

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 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. **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
<u>Common</u>	<u>201,057,609</u>
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

	<u>Page</u> <u>No.</u>
PART I – BUSINESS AND GENERAL INFORMATION	
1. BUSINESS	
Business Development	3
Recent Development	4
Description of Business/Principal Products or Services	5
Percentage of sales or revenues and net income contributed by foreign sales	6
Distribution Methods of the Products or Services	6
New Product or Service	6
Competition	6
Sources and Availability of Raw Materials	7
Dependence on A Single or Few Customers	7
Transactions With And/or Dependence on Related Parties	7
Intellectual Property	11
Regulatory and Environmental Matters	11
Research and Development	24
Employees	24
Risks Associated with the Business, Risk Management and Business Strategy	
2. PROPERTIES	32
3. LEGAL PROCEEDINGS	33
4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	33
PART II - OPERATIONAL AND FINANCIAL INFORMATION	
5. MARKET FOR ISSUER’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS	33
Market Information; Shareholders; Dividend Policy; Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction	
6. MANAGEMENT’S DISCUSSION AND ANALYSIS	37
Financial Condition, Key Performance Indicators, Results of Operations, Cash Flows	
7. FINANCIAL STATEMENTS	42
8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS	42
External Audit Fees and Services; Changes In and Disagreements with Accountants on Accounting and Financial Disclosure	
PART III – CONTROL AND COMPENSATION INFORMATION	
9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER	43
Directors and Executive Officers; Principal Owners, Key Officer, and Significant Employees; Family Relationship among Directors and Officers; Involvement of the Company, the Directors and Executive Officers in Certain Legal Proceedings	
10. EXECUTIVE COMPENSATION	47
Summary Compensation Table; Compensation of Directors; Employment Contracts and Termination of Employment and Change-in-Control Arrangement; Outstanding Warrants and Options	
11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	
Security Ownership of Certain Record and Beneficial Owners of More Than 5% as of March 31, 2020; Security Ownership of Management as of March 31, 2020; Voting Trust Holders of 5% or More; Changes in Control	48
12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	49
PART IV – EXHIBITS AND SCHEDULES	
13. EXHIBITS AND REPORTS ON SEC FORM 17-C	50
Reports on SEC Form 17-C filed during the last six-month period covered by this report	
SIGNATURES	
AUDITED CONSOLIDATED FINANCIAL STATEMENTS	
SUPPLEMENTARY SCHEDULES TO THE FINANCIAL STATEMENTS	
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT	

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 ₱48.26 million, ₱46.51 million, and ₱49.79 million for the years ended 31 December 2024, 2023 and 2022 and net income(loss) of ₱7.31 million, (₱1.39 million), and (₱.469 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 various industries, 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 2024, the Company enjoys a 47% occupancy rate for the leasable spaces and a 34% 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 ten (10) 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 the pre-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 consent of 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 efforts to ensure high occupancy rates.
- b) Screen prospective tenants in relation to the overall marketing plan and branding of the property and 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 sanctioned 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, develop, 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 to the 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 Kepweal 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 Fifty Thousand 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 Kepweal 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, 2023, KCCC procured an Insurance Policy with Pioneer Insurance & Surety Corporation effective until 23 August 2025. 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, centralized air conditioning system, various air conditioners, automatic fire- fighting system, water distribution, and wastewater management, 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 2 years, 1.5 Month Gross rent for the lease term of 3 years; 2 months gross rent for lease term of 5 years; 2.5 Months gross rent for the lease term of 7 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. On March 26, 2024, the Company proposed an adjustment to the fee structure and was subsequently approved, aligning it with a percentage of revenue rather than a fixed amount, charging a management fee equivalent to 2.5% of revenue, effective January 2024.

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 2022, 2023 and 2024.

Terms and Conditions of Transactions with Related Parties

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 Restrictions *1987 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 to be 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 business or 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 and signed 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 the transferee 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 issuance in 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% of its 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 through 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 purpose of 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 period of 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 in the lease of land in excess of the area approved by 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 bed spaces 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 Region and 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 consignment, 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 of succeeding 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 total payments 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 projects approved 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 information refers 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) the processing 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 bidding including 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 that will 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 and buildings, 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 a value-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 be exempt 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 to the 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 capital stock 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 arm of the Executive Branch in the field of labor and employment. The DOLE has

exclusive authority in the 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 given schedule, 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 Code are:

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 provided for 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 2024, no research and development cost was recorded by the Company.

Employees

As of 31 December 2024, the Company has 4 employees. The Company has put on hold any plan to 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 2024 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 less growth 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 business strategies 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 2024, the Company enjoys 47% occupancy rate for the leasable spaces and a 34% 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 will allow 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 experience in 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 operations would 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 the Company's business, results of operations, and financial condition.

To cushion the concentration of the Company's operations in Cebu City and Metro Manila and mitigate 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 the Company'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 asset acquisition. 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. At least about 32% of the Company's property offerings are promoted by its in-house agents and about 68% 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 projects could 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 Company may 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 or entity. 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 could result 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 to litigation 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 associated with 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 of which 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 lead to 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, the Company 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 diligence in 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 potential conflicts of interest between the Company and the majority shareholders in a number of other areas relating 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 its arrangement 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 affect the 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 than most locations in the Philippines.

Item 2. Properties

As of 31 December 2024, 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 2024, the Company enjoys 47 % occupancy rate for the leasable spaces and a 34% 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 which is 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 2024 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, 2025 is P1.65.

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

Year		1Q	2Q	3Q	4Q
2024	High	1.53	1.76	1.36	1.25
	Low	1.53	1.76	1.36	1.25
2025	High	1.33			
	Low	1.33			

Shareholders

As of 31 March 2025, 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 2025, 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 probable 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 the corporation 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 of which 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 than 20 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 record date 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 the dividend 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 2024, 2023 and 2022.

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, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, 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 862.24 million and Php 847.67 million as of December 31, 2024 and 2023, 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 404.48 Million and Php 358.44 Million as of December 31, 2024 and 2023, respectively.

- Cash and cash equivalents amounted to Php 230.35 million and Php 275.17 million as of December 31, 2024 and 2023, 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 14.08 million and Php 10.02 million as of December 31, 2024 and 2023, respectively. The total Trade receivables of the Company are 3.48% 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 53.09% as of December 31, 2024 down from 57.71% as of December 31, 2023 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 9.61 million and Php 8.49 million as of December 31, 2024 and 2023, respectively.

Liabilities

- The Company has total liabilities of Php 41.44 million and Php 34.19 million as of December 31, 2024 and 2023, respectively.
- Accounts and other payable comprises 89.19% (Php 37 million) and 96.30% (Php 33 million) of the Total liabilities as of December 31, 2024 and 2023, 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 820.80 million and Php 813.48 million as of December 31, 2024 and 2023, 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 shares at 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, 2024	December 31, 2023
Current ratio	10.94:1	10.89:1
Debt-to-equity ratio	0.05:1	0.04:1
Asset-to-equity ratio	0.95:1	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, 2024, 2023 and 2022 in absolute terms and expressed as a percentage of total sales are compared below:

	2024	% of Sales	2023	% of Sales	% Change 24 vs 23	2022	% of Sales	% Change 23 vs 22
Revenue	48,257,987	100%	46,510,562	100%	4%	49,788,191	100%	-7%
Cost of Services	40,300,324	84%	39,328,676	85%	2%	39,902,290	80%	-1%
Gross Profit	7,957,663	16%	7,181,886	15%	11%	9,885,901	20%	-27%
Other Income	18,185,247	38%	11,270,328	24%	61%	7,738,289	16%	46%
Gross Income	26,142,910	54%	18,452,214	40%	42%	17,624,190	35%	5%
Operating Expenses	19,630,235	41%	23,541,991	51%	-17%	19,542,737	39%	20%
Income before Income Taxes	6,512,675	13%	(5,089,777)	-11%	-228%	(1,918,547)	-4%	165%
Income Tax Expense	(801,374)	-2%	(3,700,811)	-8%	-78%	(1,449,953)	-3%	155%
Net Income	7,314,049	15%	(1,388,966)	-3%	-627%	(468,594)	-1%	196%
Other Comprehensive Income	-	0%	-	0%	0%	-	0%	0%
Total Comprehensive Income	7,314,049	15%	(1,388,966)	-3%	-627%	(468,594)	-1%	196%

Other Key Financial Ratios

Return on equity 0.89% -0.17% -0.06%

Return on total assets 0.85% -0.16% -0.06%

Notes:

Return on Equity = *Net Income / Total Equity*

Return on Total Assets = *Net Income / Total Assets*

2024 vs 2023

Sales

- The Company generated sales of Php 48.26 million for the year ended December 31, 2024, up by 3.76% year on year basis.

