

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

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Principal Office (No./Street/Barangay/City/Town)Province)

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Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

S	T	O	C	K		I	S	S	U	E	R
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COMPANY INFORMATION

Company's Email Address

info@kepwealth.com

Company's Telephone Number/s

(632) 7978-5080

Mobile Number

+639175896770

No. of Stockholders

16

Annual Meeting
Month/Day

Second Wednesday of July

Fiscal Year
Month/Day

31-Dec

CONTACT PERSON INFORMATION

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

Name of Contact Person

Augusto Pablo A. Corpus, Jr.

Email Address

gus.corpus@kepwealth.com

Telephone Number/s

(632) 7978-5080

Mobile Number

N/A

Contact Person's Address

Unit IJ01-23 Burgundy Corporate Tower, 825 Sen. Gil Puyat Ave., Makati City

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

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **KEPWEALTH PROPERTY PHILS., INC.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, in accordance with the Philippine Financial Reporting Standards, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

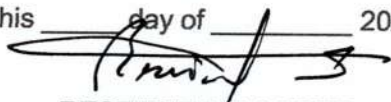
In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management intends to liquidate the Company or to cease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

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

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


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

Signed this _____ day of _____ 2025


RESTITUTO T. LOPEZ
Chairman of the Board
AUGUSTO PABLO A. CORPUS, JR.
President
IGNACIO SALVADOR GIMENEZ III
Treasurer

SUBSCRIBED AND SWORN to before me this 02 day of APR **2025** 2025 affiants exhibiting to me their respective TIN, as follows:

DCC NO 439
PAGE NO 01
BOOK NO LXI
SERIES OF 20 25


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 289-487-753
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.



PKF
R.S. Bernaldo & Associates

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

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

INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURN

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

We have audited the financial statements of **KEPWEALTH PROPERTY PHILS., INC.** as of December 31, 2024 and 2023 and for each of the three years then ended December 31, 2024, on which we have rendered the attached report dated April 4, 2025.

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

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300
Valid until November 19, 2026
BSP Group B Accredited
Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2023
Valid from January 31, 2023 until January 30, 2026
IC Group A Accredited
Accreditation No. 0300-IC
Valid until 2026 audit period

REAN G. ABALOS

Partner
CPA Certificate No. 126203
BOA/PRC No. 0300/P-007
Valid until November 19, 2026
BSP Group C Accredited
Accreditation No. 126203-BSP
Valid until 2025 audit period
BIR Accreditation No. 08-007679-002-2023
Valid from October 20, 2023 until October 19, 2026
Tax Identification No. 271-226-260
PTR No. 10481162
Issued on January 15, 2025 at Makati City

April 4, 2025
Makati City, Metro Manila

BOA/PRC No. 0300 • BIR Accredited • SEC Group A Accredited • BSP Group B Accredited • IC Group A Accredited

PKF R.S. Bernaldo & Associates is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separate and independent legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s).

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **KEPWEALTH PROPERTY PHILS., INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024. Management is likewise responsible for all information and representations contained in the audited financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited to, the value added tax and/ or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2024 and the accompanying audited Annual Income Tax Return are in accordance with the books and records of **KEPWEALTH PROPERTY PHILS., INC.**, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the **KEPWEALTH PROPERTY PHILS., INC.** filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.



AUGUSTO PABLO A. CORPUS, JR.
President



IGNACIO SALVADOR GIMENEZ III
Treasurer



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **KEPWEALTH PROPERTY PHILS., INC.** (the "Company"), which comprise the statements of financial position as at December 31, 2024 and 2023 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and cash flows for each of the three years in the period then ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Key Audit Matters

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

Key Audit Matter

The Risk

Accounting for the Proceeds of Initial Public Offering (IPO)

The shares of the stock of the Company were listed with the Philippine Stock Exchange, Inc. on August 19, 2019. The Proceeds from the IPO amounted to P384,767,164. The accounting for the proceeds is significant to our audit because the outstanding balance of the unapplied proceeds amounting to P170,452,249 as at December 31, 2024 represent 20% of the total assets. Moreover, the Company is required to adhere the use of the proceeds pursuant to the Offering Circular.

Our Response

Our procedures included, among others, examining the underlying documents such as subscription advice and bank statements and obtaining confirmation from banks of the outstanding balance of the proceeds as of December 31, 2024.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high-level assurance, but is not a guarantee that an audit is conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. Future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations Nos. 15-2020 and 34-2020 in Note 31 to the financial statement is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the Management of **KEPWEALTH PROPERTY PHILS., INC.** The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

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

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300

Valid until November 19, 2026

BSP Group B Accredited

Accreditation No. 0300-BSP

Valid until 2026 audit period

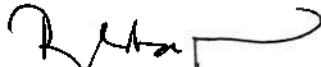
BIR Accreditation No. 08-007679-000-2023

