understanding the business of clients and properly monitoring and regulating energy consumption to avoid unnecessary wastage of energy resources.	KPPI, clients/tenants and our employees.	The Company monitors and manages energy consumption by understanding the business of clients and their energy requirements. The Company is able to effectively and efficiently use energy resources through this process.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**

Power interruptions may occur as a result of natural catastrophes which will disrupt business operations.	KPPI, clients/tenants and our employees	The Company makes sure that its office spaces, as well as its administrative offices, are serviced by a reliable electricity distributor which is capable of restoring power in the fastest time possible during natural catastrophes. The Company maintains a back-up power source to minimize the effect of power interruptions.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company is exploring the viability of using the latest available technologies to efficiently use energy from renewable sources.	KPPI, clients/tenants and our employees	The Company started research in identifying ways to further improve the current energy situation of its office spaces, giving priority on the viability of using the latest technologies that will enable it to effectively and efficiently use renewable energy sources.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	n/a	Cubic meters
Water consumption	16,932	Cubic meters
Water recycled and reused	n/a	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

The Company manages the water consumption in its office spaces by understanding the business of our clients and monitoring and regulating their water consumption to avoid unnecessary wastage of water resources.	KPPI, clients/tenants and our employees.	The Company monitors and manages water consumption in its offices by understanding the business of clients and their water requirements. The Company is able to effectively and efficiently use water resources through this process.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The Company may experience water shortages especially during the summer season, which may bring discomfort to its clients/tenants.	KPPI, clients/tenants and our employees.	The Company makes sure that its office spaces as well as its administrative offices are serviced by a reliable water distributor which is capable of restoring water shortages in the fastest time possible during water interruption and shortages. Also, the Company installed elevated water tanks to store water in cases of short-term water shortages.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company is looking into the possibility of installing a water-recycling facility or equipment as alternative source for other water requirements, such as comfort room sanitation or landscape.	KPPI, clients/tenants and our employees.	The Company started research on the viability of installing water-recycle facilities or equipment to effectively and efficiently re-use water consumption and minimize water waste.

<u>Materials used by the organization</u>

Disclosure	Quantity	Units
Materials used by weight or volume		
• Renewable	n/a	kg/liters
• non-renewable	n/a	kg/liters
Percentage of recycled input materials used to manufacture the organization’s primary products and services	n/a	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A		

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	Ha
IUCN[4] Red List species and national conservation list species with habitats in areas affected by operations	N/A	

The Company has no significant impacts to lands with high biodiversity value or near protected areas.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A		

Environmental impact management Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	N/A	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	N/A	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	N/A	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A		

Air pollutants

Disclosure	Quantity	Units
NOx	N/A	kg
Sox	N/A	kg
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate matter (PM)	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A		

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	N/A	kg
Reusable	N/A	kg
Recyclable	N/A	kg
Composted	N/A	kg
Incinerated	N/A	kg
Residuals/Landfilled	N/A	Kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A		

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A		

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	N/A	kg
Total weight of hazardous waste transported	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A		

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	N/A	Cubic meters
Percent of wastewater recycled	N/A	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