Costs of Services

- Costs of services for the year ended December 31, 2024 closed at Php 40.30 million, resulting in a gross profit of Php 7.96 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 2024 was up to 84% of the total revenue as compared to 85% in 2023 or a cost of services increase of 2%.

Gross Profit

- The Company's gross profit has increased to 16% of the total revenue in 2024 as compared to 15% in 2023 or increased of Php .78 million in 2024.

Operating expenses

- Operating expenses, composed of general and administrative expenses, amounting to Php 19.63 million for the year ended December 31, 2024. This translates to a 41% of revenues from 51% of revenues the year prior.

Interest Income

- Interest income in 2024 represents mainly interest earned from bank, interest from loan due from related parties, the Company's cash and cash equivalents and short-term investments. The Company's cash and cash equivalents have earned interest income of Php 3.8 Million in 2024 as compared to Php 1.0 million in 2023.

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 14.4M in 2024 and 10.3M on 2023.

Income Tax Expense

- Income tax expense for the year totaled Php (.801) million.

Net Income

- Net income for the year ended December 31, 2024 reached Php 7.31 million for a net income margin of 15.16%, increase of -627% from last year's net income of Php (.1.39) million for a net income margin of -3%

2023 vs 2022

Sales

- Revenues for the year ended December 31, 2023 amounted to Php 46.51 million, a decrease of 7% as compared to Php 49.79 million for the year ended December 31, 2022. The total revenue in 2023 were all earned from third parties .

Cost 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 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 2023 were up to 85% of the total revenue as compared to 80% in 2022 or a cost of services decrease of 1%.

Gross Profit

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

Operating expenses

- Operating expenses, composed of general and administrative expenses, amounting to Php 23.54 million for the year ended December 31, 2023. This translates to 51% of the revenues from 39% of revenues the year prior.

Interest Income

- Interest income in 2023 represents mainly interest earned from bank, interest from loan due from related parties, the Company's cash and cash equivalents. 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 10.3 million in 2023 and 7.0 million on 2022 .

Income Tax Expense

- Income tax expense for the year 2023 totaled Php -3.70 million. In 2022, income tax expense totaled Php -1.45 million, which consisted of Php .11 million current tax expense and a deferred tax asset of Php -1.56 million.

Net Income

- Net income for the year ended December 31, 2023 reached Php -1.39 million for a net income margin of 3%, a -196% decrease from last year's net income of Php -.468 million for a net income margin of 1%.

C. Cash flows

Cash flows generated from operating activities in 2024 amounted to Php 31.17 million which is 47% higher than Php 21.28 million generated in 2023.

Net cash from investing activities totaled Php -76 million in 2024 mainly due to purchase of financial asset measured at FVTPL; for 2023, Php 147.14 million was due to income received from investment in money market fund.

Overall, net cash flows for the year ended December 31, 2024 amounted to Php -44.82 million resulting to cash and cash equivalents balance of Php 230.35 million as of December 31, 2024.

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 Bernaldo ("RSB.") for the audit of the financial statements of the Company and other services in connection with the statutory and regulatory filings for 2024 is P442,00.00.

Tax fees and all other fees

	2023	2022
Real Property Tax	3,972,095	3,848,959
Business Permits and Registrations Fees	399,701	635,071
Documentary Stamp Tax	186,643	158,720
Total	4,558,440	4,642,750

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 Bernaldo & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate 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 2025:

Name	Age	Gender	Citizenship	Type/Position	Date First Elected
Restituto T. Lopez	74	Male	Filipino	Chairman/Non-exec	January 2019
Edmund G. Las	73	Male	Filipino	Director / Exec	November 2017
Augusto Pablo A. Corpus, Jr	68	Male	Filipino	Director / Exec	June 2020
Robert Ivan F. Olanday	44	Male	Filipino	Director / Exec	2017
John F. Catindig	55	Male	Filipino	Director / Exec	2017
Ignacio Salvador Gimenez, III ²	45	Male	Filipino	Director / Non-exec	January 2019
Mark Anthony C. Migallos	71	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 Relations Officer 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 2025:

Name	Age	Gender	Citizenship	Position
Restituto Lopez	74	Male	Filipino	Chairman
Augusto Pablo A Corpus, Jr	68	Male	Filipino	President
John F. Catindig	55	Male	Filipino	Chief Information and Compliance Officer
Ignacio Salvador R. Gimenez 111	45	Male	Filipino	Treasurer and Investor Relations Officer
Rosa Michele C. Bagtas	51	Female	Filipino	Corporate Secretary
Eric T. Dykimching	41	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 in Business 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 board of 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, 68 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, 73 years old, Director of the Company since November 2017. Prior to joining the Company, he served as a Director 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 June 19, 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, 44 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, 55 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. and Associated 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 completed trainings 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, 45 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, 71 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, 51 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, 41 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.

Item 10. Executive

Compensation Summary

Compensation Table

Information as to the aggregate compensation for the years ended 31 December 2024 and 2023 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	2023	2,249,500		
Executive Officer	2024	2,194,612		
	2025(estimate)	3,000,000		
All other officers and named directors as group	2023	379,911		140,000
	2024	482,578		130,000
	2025(estimate)	486,153		130,000

Compensation of Directors and Executive Officers

In 2024, 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, 2025, 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) 29 th 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, 2025

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 the Company'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 9 to the Company's audited financial statements as of and for the years ended 31 December 2024 and 2023.

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 10, 2024	Material Information/Transactions (Comprehensive Report on Progress of Business Plan as of 31 December 2023)
April 05, 2024	Results of the Special Meeting of the Board of Directors held on April 05, 2024, via remote communication: <ol style="list-style-type: none"> 1. Reading of the approval of the Minutes of the Organizational Board Meeting held on 12 July 2023; 2. Setting the date of the 2024 Annual Stockholders' Meeting and all related deadlines and authority to conduct the Annual Stockholder's Meeting on July 10, 2024 at 8:00AM via remote communication; 3. Approval of the Annual Report on SEC Form 17-A and the Financial Statements of the Corporation; 4. Additional Authority to Transact with East West Banking Corporation.
April 05, 2024	Notice of the Annual or Special Stockholder's Meeting
April 15, 2024	Material Information/Transactions (Disbursement of Proceeds and Progress Report as of March 31, 2024)
May 21, 2024	Notice of the Annual or Special Stockholder's Meeting
July 10, 2024	Matters approved during the Annual Stockholders' Meeting held on July 10, 2024: <ol style="list-style-type: none"> 1. Reading and approval of the Minutes of the Annual Stockholder's Meeting held on 12 July 2023; 2. President's Report on Operations; 3. Ratification of 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 2024; 5. Election of Directors; 6. Other Matters.
July 10, 2024	Matters approved during the Organizational Board Meeting held on July 10, 2024: <ol style="list-style-type: none"> 1. Reading and approval of the Minutes of the Special Meeting of the Board of Directors Held on 05 April 2024; 2. Election of Officers; 3. Election of the members of the Executive Committee; 4. Election of the Members of the Audit Committee; 5. Election of the Members of the Corporate Governance Committee; 6. Election of the Members of the Related Party Transaction Committee; 7. Closing of Bank Account with East West Banking Corporation; 8. Authority to Transact with Maybank Philippines, Inc.; 9. Authority to Transact with Sun Life.
July 12, 2024	Material Information/Transactions (Disbursement of Proceeds and Progress Report as of June 30, 2024)
October 10, 2024	Material Information/Transactions (Disbursement of Proceeds and Progress Report as of September 30, 2024)

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, 2024 and 2023 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 2024:

Date of Report	Items Reported
January 10, 2024	Material Information/Transactions (Comprehensive Report on Progress of Business Plan as of 31 December 2023)
April 05, 2024	Results of the Special Meeting of the Board of Directors held on April 05, 2024, via remote communication: <ol style="list-style-type: none">1. Reading of the approval of the Minutes of the Organizational Board Meeting held on 12 July 2023;2. Setting the date of the 2024 Annual Stockholders' Meeting and all related deadlines and authority to conduct the Annual Stockholder's Meeting on July 10, 2024 at 8:00AM via remote communication;3. Approval of the Annual Report on SEC Form 17-A and the Financial Statements of the Corporation;4. Additional Authority to Transact with East West Banking Corporation.
April 05, 2024	Notice of the Annual or Special Stockholder's Meeting
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July 10, 2024	Matters approved during the Annual Stockholders' Meeting held on July 10, 2024: <ol style="list-style-type: none">1. Reading and approval of the Minutes of the Annual Stockholder's Meeting held on 12 July 2023;2. President's Report on Operations;3. Ratification of 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 2024;5. Election of Directors;6. Other Matters.