Valid from January 31, 2023 until January 30, 2026

IC Group A Accredited

Accreditation No. 0300-IC

Valid until 2026 audit period



REAN G. ABALOS

Partner

CPA Certificate No. 126203

BOA/PRC No. 0300/P-007

Valid until November 19, 2026

BSP Group C Accredited

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Valid until 2025 audit period

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Issued on January 15, 2025 at Makati City

April 4, 2025

Makati City, Metro Manila

KEPWEALTH PROPERTY PHILS., INC.
MAKATI CITY – PHILIPPINES

FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

AND

INDEPENDENT AUDITORS' REPORT

KEPWEALTH PROPERTY PHILS., INC.**STATEMENTS OF FINANCIAL POSITION**

December 31, 2024 and 2023

(In Philippine Peso)

	Notes	2024	2023
ASSETS			
Current Assets			
Cash and cash equivalent	7	230,349,904	275,173,075
Financial assets at fair value through profit or loss	8	141,940,291	52,801,465
Trade and other receivables	9	14,083,928	10,021,277
Due from related parties	15	257,312	2,708,135
Prepayments and other current assets	10	17,850,110	17,739,827
Total Current Assets		404,481,545	358,443,779
Non-current Assets			
Property and equipment — net	11	468,883	1,115,390
Investment properties — net	12	322,128,379	353,407,367
Investment in trust accounts	13	125,555,000	125,555,000
Deferred taxes — net	24	9,606,631	8,491,777
Deferred input VAT	10	-	658,712
Total Non-current Assets		457,758,893	489,228,246
TOTAL ASSETS		862,240,438	847,672,025
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Current Liability			
Trade and other payables	14	36,959,608	32,922,822
Non-current Liabilities			
Advance rent	22	2,135,384	1,130,281
Security deposits	22	2,346,407	133,932
Total Non-current Liabilities		4,481,791	1,264,213
TOTAL LIABILITIES		41,441,399	34,187,035
STOCKHOLDERS' EQUITY			
Capital Stock	16	456,057,609	456,057,609
Additional Paid-in Capital	16	299,519,764	299,519,764
Retained Earnings		65,221,666	57,907,617
TOTAL STOCKHOLDERS' EQUITY		820,799,039	813,484,990
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		862,240,438	847,672,025

(See Notes to the Financial Statements)

KEPWEALTH PROPERTY PHILS., INC.
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2024, 2023 and 2022
(In Philippine Peso)

	Notes	2024	2023	2022
REVENUES	17	48,257,987	46,510,562	49,788,191
COST OF SERVICES	18	(40,300,324)	(39,328,676)	(39,902,290)
GROSS PROFIT		7,957,663	7,181,886	9,885,901
OTHER INCOME - net	19	18,185,247	11,270,328	7,738,289
GROSS INCOME		26,142,910	18,452,214	17,624,190
OPERATING EXPENSES	20	(19,630,235)	(23,541,991)	(19,542,737)
INCOME (LOSS) BEFORE TAXES		6,512,675	(5,089,777)	(1,918,547)
INCOME TAX BENEFIT	23	801,374	3,700,811	1,449,953
NET INCOME (LOSS)		7,314,049	(1,388,966)	(468,594)
TOTAL COMPREHENSIVE INCOME (LOSS)		7,314,049	(1,388,966)	(468,594)
BASIC AND DILUTED EARNINGS (LOSS)				
PER SHARE	25	0.04	(0.01)	(0.00)

(See Notes to the Financial Statements)

KEPWEALTH PROPERTY PHILS., INC.**STATEMENTS OF CHANGES IN EQUITY**

For the Years Ended December 31, 2024, 2023 and 2022

(In Philippine Peso)

	Note	Capital Stock	Additional Paid-in Capital	Retained Earnings	Total
Balances at January 1, 2022		456,057,609	299,519,764	59,765,177	815,342,550
Net loss				(468,594)	(468,594)
Balances at December 31, 2022	16	456,057,609	299,519,764	59,296,583	814,873,956
Net loss				(1,388,966)	(1,388,966)
Balances at December 31, 2023	16	456,057,609	299,519,764	57,907,617	813,484,990
Net income				7,314,049	7,314,049
Balances at December 31, 2024	16	456,057,609	299,519,764	65,221,666	820,799,039

(See Notes to the Financial Statements)

KEPWEALTH PROPERTY PHILS., INC.**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2024, 2023 and 2022

(In Philippine Peso)