**Environmental laws and regulations that are implemented by the Department of Energy and Natural Resources (DENR) particularly those that govern air emissions, water and wastewater discharges, odor emissions, and management and disposal of solid and hazardous materials.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company can freely conduct and advertise its business and upcoming projects. The Company is accorded a good reputation.	KPPI, its Clients /Tenants our Employees, Government, Suppliers and Business Partners	The Company has a dedicated team to track environmental law compliances from business development to post business development stage.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Non-compliance may affect the capacity of the Company to generate revenue and negatively affect its financial performance. Moreover, this may cause delay in the implementation of key pipeline projects knowing that there are pending compliances that need to be dealt with.	KPPI, its Clients /Tenants our Employees, Government, Suppliers and Business Partners	The Company aligns its operations, such as the leasing and asset management, with modern technologies as means to efficiently implement sanitation, environment, and safety laws and regulations with minimal cost.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company considers the application for certifications and other environmental initiatives such as ISO 140001 to contribute to the betterment of the environment.	KPPI, its Clients/Tenants our Employees, Government, Suppliers and Business Partners	KPPI continuously conducts research on how to further enhance its current practices to help preserve the environment.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[5]		
a. Number of female employees	1	#
b. Number of male employees	2	#
Attrition rate[6]	%	Rate
Ratio of lowest paid employee against minimum wage	1	Ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental leaves	Y	0	0
Vacation leaves	Y	100%	100%
Sick leaves	Y	0	0
Medical benefits (aside from PhilHealth))	Y	0	0
Housing assistance (aside from Pag- ibig)	Y	0	0
Retirement fund (aside from SSS)	Y	0	0
Further education support	Y	0	0
Company stock options	Y	0	0
Telecommuting	Y	100%	100%
Flexible-working Hours	Y	0	0
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company ensures employee diversity and provides compensation and benefit packages that are not only at par with the industry standards but also more than what is being asked by the labor standards/laws.	As a policy and practice, the Company prioritizes the hiring of talents locally provided the applicant meets the minimum standards. When a qualified applicant does not exist in the locality, the Company is constrained to hire other people from other cities in Metro Manila and other places of the country. The Company's recruitment policies include employee diversity because it believes that the broader pool of talent means greater chance of finding the optimum person for the job. The Company also recruits based on the skills that are needed to qualify for the duties and responsibilities set for the job and not because of personal attributes such as age or gender. KPPI values the hard work of its employees by rewarding them with proper compensation and benefits and trainings.
What are the Risk/s Identified?	**Management Approach**
The Company sees problems in the hiring of qualified personnel in the locality where we operate and also the retention of such qualified personnel due to competition from other employers. The Company may be forced to engage third-party consultants to assist in hiring of qualified personnel which will impose additional costs.	The Company offers competitive compensation and benefit packages and provides trainings for employee development. The Company also offers opportunities for professional growth to all employees, based on merit and performance, as part of its retention program.
What are the Opportunity/ies Identified?	**Management Approach**
The Company ensures business continuity and has a succession plan by implementing job promotions and rotations, and intends to provide training programs to its employees.	Job promotions enable employees to grow within the company. Job rotations enable employees to increase their flexibility and improve their skills by working in other departments. Continued education and mentorship through leadership trainings and management development programs are provided for the growth of the employee.

[5] *Employees are individuals who are in an employment relationship with the organization, according to national law or its*

application (GRI Standards 2016 Glossary)
6
Attrition are = (no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	0	Hours
b. Male employees	0	Hours
Average training hours provided to employees		
a. Female employees	0	hours/employee
b. Male employees	0	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company will provide its employees with relevant training to educate them on the latest trends and issues relating to the nature of their work, to upgrade skills, and to help and prepare them for a higher level of responsibility.	The Company will schedule several trainings for its officers and employees on the latest trends and issues in the industry, nature of their work, and to obtain new skills aside from the enhancement of the existing ones. These will help and prepare them for a higher level of responsibility. As a matter of policy, and considering its size, the Company makes it a point to hire officers and staff that already have the skill and knowledge for the positions they are hired. This minimizes the requirement for training. Training will only be done if there are new systems/processes that the Company wants and intends to acquire and implement. The Company believes that continuous training will provide a constant pool of executive-quality personnel ready for promotion anytime.
What are the Risk/s Identified?	Management Approach

If the Company will fail to maintain a competitive workforce, this may also lead to the Company losing its competitiveness in the industry it operates.	The Company will schedule several training sessions for its officers and employees on the latest trends and issues in the industry, nature of their work, and to obtain new skills aside from the enhancement of the existing ones. These will help and prepare them for a higher level of responsibility. The Company conducts regular performance evaluation to monitor the employee's progress,

	to identify areas for improvement, and to assess any need for specific trainings for professional growth.
What are the Opportunity/ies Identified?	Management Approach
The Company will award its employees who have performed excellent work in their respective fields.	The Company provides merit increase, performance bonuses and promotion to deserving employees regardless of age or tenure. The Company is not afraid to invest in its employees by giving them more training to prepare them for higher responsibilities to ensure their success as they grow within the organization.

<u>Labor-Management Relations</u>

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	At least once-a-year Company-wide discussion.	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach

The Company does not have an existing labor union, nevertheless, it encourages the participation of the employees using other platforms like surveys, regular staff meetings, and coordination meetings.	The Company has established policies, programs and procedures that encourage its employees to participate in the realization of the Company's goals and in its governance. The Company pursues and values its relationship with its employees; hence, it established a framework that allows its employees to communicate their concerns with the Management without fear of retaliation.
What are the Risk/s Identified?	Management Approach
No risks identified since the Company values and encourage employee participation even if the Company is without a Union.	
What are the Opportunity/ies Identified?	Management Approach