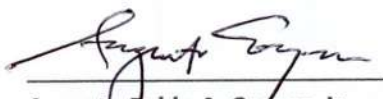
July 10, 2024	Matters approved during the Organizational Board Meeting held on July 10, 2024: <ol style="list-style-type: none"> 1. Reading and approval of the Minutes of the Special Meeting of the Board of Directors Held on 05 April 2024; 2. Election of Officers; 3. Election of the members of the Executive Committee; 4. Election of the Members of the Audit Committee; 5. Election of the Members of the Corporate Governance Committee; 6. Election of the Members of the Related Party Transaction Committee; 7. Closing of Bank Account with East West Banking Corporation; 8. Authority to Transact with Maybank Philippines, Inc.; 9. Authority to Transact with Sun Life.
July 12, 2024	Material Information/Transactions (Disbursement of Proceeds and Progress Report as of June 30, 2024)
October 10, 2024	Material Information/Transactions (Disbursement of Proceeds and Progress Report as of September 30, 2024)

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 03 APR 2025 2025.

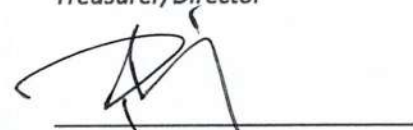
QUEZON CITY

By:


Augusto Pablo A. Corpus, Jr.
President/Director


Ignacio Salvador R. Gimenez III
Treasurer/Director


Rosa Michele C. Bagtas
Corporate Secretary


Robert Ivan F. Olanday
Director


John F. Catindig
Chief Compliance Officer/Director

03 APR 2025

SUBSCRIBED AND SWORN to before 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	DFA Antipolo
Robert Ivan F. Olanday	Passport No. P3531332B	14 OCT 2029	DFA NCR East
John F. Catindig	Driver's License No. N02-99-404028	28 MAR 2032	LTO-P. Tuazon, QC

Doc No. 1D

Page No. 03

Book No. LXXIX

Series of 2025.


ATTY. BRYAN G. PEKAS
Notary Public for Quezon City
Valid until December 31, 2025
Roll of Attorney No. 66393
IBP No. 491739 / 02 January 2025, Q.C.
Admin Matter No. NP-317 / TIN 289-467-753
PTR No. 10095447, 01-02-2025, Marikina City
MCLE Compliance No. VII-0025903; 01-30-2023
603 EDSA Diamond Finance Bldg. Brgy. SMDP Cubao, Q.C.

COVER SHEET

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
Month Day
Fiscal Year

1 7 - Q
Form Type

Second Wednesday of July
Month Day
Annual Meeting

-
Secondary License Type, If Applicable

C G F D
Dept. Requiring this Doc.

-
Amended Articles Number/Section

-
Total No. of Stockholders

Total Amount of Borrowings
- -
Domestic Foreign

Top be accomplished by SEC Personnel Concerned

LCU

CASHIER

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended March 31, 2025
2. SEC Identification No. 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 or organization Philippines
6. Industry Classification Code (SEC Use Only)
7. Address of principal office Unit U01-23 Burgundy Corporate Tower 252 Sen. Gil Puyat Ave., 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

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

Yes ☒ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange - All Outstanding Common Shares

12. Are any or all of the securities listed on a Stock Exchange?

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 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 ☐

PART I - FINANCIAL INFORMATION

Section 1. Financial Statements
- ***See Attached.***

Section 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
- ***See Attached.***

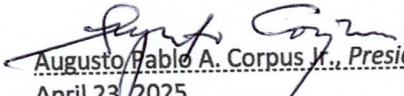
PART II - OTHER INFORMATION


There are no other information for the period not previously reported in SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Issuer KEPWEALTH PROPERTY PHILS., INC.

Signature and Title  Augusto Pablo A. Corpus Jr., President
Date April 23, 2025

Signature and Title  Ignacio Salvador Gimenez III, Treasurer
Date April 23, 2025

KEPWEALTH PROPERTY PHILS., INC.

PART I - FINANCIAL INFORMATION

Section 1. Financial Statements

KEPWEALTH PROPERTY PHILS., INC.**Unaudited Interim Statements of Financial Position**

As at March 31, 2025 and December 31, 2024

	Note	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	7	216,978,812	230,349,904
Financial assets at fair value through profit or loss		153,825,450	141,940,291
Trade and other receivables	8	15,044,038	14,083,928
Due from Related Parties		257,312	257,312
Other current assets		17,503,391	17,850,110
Total Current Assets		403,609,003	404,481,545
Noncurrent Assets			
Investment properties - net	9	328,161,558	322,128,379
Property and equipment - net	10	651,379	468,883
Investment in equity securities		125,555,000	125,555,000
Net deferred tax asset	16	8,408,205	9,606,631
Total Noncurrent Assets		462,776,142	457,758,893
Total Assets		866,385,145	862,240,438
		-	-
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	11	34,990,273	36,959,608
Income tax payable		-	-
Total Current Liabilities		34,990,273	36,959,608
Noncurrent Liabilities			
Advance rent - net of current portion	17	2,135,384	2,135,384
Security deposits - net of current portion	17	2,346,407	2,346,407
Total Noncurrent Liabilities		4,481,791	4,481,791
Total Liabilities		39,472,064	41,441,399
Equity			
Capital stock	12	456,057,609	456,057,609
Additional paid-in capital	12	299,519,764	299,519,764
Retained earnings		71,335,708	65,221,666
Total Equity		826,913,081	820,799,039
Total Liabilities and Equity		866,385,145	862,240,438

See accompanying Notes to Unaudited Interim Financial Statements.

KEPWEALTH PROPERTY PHILS., INC.**Unaudited Interim Statements of Comprehensive Income**

For The Three Months Period Ended March 31, 2025 and 2024

Note	2025		2024	
	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar
REVENUE				
Leasing	15,974,429	15,974,429	10,557,634	10,557,634
	15,974,429	15,974,429	10,557,634	10,557,634
COSTS OF SERVICES	10,525,121	10,525,121	9,863,129	9,863,129
GROSS INCOME	5,449,308	5,449,308	694,505	694,505
GENERAL AND ADMINISTRATIVE EXPENSES	3,692,333	3,692,333	5,331,316	5,331,316
OTHER INCOME	5,418,962	5,418,962	3,214,124	3,214,124
INCOME BEFORE INCOME TAX	7,175,937	7,175,937	(1,422,687)	(1,422,687)
PROVISION FOR INCOME TAX				
Current	(136,532)	(136,532)	25,719	25,719
Deferred	1,198,426	1,198,426	(879,832)	(879,832)
	1,061,894	1,061,894	(854,113)	(854,113)
NET INCOME	6,114,043	6,114,043	(568,574)	(568,574)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	6,114,043	6,114,043	(568,574)	(568,574)
BASIC AND DILUTED EARNINGS PER SHARE	0.03	0.03	(0.00)	(0.00)

See accompanying Notes to Unaudited Interim Financial Statements.

KEPWEALTH PROPERTY PHILS., INC.**Unaudited Interim Statements of Changes in Equity**

For The Three Months Period Ended March 31, 2025 and 2024

	Note	2025	2024
CAPITAL STOCK			
Common			
Balance at beginning of period		201,057,609	201,057,609
Issuances		-	
Stock Dividends			
Balance at end of period		201,057,609	201,057,609
Preferred			
Balance at beginning and end of period		255,000,000	255,000,000
		456,057,609	456,057,609
ADDITIONAL PAID-IN CAPITAL			
		299,519,764	299,519,764
RETAINED EARNINGS			
Balance at beginning of period		65,221,666	57,907,617
Stock Dividends			-
Net Income		6,114,043	(568,574)
Balance at end of period		71,335,709	57,339,043
		826,913,081	812,916,416

See accompanying Notes to Unaudited Interim Financial Statements.