	Notes	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (Loss) before taxes		6,512,675	(5,089,777)	(1,918,547)
Adjustments for:				
Depreciation	11, 12, 18, 20	34,509,215	34,194,403	34,540,395
Unrealized loss (gain) on FA @ FVTPL	8, 19	(400,959)	720,034	(3,223,674)
Gain on sale of FA @ FVTPL	8, 19	(5,915,231)	(6,294,986)	(51,786)
Interest income	19	(11,539,645)	(5,285,776)	(4,128,356)
Operating cash flows before changes in working capital		23,166,055	18,243,898	25,218,032
Decrease (Increase) in operating assets:				
Trade and other receivables		(4,062,651)	(2,110,745)	(2,808,795)
Prepayments and other current assets		(423,763)	(795,362)	(1,435,219)
Deferred input VAT		658,712	3,952,282	3,952,282
Increase (Decrease) in operating liabilities:				
Trade and other payables		4,036,786	1,393,739	4,236,484
Advance rent		1,005,103	-	(10,822)
Security deposits		2,212,475	-	(1,371,196)
Cash generated from operations		26,592,717	20,683,812	27,780,766
Interest received	7	4,579,297	799,210	366,452
Income taxes paid		-	(207,499)	(110,329)
Net cash from operating activities		31,172,014	21,275,523	28,036,889
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of financial assets measured at FVTPL	8	360,796,771	190,552,959	70,619,455
Interest received	13, 15	6,960,348	4,486,566	3,761,904
Loan payments received from related party	15	2,505,847	3,202,716	3,051,389
Advances to related parties	15	-	(3,514)	-
Purchase of investment in trust accounts	13	-	(50,000,000)	-
Purchase of property and equipment	11	(15,309)	(162,767)	(43,527)
Loans given to related party	15	(55,024)	-	(694,166)
Purchase of investment properties	12	(2,568,411)	(940,270)	(921,212)
Purchase of financial assets measured at FVTPL	8	(443,619,407)	-	(70,619,455)
Net cash from (used in) investing activities		(75,995,185)	147,135,690	5,154,388
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT		(44,823,171)	168,411,213	33,191,277
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	7	275,173,075	106,761,862	73,570,585
CASH AND CASH EQUIVALENT AT END OF YEAR	7	230,349,904	275,173,075	106,761,862

(See Notes to the Financial Statements)

1. CORPORATE INFORMATION AND STATUS OF OPERATION

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

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

- change in business purpose from engaging in real estate business, excluding land ownership, to investing, purchasing, or otherwise acquiring and owning, holding, using, selling, assigning, transferring, leasing, mortgaging, exchanging, maintaining, administering, managing and operating alone or jointly with others, or otherwise disposing of real property, such as but not limited to office, commercial, agricultural and residential properties, hotel inns, resorts, apartments, or personal property of every kind and description;
- change in authorized capital structure from 8,800,000 common shares at P10 par value a share and 53,200,000 preferred shares at P10 par value a share to 365,000,000 common shares at P1 par value a share and 255,000,000 preferred shares at P1 par value a share, respectively; and
- change of principal office to Unit 1J01-23 Burgundy Corporate Tower, 252 Sen. Gil Puyat Ave., Makati City

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

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

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

On August 19, 2019, the Company's common shares were listed with the PSE. The Company offered 67,032,607 new common shares to the public at an offer price of up to P5.74 per share. Net proceeds from the IPO amounted to P360 million net of offer expenses of P24.8 million.

The Company's office address is located at Unit 1J01-23 Burgundy Corporate Tower, 252 Sen. Gil Puyat Avenue, Makati City.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

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

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

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

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

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

The amendments to PAS 1 are the following:

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

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

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

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

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

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

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

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

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

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

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

2.02 New and Revised PFRSs in Issue but Not Yet Effective

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

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

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

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

PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025. However, the effectivity date for all Health Maintenance Organizations (HMOs) is beginning on or after January 1, 2027, and all Mutual Benefits Associations (MBAs) doing business in the Philippines is effective beginning on or after January 1, 2030.

- Amendments to PAS 21, *Lack of Exchangeability*

The amendments contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The amendments cover the following areas:

- Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable if it can be exchanged for another currency through markets or mechanisms that establish enforceable rights and obligations without delay, while it is not exchangeable if an entity can only obtain a small amount of the other currency.
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency isn't exchangeable at a measurement date, an entity estimates the spot exchange rate as the rate that would have applied in an orderly transaction.
- Require the disclosure of additional information when a currency is not exchangeable - when a currency is not exchangeable, an entity discloses information to its financial statements, allowing users to assess its financial performance, position, and cash flows.

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

- 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 Improvements to PFRS Accounting Standards—Volume 11 relate to:

- **PFRS 1 *First-time Adoption of International Financial Reporting Standards, Hedge Accounting by a First-Time Adopter*** – the amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of PFRS 1 and requirements for hedge accounting in PFRS 9 *Financial Instruments*.
- **PFRS 7 *Financial Instruments: Disclosures***
 - **Gain or Loss on Derecognition** – the amendment addresses a 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 for 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.

➤ **PFRS 10 *Consolidated Financial Statements, Determination of a 'de facto agent'*** – the amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of PFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.

➤ **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*. This 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.