The Company was able to know various concerns of its employees through its different programs that encouraged and allowed employee participation. Furthermore, the Company will always work to address every work-related concern of its employees.	The Company is continuing to expand its existing platforms to enhance employee's capacity to communicate concerns directly to Management without fear of any retaliation from anyone in the organization. Further to this, the Company is monitoring concerns to assess the Company's efficiency in addressing the concerns of its employees.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	29%	%
% of male workers in the workforce	71%	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach

The Company does not discriminate as to age, gender, religion, marital status, cultural background, or place of origin. The Company gives equal opportunity to all jobseekers and this allows the Company to hire the best possible candidate for the job.	The Company does not discriminate in its hiring process. For as long as the candidate is in possession of the qualifications needed for the job, the Company will not hesitate to hire the said candidate. As of the reporting year, the Company has employed more female employees than male employees.
What are the Risk/s Identified?	Management Approach
No risks identified.	
What are the Opportunity/ies Identified?	Management Approach
With the Company's plan for further expansion, it is expecting to provide more employment opportunities to the locality where we operate.	The Company accepts job applications through several platforms such as but not limited to online job posting sites, through our website, walk-ins and job-fairs. Through these avenues, we provide and expand the jobseeker's opportunity to be part of the Company.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company values the safety of its Officers, Employees, Clients/Tenants and other stakeholders that transact business with us.	It is a policy and practice of the Company to regularly conduct safety-related drills such as but not limited to Covid 19 safety & prevention protocols, fire drills and earthquake drills. The Company encourages not only its employees to participate in the said drills, but also our clients/tenants as well as other stakeholders that transact business with us.
What are the Risk/s Identified?	Management Approach
Risks associated with Occupational Health and Safety are always present in any organization.	As mentioned above, the Company regularly conducts safety related drills. protocols and encourages participation of its employees, clients/tenants as well as other stakeholders so that everyone may be well-informed on what to do when emergencies will occur.
What are the Opportunity/ies Identified?	Management Approach

The Company is always looking for ways to improve the way it manages the risks for Occupational Health and Safety. Like every organization, the Company will continuously review and reassess its approaches toward managing the said risks.	The Company's processes for identifying and assessing these risks are laid out in the Company's Enterprise Risk Management plan, as provided for in the Company's Manual on Corporate Governance.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	The Company abides by the rules and requirements of the Labor Code of the Philippines and other applicable laws.
Child labor	Y	The Company abides by the rules and requirements of the Labor Code of the Philippines and other applicable laws.
Human Rights	Y	The Company abides by the rules and requirements of the Labor Code of the Philippines and other applicable laws.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
During the reporting year, there were no incidents in relation to human rights violation or discrimination in the Company, as KPPI continues to acknowledge and provide the utmost respect to labor laws and human rights in the workplace.	Respect for Human Rights is the foundation of the Company's culture as it wants to create a safe space for employees that does not discriminate based on personal background, age, gender, marital status, cultural background or place of origin.
What are the Risk/s Identified?	Management Approach

Non-compliance to labor laws and human rights may cause strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in the Company's employee relations that will negatively reflect on the Company's employees' productivity and the Company's reputation.	It has been a policy and practice of the Company to strictly comply with the existing labor laws and regulations and any and all laws/statutes promulgated by our duly constituted authorities.
What are the Opportunity/ies Identified?	Management Approach
The Company continues to provide a mechanism through various platforms that will give our employees confidence to freely communicate their concerns without fear of retaliation including workplace discrimination and bullying.	The Company has an existing whistle blowing mechanism as laid out in the Company's Code of Business Conduct and Ethics. The policy encourages its employees to communicate their concerns about illegal, fraudulent or unethical behavior, including both perceived and actual irregularities, while protecting them from potential retaliation.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

The Company is in the process of finalizing this Policy but has been instituting competitive bidding and conducting due diligence to ensure that all suppliers have the necessary permits, licenses, authorities from original equipment manufacturers/distributors, have been verified to have performed the same supply/service contract for other clients, and have no known adverse track record.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N/A	
Forced labor	N/A	
Child labor	N/A	
Human rights	N/A	
Bribery and corruption	N/A	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach

Through the Company's Accreditation process, the Company is able to assess environmental as well as social impacts of its suppliers.	The Company maintains an accreditation process of its suppliers to attain the needs and specifications of the Company. Particularly, the Company chooses its suppliers after it has undergone thorough evaluation and assessment of their technical capabilities. They are also assessed on their financial condition, employee policies and practices, and their overall company governance. This is done through background investigation, submission of complete and updated financial documents, government permits and certifications, company and plant visits, and other relevant inquiries. In addition, the Company investigates the production capacity, compliance with standards and regulations, their legitimacy of their operations as these criteria reflect the ability to meet quality standards, offer fair and reasonable prices, ensure timely delivery, and maintain good service and support.
What are the Risk/s Identified?	Management Approach
Unavailability of materials and labor in the locality where we operate poses a risk that might	The Company has an established accreditation process and chooses its suppliers based on

constrain the Company to purchase materials and hire employees elsewhere. This will not only affect our impact in the community where we operate, this may also entail additional costs on our part.	certain set of parameters. The Company prioritizes the sourcing of goods and services locally provided minimum standards are met. When qualified suppliers do not exist, the Company is constrained to source the said goods and services in other cities in Metro Manila and other places of the country. The Company also makes an effort to source from MSMEs whenever possible. The Company is dedicated to supporting local suppliers to help develop the local economy.
What are the Opportunity/ies Identified?	Management Approach
The Company aspires to build long-term partnerships with its suppliers to ensure continued supply of its needs.	The Company chooses its suppliers based on their ability to provide the requirements of the Company that meets our standards, offer fair and reasonable prices, ensure timely delivery, and maintain good service and support. As to our labor, as a policy we provide equal opportunities for growth to all of our employees.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

N/A	N/A	N/A	N/A	N/A	N/A

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: ________

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

What are the Risk/s Identified?	Management Approach
N/A	
What are the Opportunity/ies Identified?	**Management Approach**
N/A	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	N/A	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	
What are the Risk/s Identified?	**Management Approach**
N/A	
What are the Opportunity/ies Identified?	**Management Approach**
N/A	

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No impacts identified as there are no substantiated complaints regarding health and safety for 2020.	
What are the Risk/s Identified?	**Management Approach**
No risks identified.	
What are the Opportunity/ies Identified?	**Management Approach**
No opportunities identified.	

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company engages agents to market its properties. The Company uses third party agents to market and sell its various property offerings to potential customers. Further, the Company has, in its complement, competent and skilled in-house marketing agents who market and sell its various property offerings to potential customers	The Company conducts monthly meetings with the sales and marketing teams to revisit and to improve if necessary its existing marketing efforts. In addition, marketing materials are approved by management before publication and release. Local marketing teams then produce the materials through the accredited suppliers.
What are the Risk/s Identified?	**Management Approach**
No Risk identified.	
What are the Opportunity/ies Identified?	**Management Approach**
No Opportunities identified.	

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company's customers and other stakeholders can trust that their data is secure and protected from unnecessary disclosure due to the Company's commitment to data privacy.	The Company has established proper control and measures to protect customer data in accordance with the Data Privacy Act.
What are the Risk/s Identified?	**Management Approach**
Because of the nature of the Company's business which involves processing of personal information from our customers, potential risks to data privacy may arise.	The Company has crafted a data privacy policy in accordance with the Data Privacy Act and ensures that its employees are aware of the requirements of the law, what information is protected, when personal information can be disclosed and the requirements for such disclosure.
What are the Opportunity/ies Identified?	**Management Approach**
Continuous review and assessment of the Company's data privacy policy.	The Company will participate in additional training on Data Privacy requirements and explore new technologies to ensure data privacy and security.

<u>Data Security</u>

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company's customers and other stakeholders can trust that their data are secured and protected from unnecessary disclosure due to the Company's commitment to data privacy.	The Company has implemented appropriate security measures, both physical and technical, within the organization and other procedures intended for the protection of personal information or data against any accidental or unlawful destruction, alteration and disclosure.
What are the Risk/s Identified?	**Management Approach**

Potential risks to data security include data breaches, leaks, thefts, and losses of data.	As mentioned above, the Company has implemented appropriate security measures intended for the protection of personal information or data against any accidental or unlawful destruction, alteration and disclosure.
What are the Opportunity/ies Identified?	Management Approach
Continuous review and assessment of the Company's data privacy policy.	The Company will attend and conduct additional training on Data Privacy and explore new technologies to ensure data privacy and security.

UNSUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Office Space	We provide a suitable location where businesses can operate, grow and contribute to job creation and increased economic activity in the areas where we locate. To date we have 68,945 square meters of gross floor area	Apart from our discussion above in relation to our environmental, social, and economic impacts we believe that there are no further material negative impacts of this product to SDGs.	No other material approach we could identify other than what was discussed.

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*