KEPWEALTH PROPERTY PHILS., INC.**Unaudited Interim Statements of Cash Flows**

For The Three Months Period Ended March 31, 2025 and 2024

	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		7,175,937	(1,422,693)
Adjustments for:			
Depreciation		8,758,871	8,538,833
Gain on sale of FA @ FVTPL		(2,310,043)	(845,261)
Unrealized loss (gain) on FA @ FVTPL		(95,839)	(275,819)
Interest Income		(2,928,361)	(1,993,763)
Operating cash flows before changes in working capital		10,600,565	4,001,297
Decrease (Increase) in operating assets:			
Trade and other receivables		(960,110)	(55,883,279)
Prepayments and other current assets		346,719	160,310
Deferred input VAT		-	658,712
Increase (decrease) in operating liabilities:			
Trade and other payables		(1,969,335)	(1,577,789)
Cash generated from operations		8,017,839	(52,640,749)
Income taxes paid		136,532	(25,719)
Interest received		622,422	178,638
Net cash from operating activities		8,776,793	(52,487,830)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of financial assets measured at FVTPL		(9,479,277)	(50,122,223)
Interest received		2,305,939	1,815,125
Loan payments received from related party			825,195
Advances to related parties - net		-	(606,262)
Purchase of property and equipment		(279,730)	(7,720)
Purchase of investment properties		(14,694,815)	(451,223)
Net cash from (used in) investing activities		(22,147,883)	(48,547,108)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from (payment to) related parties			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(13,371,090)	(101,034,938)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		230,349,904	275,173,075
CASH AND CASH EQUIVALENTS AT END OF PERIOD		216,978,812	174,138,134
NONCASH FINANCIAL INFORMATION			
Issuance of common stock through stock dividends			

See accompanying Notes to Unaudited Interim Financial Statements

1. Corporate Information

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;

The Company's registered office is located at Unit 1J01-23 Burgundy Corporate Tower, 252 Sen. Gil Puyat Ave., Makati City and is domiciled in the Philippines.

2. Adoption of New and Amended PFRS

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 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 PAS1) to annual reporting periods beginning on or after January 1, 2024.

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 the significant impact on the financial statements.

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

The amendments cover the following areas:

- Derecognition of a financial liability settled through electronic transfer – the amendments allow entities to discharge a financial liability settled in cash using an electronic payment system if specific criteria are met and apply the derecognition option to all settlements made through the same system.
- Classification of financial assets:
 - Contractual terms that are consistent with a basic lending arrangement – the amendments outline how entities can evaluate whether contractual cash flows of a financial asset align with a basic lending arrangement, illustrating this through examples of financial assets with or without principal and interest payments.
 - Assets with non-recourse features – the term ‘non-recourse’ is enhanced, defining a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
 - Contractually linked instruments – the amendments clarify that not all transactions with multiple debt instruments meet classification criteria, and that instruments in the underlying pool can include financial instruments not covered by classification requirements.
- There are amendments in the required disclosure for financial assets and liabilities with contractual terms that reference a contingent event and equity instruments classified at fair value through other comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application of either all the amendments at the same time or only the amendments to the classification of financial assets is permitted.

An entity is required to apply the amendments retrospectively. An entity is not required to restate prior periods to reflect the application of the amendments, but may do so if, and only if, it is possible to do so without the use of hindsight.

- Annual Improvements to PFRS Accounting Standards – Volume 11

The International Accounting Standards Board (IASB) has published proposed narrow-scope amendments to PFRS Accounting Standards and accompanying guidance as part of its periodic maintenance of the accounting standards.

The proposed amendments included in the Exposure Draft Annual Improvement to PFRS Accounting Standards – Volume 11 relate to:

- *PFRS 7 Financial Instruments: Disclosures*
 - Gain or Loss on Derecognition – the amendment addresses potential confusion in paragraph B38 of PFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when PFRS 13 *Fair Value Measurement* was issued.
 - Disclosure of Deferred Difference Between Fair Value and Transaction Price – the amendment addresses an inconsistency between paragraph 28 of PFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of PFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
 - Introduction and Credit Risk Disclosures – the amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7 and by simplifying some explanations.
- *PFRS 9 Financial Instruments*
 - Lessee derecognition of lease liabilities – the amendment addresses a potential lack of clarity in the application of the requirements in PFRS 9 to account to an extinguishment of a lessee's lease liability that arises because paragraph 2.1 (b)(ii) of PFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of PFRS 9.
 - Transaction price – the amendment addresses a potential confusion arising from a reference in Appendix A to PFRS 9 to the definition of 'transaction price' in PFRS 15, *Revenue from Contracts with Customers* while term 'transaction price' is used in particular paragraphs of PFRS 9 with a meaning that is not necessarily consistent with the definition of that term in PFRS 15.
- *PAS 7 Statement of Cash Flows, Cost Method* – the amendment addresses a potential confusion in applying paragraph 37 of PAS 7 that arises from the use of the term 'cost method' that is no longer defined in PFRS Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026 with earlier application permitted.

- PFRS 18, *Presentation and Disclosure in Financial Statements*

PFRS 18 supersedes PAS 1 *Presentation and Disclosure in Financial Statements*. The new standard is a result of IASB's Primary Financial Statements project, which aimed at improving comparability and transparency of communication in financial statements.

While several sections from PAS 1 have been retained with minimal changes in wording, PFRS 18 introduces new requirements for the presentation and disclosures in financial statements.

The new requirements include:

- Improved comparability in the statement of profit or loss (income statement);

- Enhanced transparency of management-defined performance measures; and
- More useful grouping of information in the financial statements.

Retrospective application is required in both annual and interim financial statements. PFRS 18 is effective beginning on or after January 1, 2027, with early application permitted.

3. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), and adopted by the SEC, including SEC pronouncements.

The significant accounting policies used in the preparation of financial statements are consistently applied to all the years presented, unless otherwise stated.

Measurement Bases

The financial statements have been prepared on a historical cost basis and presented in Philippine Peso (Peso), which is the Company's functional currency. Amounts are rounded off to the nearest Peso, except when otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. 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 transaction date.

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

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

Level 1 – Quoted (unadjusted) market prices in active market for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting year.

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

Further information about the assumptions made in measuring fair value is included in Note 8, *Investment Properties* and Note 18, *Fair Values of Financial Instruments*.

Financial Instruments

a. Recognition Policies

The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

b. Classification and Subsequent Measurement Policies

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through OCI (FVOCI), and (c) financial assets at FVPL. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company’s business model and its contractual cash flow characteristics.

Financial Assets at Amortized Cost. Financial assets are measured at amortized cost because 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition

and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting year. Otherwise, these are classified as noncurrent assets.

The Company's cash and cash equivalents, short-term investments, trade receivables and due from related parties are classified under this category.

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 Funds (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 does not have financial assets at fair value through other comprehensive income in both years

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process. Financial liabilities which are expected to be paid within 12 months after reporting period are classified as current. Otherwise, these are classified as noncurrent liabilities.

The Company's accounts payable, security deposits, accruals, due to a related party and other payables are classified under this category.

c. Reclassification Policies

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting year following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

d. Impairment Policy on Financial Assets at Amortized Cost

The Company recognizes an allowance for expected credit loss (ECL) for financial assets at amortized cost. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach, which requires that ECL should always be based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting year, including time value of money where appropriate.

For other financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

e. Derecognition of Financial Assets and Liabilities

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

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income. A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability. The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

f. Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

g. Classification of Financial Instrument between Liability and Equity.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or,
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Other Current Assets

Other current assets consist of deposit to contractors, prepayments and deferred input value-added tax (VAT).

Deposit to Contractors. Deposits to contractors are amounts paid in advance for the purchase of properties, goods and services. These are carried in the statements of financial position at face

amount and are recognized as expense in profit or loss or to the corresponding asset account when the properties, goods or services for which the deposits were made are received by and delivered to the Company.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of VAT payable to the taxation authority is included as part of “Accounts and other payables” account in the statements of financial position.

Deferred Input VAT is recognized when the Company enters into a VATable transaction, but it can only be claimed once the invoice is received. This is carried at cost less allowance for impairment loss, if any. Impairment loss is recognized when deferred input VAT can no longer be recovered.

Investment Properties

Investment properties include condominium units and parking slots that are held for rentals and/or capital appreciation, and that are not occupied by Company. Investment properties are carried at cost, less any accumulated depreciation and any impairment losses.

Depreciation and amortization are calculated using the straight-line method to allocate the cost over the estimated useful life of 40 years. Initial leasing cost is capitalized as cost of investment properties and is amortized over the lease term on the same basis as leasing revenue. The amortization of initial leasing cost is presented as “Commission” under “Costs of Services” account in the statements of comprehensive income.

Transfers are made to or from investment property only when there is a change in use. A transfer between investment property and owner-occupied property does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized in profit or loss in the year of retirement or disposal.

Property and Equipment

Property and equipment is carried at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the asset, including borrowing costs on qualifying assets.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which these are incurred.

Major renovations that qualify for capitalization are depreciated and amortized over the remaining useful life of the related asset or up to the date of the next major renovation, whichever is shorter.

Depreciation is calculated using the straight-line method over the following estimated useful lives of the property and equipment:

Asset Type	Number of Years
Office Improvement	3 to 5
Office Equipment	3

The estimated useful lives and depreciation method are reviewed, and adjusted if appropriate, periodically to ensure that these are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated property and equipment is retained in the books until these are no longer being used in the operations.

When an asset is disposed or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation and any impairment are derecognized. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognized in profit or loss.