- **PFRS 19, *Subsidiaries without Public Accountability: Disclosures***

PFRS 19 allows eligible entities to provide reduced disclosures compared to the requirements in other PFRS accounting standards. Entities that elect PFRS 19 are still required to apply the recognition, measurement and presentation requirements of other PFRS accounting standards.

An entity may elect to apply the PFRS 19 if at the end of reporting period:

- It is a subsidiary as defined in PFRS 10, *Consolidated Financial Statements*;
- It does not have public accountability; and
- It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with PFRS accounting standards.

An eligible entity (including an intermediate parent) can apply PFRS 19 in its consolidated, separate or individual financial statements. PFRS 19 is applicable for both annual and interim reporting.

PFRS 19 is effective beginning on or after January 1, 2027, with early application permitted.

2.02.02 Deferred

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

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

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

3. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

3.01 Statement of Compliance

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

3.02 Presentation and Functional Currency

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

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

3.03 Current and Non-current Presentation

The Company classifies an asset as current when:

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

The Company classifies all other assets as non-current.

The Company classifies a liability as current when:

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

The Company classifies all other liabilities as non-current.

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

4. MATERIAL ACCOUNTING POLICIES

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

4.01 Fair Value Measurement

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

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

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

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

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

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

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

4.02 Financial Assets

4.02.01 Initial Recognition and Measurement

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

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

4.02.02 Classification

➤ Financial Asset at Amortized Cost

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

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

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

a) Cash in Banks and Cash Equivalent

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

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

b) Trade and Other Receivables and Due from Related Parties

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

c) Investment in Trust Accounts

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

➤ **Financial Asset at Fair Value through Profit or Loss**

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

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

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

4.02.03 Effective Interest Method

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

4.02.04 Impairment of Financial Assets

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

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

The Company adopted the following approaches in accounting for impairment.

➤ **General Approach**

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

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

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

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

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

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

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

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

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

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

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

➤ **Simplified Approach**

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

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

4.02.05 Derecognition

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

4.03 Financial Liabilities

4.03.01 Initial Recognition and Measurement

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

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

4.03.02 Classification

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

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

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

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

4.03.03 Derecognition

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

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

4.04 Equity Instruments

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

Capital stock is classified as equity.

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

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

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

4.05 Prepayments and Other Current Assets

4.05.01 Prepaid Income Tax

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

4.05.02 Prepaid expenses

Prepaid expenses represent expenses not yet incurred, but are already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments and other current assets are classified in the statements of financial position as current assets when the expenses related to prepayments are expected to be incurred within one (1) year or the Company's normal operating cycle whichever is longer. Otherwise, prepaid expenses are classified as non-current assets.

4.05.03 Input VAT

Input VAT arises from the purchase of goods or services. This is applied against output VAT. The remaining balance is recoverable in future periods. This is carried at cost less allowance for impairment loss, if any. Impairment loss is recognized when input VAT can no longer be recovered.

4.05.04 Deferred Input VAT

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.

4.06 Property and Equipment

Property and equipment are initially measured at cost. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Subsequent to initial recognition, property and equipment pertaining to office improvements and office equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Office improvements	3 to 5 years
Office equipment	3 years

The property and equipment's useful lives and depreciation method are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An item of property and equipment is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a property and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.07 Investment Properties

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

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

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

Transfers to, or from, investment property shall be made when, and only when, there is a change in use.

Investment properties are derecognized by the Company upon its disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

4.08 Impairment of Non-financial Assets

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

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

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

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

4.09 Employee Benefits

4.09.01 Short-term Employee Benefits

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

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

4.10 Revenue Recognition

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

4.10.01 Performance Obligations Satisfied Over Time

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

Revenue recognized over time pertains to management fee as disclosed in Note 19.

4.10.02 Rental Income

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

4.10.03 Interest Income

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

4.11 Cost and Expense Recognition

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

4.11.01 Cost of Services

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

4.11.02 Operating Expenses

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

4.12 Leases

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

4.12.01 The Company as a Lessor

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

4.13 Related Parties and Related Party Transactions

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

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

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

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

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

4.14 Taxation

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

4.14.01 Current Tax

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

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

4.14.02 Deferred Tax

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

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

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

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

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

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

4.14.03 Current and Deferred Tax for the Period

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

4.15 Earnings Per Share

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

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

4.16 Segment Reporting

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

4.17 Changes in Accounting Policies

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Company's accounting policies, which are described in Note 4, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

5.01 Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

5.01.01 Determining the Classification of Financial Assets

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

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

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

As of December 31, 2024 and 2023, the Company's financial assets measured at amortized cost amounted to P369,001,964 and P412,416,563 respectively, as disclosed in Note 27.02.

5.01.02 Determining the Operating Segments

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

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

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

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

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

Rental income from lease of properties amounted to P48,257,987, P46,510,562 and P49,788,191 in 2024, 2023 and 2022, respectively, as disclosed in Notes 12 and 17.

5.01.04 Assessment of Timing of Satisfaction of Performance Obligations

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

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

In 2024, 2023 and 2022 revenue from management fee amounted to P329,412 respectively, as disclosed in Notes 19.

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

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

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

5.01.06 Assessment of 30 days Rebuttable Presumption

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

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

5.01.07 Assessment of 90 days Rebuttable Presumption

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

Management believes that the 90 days rebuttable presumption on determining whether financial assets are credit impaired is not applicable since based on Company's historical experience, past due amounts even over 90 days are still collectible.

5.01.08 Distinction between Property and Equipment and Investment Properties

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

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

The Company classified the condominium units and parking slots and initial leasing cost as investment properties because these are held for rentals. Accordingly, the carrying amounts of investment properties amounted to P322,128,379 and P353,407,367 as of December 31, 2024 and 2023, respectively, as disclosed in Note 12.

5.02 Key Sources of Estimation Uncertainties

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

5.02.01 Residual Values, Useful Lives and Depreciation Method of Property and Equipment and Investment Properties

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

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

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

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

As of December 31, 2024 and 2023, the total carrying amounts of property and equipment and investment properties amounted to P322,597,262 and P354,522,757, respectively, as disclosed in Notes 11 and 12.

5.02.02 Asset Impairment

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

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

In both years, Management assessed that no indicators of impairment had existed on its advances to suppliers presented under 'trade and other receivables', prepayments and other current assets, investment properties, property and equipment and deferred input VAT. As of December 31, 2024 and 2023, the carrying amounts of the aforementioned assets amounted to P341,665,811 and P373,936,479, respectively, as disclosed in Notes 9, 10, 11 and 12.

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

The Company determines ECL on its 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 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 financial assets at amortized cost was recognized in 2024, 2023 and 2022.

As of December 31, 2024 and 2023, carrying amounts of the Company's financial assets measured at amortized cost amounted to P369,001,964 and P412,416,563 respectively, as disclosed in Note 27.02.

5.02.04 Estimating Recoverability of Deferred Tax Assets (DTA)

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

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

The Company recognized DTA amounting to P10,237,866 and P8,558,378, as of December 31, 2024 and 2023, respectively, as disclosed in Note 24.

5.02.05 Determining Fair Value of Financial Assets and Liabilities

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

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

5.02.06 Estimation of Retirement Liability

Management has reviewed its obligation for retirement benefit cost in view of the requirements under Republic Act (RA 7641). Management has assessed that current employees have not met the minimum requirements under RA 7641 to be eligible for retirement benefits. Accordingly, no provision for retirement benefit cost is recognized in the financial statements as of December 31, 2024 and 2023. Management however will continue to have a yearly assessment of its obligations, if any, to pay retirement benefit costs.

6. INITIAL PUBLIC OFFERING

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

In 2024 and 2023, no disbursements and applications were made.

The unapplied proceeds from the IPO of ₱170,452,249 as at December 31, 2024 is maintained in various current and saving accounts and highly liquid investments. It will be used to fund key property acquisitions for leasing purposes.

Management evaluated and believed that it is to the best interest of its Shareholders that the Company remain conservative in its investment in capital acquisition.

7. CASH AND CASH EQUIVALENT

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

		2024		2023
Cash on hand	₱	25,741	₱	25,741
Cash in banks		161,555,199		273,461,410
Cash equivalent		68,768,964		1,685,924
	₱	230,349,904	₱	275,173,075

Cash in banks earns interest at the respective bank deposit rates. Cash equivalent has a maturity of less than three months and with annual interest ranging from 5% to 6%.

Interest income earned from bank deposits amounted to ₱1,499,662, ₱597,298 and ₱161,622 in 2024, 2023 and 2022, respectively, as disclosed in Note 19.

Interest income earned from cash equivalent amounted to ₱3,079,635, ₱201,912 and ₱204,830 in 2024, 2023 and 2022, respectively, as disclosed in Note 19.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

		2024		2023
RCBC Trust Corporation	₱	89,477,018	₱	-
East West Banking Corporation		52,463,273		-
Sun Life Prosperity Peso Starter Fund, Inc (Sun Life)		-		52,801,465
	₱	141,940,291	₱	52,801,465

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

	China Bank	RCBC	Sun Life	EastWest	Total
January 1, 2023	P 102,188,872	P -	P 135,590,600	P -	P 237,779,472
Disposal	(102,188,872)	-	(82,069,101)	-	(184,257,973)
Unrealized loss (Note 19)	-	-	(720,034)	-	(720,034)
December 31, 2023	-	-	52,801,465	-	52,801,465
Additions		137,731,414	-	305,887,993	443,619,407
Disposal	-	(48,917,652)	(52,348,084)	(253,615,804)	(354,881,540)
Unrealized gain(loss) (Note 19)	-	193,460	16,415	191,084	400,959
December 31, 2024	P -	P 89,007,222	P 469,796	P 52,463,273	P 141,940,291

In 2024, some of the Company's investment in RCBC, Sun Life and EastWest were redeemed with proceeds amounting to P360,796,771 resulting to a gain of P5,915,231, as disclosed in Note 19.