Impairment of Nonfinancial Assets

The Company assesses at each reporting year whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of an asset's or cash-generating unit (CGU)'s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Fair value less costs to sell is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Any impairment loss is recognized in the statements of comprehensive income in the expense category consistent with the function of the impaired asset.

An assessment is made at each reporting year as to whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation for office equipment, had no impairment loss been recognized for the asset in prior years.

Equity

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

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 ₱360.0 million, net of offer expenses of ₱24.8 million (Notes 4 and 12).

Additional Paid-in Capital. 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. Retained earnings represent the cumulative balance of net income, net of any dividend declaration.

Dividend Distribution. Stock dividend distribution to the Company's stockholders is recognized immediately as an addition to capital and deducted from retained earnings in the year in which the dividends are approved by the Company's BOD. Cash dividends are recognized as a liability and deducted from equity when these are approved by the BOD of the Company for declaration.

Stock Split. Stock split pertains to issuance of additional shares to existing stockholders for no additional consideration.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

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

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

Leasing. Revenue under non-cancellable leases on investment properties is recognized on a straight-line basis over the term of the lease.

Asset Management. Asset management revenue pertains to management of various properties and commission revenues for the lease of these properties. Management revenue is recognized when related services are rendered while commission revenue is recognized when earned based

on certain percentage of monthly rate of new lease and renewal of both unit and parking slot.

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

Other Income. Other income is recognized as earned.

Cost and Expense Recognition

Costs 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.

Costs of Services. Costs of services are recognized as expense when the related services are rendered.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business and costs incurred to sell and market goods. These are expensed as incurred.

Leases

a. Assessment Policies

The Company assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- i. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- ii. the right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

b. Lessor Accounting

Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as leasing revenue. Contingent rents are recognized as revenue in the period in which these are earned.

Rent received in advance is recognized as "Advance rent" in the statements of financial position. Unamortized day-1 gain is recognized as "Deferred credits" in the statements of financial position. Security deposits received are refundable at the end of the lease term. These security deposits are measured at amortized cost using the effective interest rate method at the inception of the lease agreements. Advance rent, deferred credits and security deposit, which are expected to be settled within 12 months after reporting year are classified as current and presented under "Accounts and other payables" in the statements of financial position. Otherwise, these are classified as noncurrent liabilities.

Income Tax

Current Tax. Current tax is the expected tax payable on the taxable income for the year, using the tax rate enacted or substantively enacted at the reporting year, and any adjustment to tax payable in the previous years.

Deferred Tax. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

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

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

Current tax and deferred tax are recognized in profit or loss except to the items recognized directly in equity or in OCI.

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

Earnings per Share (EPS)

Basic EPS is calculated by dividing net income by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock split and stock dividends declared.

Diluted EPS is calculated in the same manner as basic EPS, adjusted for the effects of all dilutive potential common shares.

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.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. In considering each possible related party relationship,

attention is directed to the substance of the relationship and not merely on legal form. A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingencies

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

Events after the Reporting Date

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

4. Significant Judgment, Accounting Estimates and Assumptions

The preparation of the unaudited interim financial statements in accordance with PFRS requires the Company to make judgment, 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 unaudited interim financial statements as they become reasonably determinable.

Judgment, 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.

Judgment

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

Determining 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.

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 (Note 19).

Classifying 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.

The Company recognized leasing revenue amounting to ₱16 million and ₱10.6 million for the three-month periods ended March 31, 2025 and 2024, respectively and ₱16 million and ₱10.6 million for the quarters ended March 31, 2025 and 2024 (Note 16).

Determining the Classification of Investment Properties. The Company determines whether a property qualifies as an investment property. In making its judgment, the Company considers the property as an investment property when it is held primarily to earn rentals or capital appreciation or both and is not substantially for use by, or in the operations of, the Company.

The Company classified condominium units and parking slots and initial leasing costs as investment properties. The carrying amounts of the Company's investment properties amounted to ₱328 million and ₱322 million as at March 31, 2025 and December 31, 2024, respectively (Note 8).

Estimates and Assumptions

Estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Estimating the ECL on Trade Receivables. 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. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual experience. The allowance for ECL on trade receivables amounted to nil as at March 31, 2025 and December 31, 2024, (Note 7). No provision for ECL was recognized for the three-month periods ended March 31, 2025 and 2024.

Estimating the ECL 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 for the three-month periods ended March 31, 2025 and 2024.

The carrying amounts of other financial assets at amortized cost as at March 31, 2025 and December 31, 2024 are as follows:

		March 31, 2025	December 31, 2024
	Note	Unaudited	Audited
Cash and cash equivalents	6	216,978,812	230,349,904
		216,978,812	230,349,904

Estimating the Useful Life of Investment Properties and Property and Equipment. The Company estimates the useful life of its investment properties and property and equipment based on the periods over which the assets are expected to be available for use. The Company reviews annually the estimated useful lives of the assets based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes, and anticipated use of the assets.

There were no changes in the estimated useful lives of investment properties for three-month periods ended March 31, 2025 and 2024.

The carrying amount of investment properties amounted to ₱328 million and ₱322 million as at March 31, 2025 and December 31, 2024 respectively (Note 8). The carrying amounts of property and equipment amounted to ₱.6 million and ₱.5 million as at March 31, 2025 and December 31, 2024, respectively (Note 9).

Assessing the Impairment of Nonfinancial Assets. PFRS requires that an impairment review be performed when certain impairment indicators are present. Determining the recoverable amount of nonfinancial assets which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets requires the Company to make estimates and assumptions that can materially affect its financial statements. Future events could cause the Company to conclude that the nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

There were no impairment indicators on the Company's nonfinancial assets. Accordingly, no impairment loss was recognized for the three-month periods ended March 31, 2025 and

2024. The carrying amounts of nonfinancial assets as at March 31, 2025 and December 31, 2024 are as follows:

		March 31, 2025	December 31, 2024
	Note	(Unaudited)	(Audited)
Investment Properties	8	328,161,558	322,128,379
Other Noncurrent Assets		8,408,205	9,606,631
Other Current Asset		17,503,391	17,850,110
Property And Equipment	9	651,379	468,883

Assessing Realizability of Deferred Tax Asset. The Company reviews its deferred tax asset at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

As at March 31, 2025 and December 31, 2024, the Company's recognized deferred tax assets amounted to ₱12.6 million and ₱10.2 million, respectively (Note 15).

5. Initial Public Offering

On August 19, 2019, the Company's 67,032,607 common shares were officially listed at the PSE at an offer price of up to ₱5.74 per share. Net proceeds from the IPO aggregated ₱360.0 million, net of disbursements for offer expenses of ₱24.8 million (Notes 3 and 11).

The unapplied proceeds from the IPO of ₱170.5 million as at March 31, 2025 are maintained in various current and saving accounts. It will be used to fund key property acquisitions for leasing purposes.

On March 6, 2020, the Company acquired two floors and eighteen parking slots at a commercial building located within in Metro Manila for ₱189.5 million, inclusive of VAT.

6. Cash, Cash Equivalents and Short-term Investments

Cash and Cash Equivalents

Details of this account are as follows:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Cash on Hand	25,741	25,741
Cash in Banks	148,176,697	161,555,199
Cash Equivalents	68,776,374	68,768,964
	216,978,812	230,349,904

Cash in banks earn interest at the respective bank deposit rates. Cash in banks include unused proceeds from IPO (Note 6). Cash equivalents as at March 31, 2025 are made for varying periods

of up to three months depending on the immediate cash requirements of the Company and earn annual interest ranging from 3% to 4%.

7. Trade and Other Receivables

This account consists of:

		March 31, 2025	December 31, 2024
	Note	(Unaudited)	(Audited)
Trade:			
Third parties		8,634,653	7,361,342
Related parties	14	496,605	516,899
Others		5,912,780	6,205,687
		15,044,038	14,083,928
Less allowance for ECL		-	-
		15,044,038	14,083,928

Aging Analysis of Trade and Other Receivables

	Neither Past Due nor Impaired	Past Due but not Impaired			
March 31, 2025		1 to 30 Days	31 to 60 Days	More than 60 Days	Total
RECEIVABLES					
Trade receivables		484,731	968,714	7,181,208	8,634,653
Accrued receivables				496,605	496,605
Advances to suppliers		268,656		1,368,439	1,637,095
Advances to officers and employees				1,149,307	1,149,307
Receivable Others			82,932	3,043,446	3,126,378
Less allowance for doubtful accounts				-	-
	-	753,387	1,051,646	13,239,005	15,044,038

No provision for ECL on trade and other receivables was recognized for the three months period ended March 31, 2025 and December 31, 2024.

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

Accrued rent receivable pertains to straight-line adjustments in accordance with the accounting for leases.

8. Investment Properties

Movements in this account are as follows:

	March 31, 2025		
	Condominium Units and Parking Slots	Initial Leasing Costs	Total
Cost			
Balance at beginning of period	844,958,767	9,430,644	854,389,411

Additions	-	14,694,815	14,694,815
Balance at end of period	844,958,767	24,125,459	869,084,226
Accumulated Depreciation and Amortization			
Balance at beginning of period	524,437,466	7,823,563	532,261,029
Depreciation and amortization	8,308,766	352,871	8,661,636
Balance at end of period	532,746,232	8,176,433	540,922,666
Carrying Amount	312,212,535	15,949,025	328,161,560

	December 31, 2024		
	Condominium Units and Parking Slots	Initial Leasing Costs	Total
Cost			
Balance at beginning of period	844,403,913	7,417,086	851,820,999
Additions	554,854	2,013,558	2,568,412
Balance at end of period	844,958,767	9,430,644	854,389,411
Accumulated Depreciation and Amortization			
Balance at beginning of period	491,205,671	7,207,959	498,413,630
Depreciation and amortization	33,231,795	615,604	33,847,400
Balance at end of period	524,437,466	7,823,563	532,261,029
Carrying Amount	320,521,301	1,607,081	322,128,381

This account consists mainly of condominium units and parking slots in Kepwealth Center (previously Keppel Center) located in Cebu Business Park, Cebu City and in One San Miguel located in San Miguel Ave. cor Shaw Blvd. Ortigas Center Brgy. San Antonio Pasig. These units are being leased out to third parties with lease terms ranging from one to six years. This also includes initial direct cost which consists of unamortized portion of commission incurred for lease transactions.

On March 6, 2020, the Company acquired two floors and eighteen parking slots at a commercial building located within in Metro Manila for ₱189.5 million, inclusive of VAT.

Leasing revenue earned from investment properties amounted to ₱16 million and ₱10.6 million for the three months period ended March 31, 2025 and 2024, respectively.

Direct costs incurred related to the investment properties amounted to ₱10.5 million and ₱9.9 million for the three-month periods ended March 31, 2025 and 2024, respectively (Note 13).

The fair value of the investment properties amounted to ₱1.8 billion based on the appraisal made by an accredited independent appraiser. The latest appraisal report is dated February 06, 2025. The fair value of investment properties has been categorized as Level 2. Fair value was based on the market data and income approach. Market data relies on the comparison of sale transactions or offering of similar properties which were offered in the market as of valuation date and income approach measures the current value of a property by calculating the present value of its future economic benefits by discounting expected cash flows at a rate of return that compensates the risks associated with the property.

Depreciation recognized in the statements of comprehensive income consists of the following:

For the Three Months Period Ended
March 31

	Note	2025 Unaudited	2024 Audited
Investment Properties:			
Condominium Units and Parking Slots		8,308,766	8,306,355
Initial Leasing Cost		352,871	62,634
		8,661,637	8,368,989
Property Equipment		97,234	169,844
		8,758,871	8,538,833

The depreciation of initial leasing cost is presented as “Commission” under “Costs of Services” account (Note 13). The depreciation of property and equipment is included in “Others” under “General and Administrative Expenses” account (Note 14).

9. Property and Equipment

Movements in this account are as follows:

	March 31, 2025		
	Office Improvement	Office Equipment	Total
Cost			
Balance at beginning of period	3,122,840	681,375	3,804,215
Additions	279,330	400	279,730
Balance at end of period	3,402,170	681,775	4,083,945
Accumulated Depreciation and Amortization			
Balance at beginning of period	2,676,241	659,091	3,335,332
Depreciation and amortization	93,330	3,904	97,234
Balance at end of period	2,769,571	662,995	3,432,566
Carrying Amount	632,599	18,780	651,379

	December 31, 2024		
	Office Improvement	Office Equipment	Total
Cost			
Balance at beginning of period	3,115,120	673,786	3,788,906
Additions	7,720	7,589	15,309
Balance at end of period	3,122,840	681,375	3,804,215
Accumulated Depreciation and Amortization			
Balance at beginning of period	2,035,551	637,965	2,673,516
Depreciation and amortization	640,690	21,126	661,816
Balance at end of period	2,676,241	659,091	3,335,332
Carrying Amount	446,598	22,284	468,883

10. Accounts and Other Payables

This account consists of:

	March 31, 2025	December 31, 2024
Security deposits	21,377,841	21,122,345
Advance rent	6,065,070	6,393,778
Accruals	2,027,856	1,833,814
Statutory payables	1,731,466	1,665,184
Reservation deposit	218,700	218,700
Others	3,569,340	5,725,787
	34,990,273	36,959,608

Accrued expenses mainly pertain to condominium dues, professional fees, salaries and employee benefits, among others. These are normally settled within one year.

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

11. Equity

Capital Stock

This account consists of:

	March 31, 2025		December 31, 2024	
	Number of Shares	Amount	Number of Shares	Amount
Common Shares				
Authorized:				
Balance at beginning of period - 10 par value	365,000,000	365,000,000	365,000,000	365,000,000
Recapitalization - 1 par value				
Reclassification from preferred shares	277,000,000	277,000,000		
Effect of stock split	0	0		
Balance at end of period	642,000,000	642,000,000	365,000,000	365,000,000
Issued and outstanding:				
Balance at beginning of period	201,057,609	201,057,609	201,057,609	201,057,609
Effect of stock split	0	0		
Stock dividends	0	0		
Issuance	0	0		
Balance at end of period	201,057,609	201,057,609	201,057,609	201,057,609

	March 31, 2025		December 31, 2024	
	Number of Shares	Amount	Number of Shares	Amount
Preferred Shares				
Authorized:				
Balance at beginning of period - 10 par value	255,000,000	255,000,000	255,000,000	255,000,000
Recapitalization - 1 par value				
Reclassification from preferred shares	0	0		0
Effect of stock split	0	0	0	0
Balance at end of period	255,000,000	255,000,000	255,000,000	255,000,000
Issued and outstanding:				
Balance at beginning of period	255,000,000	255,000,000	255,000,000	255,000,000
Effect of stock split	0	0		0
Balance at end of period	255,000,000	255,000,000	255,000,000	255,000,000

Preferred shares are non-voting and shall be redeemable at such dates and in such number of shares as may be determined by the BOD.

On March 7, 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 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 BOD and stockholders declared stock dividends of 49,000,000 common shares at ₱1 par value a share equivalent to ₱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.

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 ₱360.0 million, net of offer expenses of ₱24.8 million (Notes 4.05).

Additional Paid-in Capital

Movements in this account are as follows:

	March 31, 2025	December 31, 2024
Balance at beginning of period	299,519,764	299,519,764
Additions	-	
Costs of issuance	-	
Balance at end of period	299,519,764	299,519,764

EPS

Basic and diluted EPS were computed as follows:

	For the Three Months Period Ended March 31	
	2025	2024
Net Income	6,114,043	(568,580)
Divided by weighted average number of outstanding common shares	201,057,609	201,057,609
	0.03	- 0.00

12. Cost of Services

This account consists of:

	For the Three Months Period Ended March 31	
	2025	2024
Note		

Depreciation	9	8,308,766	8,306,355
Taxes and licenses		875,738	876,634
Salaries and employee benefits		600,772	588,652
Commission	9	352,871	62,634
Repairs and maintenance		386,974	28,853
		10,525,121	9,863,128

13. General and Administrative Expenses

This account consists of:

For the Three Months Period Ended
March 31

	2025	2024
Taxes and Licenses	282,049	269,239
Condominium Dues	1,815,026	3,205,263
Professional Fees	197,540	245,612
Salaries and Other Employee Benefits	563,254	380,154
Selling and Marketing	700	-
Transportation and Travel	47,802	22,130
Contracted Services	452,916	308,941
IPO-related Expenses	50,000	50,000
Repairs and Maintenance	-	11,260
Directors' Fees	36,000	-
Subscription Expense	3,155	19,187
Office Supplies	2,563	25,553
Utilities	58,336	25,856
Others	182,992	768,128
	3,692,333	5,331,323

Others mainly pertain to depreciation of property and equipment, representation, and miscellaneous expenses.

14. Related Party Transactions and Balances

The Company, in the normal course of its operations, has various transactions and balances with its related parties as described below:

Related Party	Nature of Transactions	Year	Transactions during the period	Trade and Other Receivables (Note 6)	Accounts and Other Payables	Due to Related Parties (Note 9)
Entities under common management						
	Asset Management	2025	-			
		2024	-			
	Contracted Services	2025	452,916			
		2024	308,941			
	Commission Expense	2025	352,871			
		2024	62,634			
	Condominium Dues	2025	1,815,026			
		2024	3,205,263			
	Leasing Revenue	2025	15,974,429			
		2024	10,557,633			
	Management Fee	2025	-			
		2024	-			
	Management Income	2025	82,353			
		2024	82,353			
	Cash Advance	2025				
		2024				
Stockholders						
	Director's Fee	2025	36,000			
		2024	-			
	Non-interest bearing cash advances	2025				
		2024				
		2025	18,713,595	-	-	-
		2024	14,216,824	-	-	-

Outstanding accounts and other payables to related parties are included as part of “Accrued expenses” account (Note 11).