In 2023, the Company's investment was redeemed with China Bank and Sun Life with a proceed amounting to P190,552,959 resulting to a gain of P6,294,986, as disclosed in Note 19. The proceed was then deposited to the banks.

In 2022, the Company's investment with RCBC was redeemed with a proceed amounting to P70,619,455 resulting to a gain of P51,786, as disclosed in Note 19. The proceed was then used to make additional investment to Sun Life for the same amount.

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

9. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables consist of:

	2024	2023
Trade receivables	P 7,361,342	P 7,975,832
Advances to suppliers	1,218,439	1,015,183
Staff advances	1,190,566	818,981
Accrued rent (Note 22)	516,899	57,274
Others	3,796,682	154,007
	P 14,083,928	P 10,021,277

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

The average credit period on services rendered is 30 days. No interest is charged on trade receivables.

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

Others pertain to undeposited manager's check and association dues receivables from the lessee.

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

In both years, no expected credit loss was recognized for the Company's trade and other receivables because the Company believes that there is only an insignificant amount of credit loss therefrom.

Trade receivables disclosed above include amounts which are past due at the end of the reporting period but against which the Company has not recognized an allowance for estimated credit losses because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Aging of accounts that are past due but not credit-impaired during 2024 and 2023 is as follows:

		2024		2023
1 – 30 days outstanding/ past due	P	679,902	P	915,426
31 – 60 days outstanding/ past due		436,754		865,967
61 – 90 days outstanding/ past due		698,399		665,829
over 90 days outstanding/ past due		5,546,287		5,528,610
	P	7,361,342	P	7,975,832

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

10. PREPAYMENTS AND OTHER CURRENT ASSETS

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

		2024		2023
Prepaid income tax	P	12,676,935	P	10,239,520
Prepaid expenses		3,448,391		3,533,999
Input VAT		1,066,070		14,025
Deferred input VAT		658,714		3,952,283
	P	17,850,110	P	17,739,827

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

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

Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services, including the use or lease of properties. Deferred input VAT is presented net of non-current portion amounting to nil and P658,712 as of December 31, 2024 and 2023, respectively.

11. **PROPERTY AND EQUIPMENT – net**

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

December 31, 2024					
	Office Improvements		Office Equipment		Total
Cost					
Balance, January 1	P	3,115,120	P	673,786	P 3,788,906
Additions		7,720		7,589	15,309
Balance, December 31		3,122,840		681,375	3,804,215
Accumulated depreciation					
Balance, January 1		2,035,553		637,963	2,673,516
Depreciation (Note 20)		640,690		21,126	661,816
Balance, December 31		2,676,243		659,089	3,335,332
Carrying Amount	P	446,597	P	22,286	P 468,883
December 31, 2023					
	Office Improvements		Office Equipment		Total
Cost					
Balance, January 1	P	2,990,120	P	636,019	P 3,626,139
Additions		125,000		37,767	162,767
Balance, December 31		3,115,120		673,786	3,788,906
Accumulated depreciation					
Balance, January 1		1,392,127		577,238	1,969,365
Depreciation (Note 20)		643,426		60,725	704,151
Balance, December 31		2,035,553		637,963	2,673,516
Carrying Amount	P	1,079,567	P	35,823	P 1,115,390

All additions to property and equipment in 2024 and 2023 were paid for in cash.

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

In 2024, 2023 and 2022, depreciation expense of property and equipment amounted to P661,816, P704,151 and P733,443, respectively, as disclosed in Note 20.

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

12. INVESTMENT PROPERTIES – net

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

2024			
	Condominium Units and Parking Slots	Initial Leasing Cost	Total
Cost			
Balance, January 1	P 844,403,911	P 7,417,086	P 851,820,997
Additions	554,854	2,013,557	2,568,411
Balance, December 31	844,958,765	9,430,643	854,389,408
Accumulated depreciation			
Balance, January 1	491,205,670	7,207,960	498,413,630
Depreciation (Note 18)	33,231,795	615,604	33,847,399
Balance, December 31	524,437,465	7,823,564	532,261,029
Carrying Amount	P 320,521,300	P 1,607,079	P 322,128,379
2023			
	Condominium Units and Parking Slots	Initial Leasing Cost	Total
Cost			
Balance, January 1	P 843,679,017	P 7,201,710	P 850,880,727
Additions	724,894	215,376	940,270
Balance, December 31	844,403,911	7,417,086	851,820,997
Accumulated depreciation			
Balance, January 1	457,985,380	6,937,998	464,923,378
Depreciation (Note 18)	33,220,290	269,962	33,490,252
Balance, December 31	491,205,670	7,207,960	498,413,630
Carrying Amount	P 353,198,241	P 209,126	P 353,407,367

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

In 2024 and 2023, all additions were paid in cash.