Management Agreements

The Company has entered into management agreements with its related parties as follows:

- Asset management, legal and finance services agreement for a fixed monthly fee until February 28, 2019. Management fee expense amounted to nil for the three months period ended March 31, 2025.
- Operational, financial and administration services agreement for a fixed monthly fee. Management income earned amounted to ₱82,353 for the three months period ended March 31, 2025 and 2024.
- Asset management for a fixed monthly fee starting March 2019. Total asset management revenue amounted to nil for the three months period ended March 31, 2025 and 2024, respectively.
- Commission agreement for a predetermined fee. Commission revenue which is included as part of asset management revenue, amounted to nil for the three months period ended March 31, 2025 and 2024, respectively.

Service Agreement

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

Addendum of the service agreement was approved last January 2024, monthly fee is equivalent to 2.5% of the company’s revenue for the month for the finance, human resources, information and communication technology, and internal audit services.

On January 20, 2025, the Company proposed an adjustment to the fee structure and was subsequently approved, charging a management fee equivalent to 2.71% of revenue, effective January 2025

The agreement is for a period of one year and is renewable upon mutual agreement by the parties. Contracted services amounted to ₱ .5 million and ₱ .3 million for the three-month periods ended March 31, 2025 and 2024. (Note 14).

Compensation of Key Management Personnel

The remuneration of directors and other members of key management personnel of the Company are as follows:

	For the Three Months Period Ended March 31	
	2025	2024
Short term benefits	750,000	750,000
Directors' fees	36,000	-
	786,000	750,000

Terms and Conditions of Transactions with Related Parties

Transactions with related parties are noninterest-bearing, unsecured, settled in cash, and are either payable on demand or settled within one year.

15. Income Tax

The current income tax expense represents regular corporate income taxes using itemized deductions in 2025 and 2024.

The reconciliation between the provision for income tax at statutory rate and the Company's tax expense as shown in the unaudited interim statements of comprehensive income is as follows:

	Unaudited For the Three Months Period Ended March 31	
	2025	2024
Income Tax at Statutory Tax Rate	1,793,984	(355,673)
Tax effects of:		
Interest income subjected to final tax	(732,090)	(498,441)
	1,061,894	(854,114)

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

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Deferred tax assets:		
Advance rent	2,050,114	2,132,291

Allowance for ECL		
NOLCO	10,103,996	7,474,267
MCIT	494,776	631,308
	12,648,886	10,237,865
Deferred tax liabilities:		
Initial leasing cost	3,987,256	401,770
Accrued rent	129,225	129,225
Unrealized gain	124,200	100,240
	4,240,681	631,235
Net deferred tax assets	8,408,205	9,606,631

16. Significant Contracts and Agreements

Operating Lease Agreements- Company as a Lessor

The Company has various operating lease contracts with third parties and a related party under common management for the lease of its condominium units and parking slots for varying periods (ranging from one up to six years) and renewable upon mutual agreement. These were subjected to certain escalation clauses ranging from 3% to 10% per year.

Total leasing revenue from these operating leases amounted to ₱16 million and ₱10.6 million for the three-month periods ended March 31, 2025 and 2024, respectively, as shown in the unaudited interim statements of comprehensive income.

The aggregate future minimum annual rent receivables are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Within one year	37,316,627	28,664,533
After one year but not more than five years	33,126,646	16,797,560
	70,443,272	45,462,093

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

		March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
	Note		
Current	9	6,065,070	6,393,778
Noncurrent		2,135,384	2,135,384
		8,200,454	8,529,162

Security deposits are refundable at the end of the lease term. These security deposits are measured at amortized cost using the effective interest rate method at the inception of the lease agreements.

Roll forward analysis of security deposits is as follows:

	March 31, 2025	December 31, 2024
Balance at beginning of period	23,468,752	19,780,546
Refund	(188,573)	(682,539)
Additions	444,069	4,370,745
Balance at end of period	23,724,248	23,468,752
Current portion	21,377,841	21,122,345
Noncurrent portion	2,346,407	133,933

Roll forward analysis of deferred credits is as follows:

	March 31, 2025	December 31, 2024
Balance at beginning of period	-	8,492
Amortization		(8,492)
Additions	-	
Balance at end of period	-	-
Current portion	-	-
Noncurrent portion	-	-

Amortization of deferred credits is recorded as part of "Revenue" in the unaudited interim statements of comprehensive income.

17. Financial Risk Management Objectives and Policies

The Company's financial instruments are composed of cash and cash equivalents, trade and other receivables, due from related parties), security deposits, advance rent, rent payable, accruals, due to related parties and other payables. The main purpose of these financial instruments is to fund the Company's operations. The Company is exposed to financial risks, which result from its operating activities. The key financial risks to which the Company is exposed to are credit risk and liquidity risk.

Credit Risk

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, cash equivalents 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 risk 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.

Liquidity Risk

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.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

The Company considers the following as its core capital aggregating as follows:

	March 31, 2024 (Unaudited)	December 31, 2024 (Audited)
Capital stock	456,057,609	456,057,609
Additional paid-in capital	299,519,764	299,519,764
Retained earnings	71,335,708	65,221,666
	826,913,081	820,799,039

18. Fair Values of Financial Instruments

The following is a comparison by category of carrying amounts and fair values of all the Company's financial instruments that are reflected in the financial statements:

	March 31, 2025		December 31, 2024	
	(Unaudited)		(Audited)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	216,978,812	216,978,812	230,349,904	230,349,904
Trade receivables	13,406,943	13,406,943	12,865,489	12,865,489
Investment in trust accounts	125,555,000	125,555,000	125,555,000	125,555,000
Due from related parties	257,312	257,312	257,312	257,312
Financial assets at fair value through profit or loss	153,825,450	153,825,450	141,940,291	141,940,291
	510,023,517	510,023,517	510,967,996	510,967,996
Financial Liabilities	-	-	-	-
Trade payable	3,569,340.00	3,569,340.00	5,725,787.00	5,725,787
Security deposits	23,724,248	23,724,248	23,468,752	23,468,752
Accrued expenses	2,027,856	2,027,856	1,833,814	1,833,814
Other payables	218,700	218,700	218,700	218,700
	29,540,144	29,540,144	31,247,053	31,247,053

The carrying amounts of cash in banks and cash equivalents, trade receivables (except advances to suppliers), investment in trust accounts, due from related parties, accrued expenses, due to a related party 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 the risk free rates similar borrowings with maturities consistent with those of liabilities being valued. The discount rates used ranged from 1.73% to 6.94% for the three months period ended March 31, 2025 and for the year ended December 31, 2024.

For the three months period ended March 31, 2025 and for the year ended December 31, 2024, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements.

19. 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.

Segment Assets and Liabilities. Segment assets include all operating assets used by a segment and consist primarily of cash and cash equivalents, 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 unaudited interim financial statements.

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 one reportable operating segment:

- Leasing - This segment includes leasing of condominium units and parking slots in Kepwealth Center (previously Keppel Center) located in Cebu Business Park, Cebu City and in One San Miguel located in San Miguel Ave. cor Shaw Blvd. Ortigas Center Brgy. San Antonio Pasig.