No investment property have been pledged as security for liabilities and there were no contractual commitments for the acquisition of investment property except for the additions of P554,854 and P724,894 in 2024 and 2023, respectively.

The property rental income earned by the Company from its investment properties, all of which is leased out under operating leases, amounted to P48,257,987, P46,510,562 and P49,788,191 in 2024, 2023 and 2022, respectively, as disclosed in Note 17.

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

In both years, no significant change in fair value of its investment properties since the latest appraisal, thus Management believes that the fair value approximates P869,200,000 which is based on the appraisal of an accredited independent appraiser. The latest appraisal report is dated July 6, 2018.

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

13. INVESTMENT IN TRUST ACCOUNTS

The Company invested in trust accounts held by local banks aggregating to P125,555,000. The trustee-banks in turn invested in preferred shares of San Miguel Corporation which yields interest of 4.50% to 7.13% with a tenor of three (3) – five (5) years.

In 2023, addition to investment in trust account amounted to P50,000,000.

As of December 31, 2024 and 2023, investment in trust accounts amounted to P125,555,000. Interest income amounting to P6,909,437, P4,280,272 and P3,404,283 was received in 2024, 2023 and 2022, respectively, as disclosed in Note 19.

14. TRADE AND OTHER PAYABLES

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

	Note	2024	2023
Trade payable		P 5,725,788	P 6,527,007
Security deposits	22	21,122,345	19,646,614
Advance rent	22	6,393,778	4,744,138
Accrued expenses		1,833,813	1,772,075
Statutory payables		1,665,184	5,796
Deferred credits	22	-	8,492
Others		218,700	218,700
		P 36,959,608	P 32,922,822

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

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

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

15. RELATED PARTY TRANSACTIONS

Nature of relationship of the Company and its related parties are disclosed below:

Related Parties	Nature of Relationship
Keppel Condominium Center Corporation	Under Common Control
Eurocapital Land, Inc.	Under Common Control
Stockholders	Key Management Personnel

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

Related Party	Nature of Transactions	Year	Transaction during the period	Due from (due to) Related Parties
Entities under common control	Contracted services	2024	P 1,362,876	P -
		2023	2,993,818	-
	Commission expense	2024	615,604	-
		2023	269,962	-
	Condominium dues	2024	11,716,101	-
		2023	14,028,447	-
	Leasing revenue	2024	-	-
		2023	-	-
	Management income	2024	329,412	-
		2023	329,412	-
	Noninterest-bearing cash advances	2024	55,024	257,312
		2023	3,514	202,288
	Loans Principal	2024	2,505,847	-
		2023	(3,202,716)	2,505,847
	Interest income	2024	50,911	-
		2023	206,294	-
Stockholders	Director's fees	2024	130,000	-
		2023	140,000	-
		2024	(2,450,823)	P 257,312
		2023	(3,199,202)	P 2,708,135

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

15.01 Significant Contract Agreement

Loan Contracts

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

	2024	2023
Balance as of January 1	P 2,505,847	P 5,708,563
Principal received	(2,505,847)	(3,202,716)
Interest income	50,911	206,294
Interest received	(50,911)	(206,294)
Balance as of December 31	-	2,505,847
Current portion	-	2,505,847
Non-current portion	P -	P -

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

Management Agreements

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

- Operational, financial and administration services agreement for a fixed monthly fee. Management income amounted to ₱329,412 in 2024, 2023 and 2022, respectively, as disclosed in Note 19.

Service Agreements

On March 1, 2020, the Company entered into a service agreement with Global Oficium Limited, Inc. (GOLI) a related party under common control for a fixed monthly fee. The services rendered to the Company include finance, human resources, information and communication technology and internal audit services.

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.

The agreement is for a period of five years and is renewable upon mutual agreement by the parties. Contracted services amounted to ₱1,362,876, ₱2,993,818 and ₱2,993,818 in 2024, 2023 and 2022, respectively, as disclosed in Note 20.

Other Transactions

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

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

Terms and Conditions of Transactions with Related Parties

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

15.02 Remuneration of Key Management Personnel

The remuneration to the key management personnel paid by the Company in the form of short-term benefits amounted to ₱3,062,907 and ₱3,140,000 for the years ended December 31, 2024 and 2023, respectively.