Business Segment Information

The following table presents the revenue and expenses for the periods ended March 31, 2025 and 2024 and certain assets and liabilities for the period ended March 31, 2025 and year-ended December 31, 2024 information of the Company's business segments:

	March 31, 2025		
	(Unaudited)		
	Leasing	Asset Management	Total
Results of Operations			
Revenues:			
Third parties	15,974,429		15,974,429
	15,974,429	-	15,974,429
Cost of services	10,525,121		10,525,121
Other expenses	3,692,333		3,692,333
Operating income	1,756,975	-	1,756,975
Interest income	5,334,243		5,334,243
Other income	84,719		84,719
Income tax expense	1,061,894		1,061,894
Net income (loss)	6,114,043	-	6,114,043
Assets and Liabilities			
Assets	866,385,145		866,385,145
Liabilities	39,472,064		39,472,064
Other Segment Information			
Additional capital expenditures:			
Investment properties	14,694,815		14,694,815
Property and equipment	279,730		279,730
Depreciation	8,758,870		8,758,870

	March 31, 2024		
	Leasing	Asset Management	Total
Results of Operations			
Revenues	10,557,633	-	10,557,633
Cost of services	9,863,128		9,863,128
Other expenses	5,331,323		5,331,323
Operating income	(4,636,818)	-	(4,636,818)
Interest income	3,114,843		3,114,843
Other income	3,214,125		3,214,125
Income tax expense	(854,113)		(854,113)
Net income	(568,580)	-	(568,580)
			-
Assets and Liabilities			
Assets	845,525,655		845,525,655
Liabilities	32,609,246		32,609,246
Other Segment Information			
Additional capital expenditure –			
Investment properties	940,271		940,271
Property and Equipment	162,767		162,767
Depreciation	34,194,404		34,194,404

	December 31, 2024		
	(Audited)		
	Leasing	Asset Management	Total
Assets and Liabilities			
Assets	862,240,438		862,240,438
Liabilities	41,441,399		41,441,399

KEPWEALTH PROPERTY PHILS., INC.**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

As at and for the Period Ended March 31, 2025 AND 2024, AND

As at and for the Year Ended December 31, 2024

	March 31, 2025	March 31, 2024	December 31, 2024
Liquidity Ratio	11.53	11.62	10.94
Current assets	403,609,003	364,156,177	404,481,545
Current liabilities	34,990,273	31,345,033	36,959,608
Solvency Ratio	0.40	0.22	0.99
Income before income tax and depreciation	15,934,808	7,116,140	41,021,890
Total liabilities	39,472,064	32,609,246	41,441,399
Debt-to-equity Ratio	0.05	0.04	0.05
Total liabilities	39,472,064	32,609,246	41,441,399
Total equity	826,913,081	812,916,409	820,799,039
Asset-to-equity Ratio	0.95	0.96	0.95
Total assets	866,385,145	845,525,655	862,240,438
Total equity	826,913,081	812,916,409	820,799,039
Interest Rate Coverage Ratio			
Income before income tax and interest	7,175,937	(1,422,693)	6,512,675
Interest expense	-	-	-
Profitability Ratio			
Return on equity	0.74%	-0.07%	0.89%
Return on total assets	0.71%	-0.07%	0.85%
Net income margin	38.27%	-5.39%	15.16%
Gross margin	34.11%	6.58%	16.49%
Operating margin	11.00%	-43.92%	-24.19%

KEPWEALTH PROPERTY PHILS., INC.**SUPPLEMENTARY SCHEDULE OF APPLICATION OF PROCEEDS FROM
INITIAL PUBLIC OFFERING**

As at March 31, 2025

	Estimated	Actual	Balance
Gross Proceeds	₱ 384,767,164	₱ 384,767,164	₱—
Offer Expenses	24,781,5567	24,781,567	-
Net Proceeds	₱ 359,985,597	₱ 359,985,597	₱-

The details of the estimated and actual application of the proceeds are as follows:

	Estimated	Actual	Balance
Gross Proceeds	₱384,767,164	₱384,767,164	₱—
Use of Proceeds			
Acquisition of office space in:			
Metro Manila	241,957,914	189,533,348	52,424,566
Davao City	120,000,000	-	120,000,000
	22,809,250	195,233,816	(172,424,566)
Offer Expenses	24,781,567	24,781,567	-
Unapplied Proceeds	₱(1,972,317)	170,452,249	(172,424,566)

KEPWEALTH PROPERTY PHILS., INC.

PART I - FINANCIAL INFORMATION

Section 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

KEPWEALTH PROPERTY PHILS., INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As at March 31, 2025 and December 31, 2024 and
For the Three Months Period Ended March 31, 2025 and 2024

1. FINANCIAL CONDITION

As at March 31, 2025 compared to as at December 31, 2024

The total assets of Kepwealth Property Phils., Inc. (the Company) increased by ₱4.1 million or by 0.48% from December 31, 2024.

Material changes in asset accounts are analyzed as follows:

- a. The net decrease in cash and cash equivalents of ₱13.4 million (-8%) is mainly due to the cash inflows for the collections of receivables and increase in investment and increase in other noncurrent assets of ₱5.0 million (1%) mainly pertaining to the increase in investment properties.
- b. The increase in trade and other receivables by ₱1 million (7%) is due to increase in trade receivables from leasing operations.
- c. Other current assets decreased by ₱.3 million (-2%) is mainly due to the current portion of deferred input VAT on the acquisition on investment in properties.
- d. Net increase in investment properties of ₱6.0 million (2%) is due to increase in commission for the year.
- e. Net increase of ₱.2 million (39%) in property and equipment is due to additional purchases for the year.
- f. Net decrease of ₱1.2 million (-12%) in net deferred tax asset is due to effect of changes in leasing costs, accrued rent, unrealized gain, advance rent, NOLCO & MCIT.

The total liabilities of the Company decreased by ₱2 million (-5%) due primarily to advance rentals and security deposit and accruals of expenses for the quarter.

Total equity stood at ₱826.9 million as at March 31, 2025 compared to ₱820.8 million as at December 31, 2024 increase by ₱6.1 million (0.74%) representing the net income for the quarter.

The movements in the Company's retained earnings account represents the net income recognized during the three months period ended March 31, 2025 amounting to ₱6.1 million.

Relevant financial ratios related to the Company's financial position are liquidity ratio, solvency ratio, debt-to-equity ratio and asset-to-equity ratio.

The Company's liquidity ratio increased to 11.53:1 as at March 31, 2025 from 10.94:1 as at December 31, 2024 due mainly to termination of asset management segment.

The solvency ratio decreased to 0.40:1 as at March 31, 2025 from 0.99:1 as at December 31, 2024 due to the decreased in payables as at period-end.

The debt-to-equity ratio remains the same to 0.05:1 as at March 31, 2025 and from 0.05:1 as at December 31, 2024.

The asset-to-equity ratio remains the same to 0.95:1 as at March 31, 2025 and from 0.95:1 as at December 31, 2024.

2. RESULTS OF OPERATIONS

For the Three months Period Ended March 31, 2025 Compared to for the Three months Period Ended March 31, 2024

The Company generated a total of ₱16 million revenues from its business segments for the three months period ended March 31, 2025 which is ₱5.4 million (51%) higher than the revenue generated for the same period in the prior year, mainly attributed to the increase in occupancy.

Consequently, gross income is higher by ₱4.8 million (685%). The total comprehensive income of the Company for the three months period ended March 31, 2025 registered at ₱6.1 million which is ₱6.7 million (-1175%) higher than that of the previous year for the same period.

Key factors to the changes of the items above are as follows:

- a. Revenue increased mainly as a result of increased in occupancy.
- b. Cost of services increased by ₱.7 million (7%) due to the increase in commission recognized from amortization of initial leasing costs and payment of taxes.
- c. General and administrative expenses decreased by ₱1.6 million (-31%). This decrease mainly attributed payment of condominium dues, professional fees, and other misc. expenses.
- d. Interest income increased by ₱2.2 million (69%) due to interest earned in investments in short-term investments and cash equivalents, dividend and realized gain from investment. The unapplied proceeds of the IPO were temporarily placed in short-term time deposits which earns up to 2.75% interest per annum.
- e. Income tax expense is calculated at MCIT rate using the itemized deductions amounted to ₱-136.5 thousand for the three months period ended March 31, 2025 vs. ₱25.7 thousand for the same period last year.

The resulting basic and diluted earnings per share of the Company are 0.03 for the three months ended March 31, 2025 vs 0.00 per share for the same period last year.

Relevant profitability ratios related to the Company's financial performance are return on equity, return on total assets, net income margin, gross margin and operating margin.

The return on equity of the Company increased from -0.07% to 0.74% due to the increase in net income and increase in the average balance of equity.

The return on assets also increased from -0.07% to 0.71% due also to the increase in net income and increase in the average total asset base.

Net income margin has increased to 38.27% from -5.39% while the gross margin increased to 34.11% from 6.58% when compared to the same period last year.

Operating margin for the period increased to 11.00% from -43.92% for the same period last year resulting from no revenue generated from the Asset management segment due to termination of agreement.

The leasing operations of the Company accounted for 100% of the total segment net income while the asset management operations accounted for 0%.

3. OTHER DISCLOSURES

There were no material events subsequent to the end of the interim period that have not been reflected in the unaudited interim financial statements.

There were no effects of changes in the composition of the Company during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

The Company has no contingent liabilities or contingent assets as at March 31, 2025.

There are no material contingencies and any other events or transactions that are material to the understanding of the current interim period.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.

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

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

There are no material commitments for capital expenditures which are out of the scope of the use of proceeds from the IPO.

All significant elements of income or loss were generated from the Company's registered and continuing business operations

Apart from the above, there are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net revenues or income from continuing operations.

Management, however, believes that with the Company's strong financial position it can readily meet its maturing obligations and continue as a going concern.