16. ISSUED CAPITAL

The issued capital of the Company are as follows:

	2024	2023	2022
Capital stock	P 456,057,609	P 456,057,609	P 456,057,609
Additional paid-in capital	299,519,764	299,519,764	299,519,764
	P 755,577,373	P 755,577,373	P 755,577,373

Components of capital stock are as follows:

	2024	2023	2022
Preference shares	P 255,000,000	P 255,000,000	P 255,000,000
Ordinary shares	201,057,609	201,057,609	201,057,609
	P 456,057,609	P 456,057,609	P 456,057,609

16.01 Ordinary Shares

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

	2024		2023		2022	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized P1 par value	365,000,000	P 365,000,000	365,000,000	P 365,000,000	365,000,000	P 365,000,000
Issued and fully paid	201,057,609	P 201,057,609	201,057,609	P 201,057,609	201,057,609	P 201,057,609

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

16.02 Preference Shares

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

	2024		2023		2022	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized P1 par value	255,000,000	P 255,000,000	255,000,000	P 255,000,000	255,000,000	P 255,000,000
Issued and fully paid	255,000,000	P 255,000,000	255,000,000	P 255,000,000	255,000,000	P 255,000,000

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

16.03 History of Registration of Securities

On March 9, 2019, the SEC approved the Company's change in authorized capital structure from 8,800,000 common shares at P10 par value a share and 53,200,000 preferred shares at P10 par value a share to 365,000,000 common shares at P1 par value a share and 255,000,000 preferred shares at P1 par value a share, respectively.

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

The Company's BOD and stockholders declared stock dividends of 49,000,000 common shares at P1 par value a share equivalent to P49,000,000 from the resulting increase in authorized common shares on January 30, 2019. The stock dividends were issued upon the approval of the change in authorized capital structure by the SEC.

On August 19, 2019, the Company's common shares were listed with the PSE. The Company offered 67,032,607 new common shares to the public at an offer price of up to P5.74 per share. Net proceeds from the IPO amounted to P360 million, net of offer expenses amounting to P24,767,164.

16.04 Additional Paid in Capital

Additional paid-in capital arising from issuance of shares amounted to P299,519,764 as of December 31, 2024, 2023 and 2022.

17. REVENUES

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

The Company's rental income for the years ended December 31, 2024, 2023 and 2022 amounted to P48,257,987, P46,510,562 and P49,788,191, respectively.

18. COST OF SERVICES

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

	Notes	2024	2023	2022
Depreciation	12	P 33,847,399	P 33,490,252	P 33,806,952
Taxes and licenses		3,611,657	3,227,915	3,331,370
Salaries and wages	21	2,521,701	2,425,070	2,615,093
Repairs and maintenance		319,567	185,439	148,875
		P 40,300,324	P 39,328,676	P 39,902,290

19. OTHER INCOME – net

Components of other income (expense) are as follows:

	Notes	2024	2023	2022
Interest income		P 11,539,645	P 5,285,776	P 4,128,356
Realized gain	8	5,915,231	6,294,986	51,786
Unrealized gain (loss)	8	400,959	(720,034)	3,223,674
Management fee	15	329,412	329,412	329,412
Penalties and charges		-	80,188	5,061
		P 18,185,247	P 11,270,328	P 7,738,289

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

Details of interest income are as follows:

	Notes	2024	2023	2022
Investment in trust accounts	13 P	6,909,437 P	4,280,272 P	3,404,283
Cash equivalent	7	3,079,635 P	201,912	204,830
Cash in banks	7	1,499,662	597,298	161,622
Due from related parties	15	50,911	206,294	357,621
	P	11,539,645 P	5,285,776 P	4,128,356

20. OPERATING EXPENSES

The account is composed of the following operating expenses:

	Notes	2024	2023	2022
Condominium dues	15 P	11,716,101 P	14,028,447 P	10,968,550
Salaries, wages and employee benefits	21	1,508,678	1,505,237	1,383,576
Contracted services	15	1,362,876	2,993,818	2,993,818
Professional fees		1,277,566	1,484,936	1,289,631
Taxes and licenses		946,783	1,414,835	1,204,331
Depreciation – overhead	11	661,816	704,151	733,443
Penalties		546,547	232,324	255,249
Transportation and travel		132,388	170,813	66,218
Directors' fees	15	130,000	140,000	164,000
Utilities		127,489	66,116	52,491
Subscription		74,205	156,311	111,042
Stationeries and supplies		53,844	70,279	53,643
Registration and filing fees		50,000	50,000	60,808
Postage, telephone and communication		37,675	41,609	31,402
Representation and entertainment		16,851	11,416	5,694
Repairs and maintenance		11,260	61,200	-
Selling and marketing		9,473	-	26,250
Others		966,683	410,499	142,591
	P	19,630,235 P	23,541,991 P	19,542,737

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

21. EMPLOYEE BENEFITS

21.01 Short-term Employee Benefits

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

	2024	2023	2022
Salaries and wages	P 3,514,861 P	3,443,939 P	3,512,217
Other employee benefits	515,518	486,368	486,452
	P 4,030,379 P	3,930,307 P	3,998,669

22. LEASES

22.01 The Company as a Lessor

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

The rental income earned by the Company from its investment properties, all of which is leased out under operating leases, amounted to P48,257,987, P46,510,562 and P49,788,191, in 2024, 2023 and 2022, respectively, as disclosed in Note 17. Direct operating expenses arising on the investment properties amounted to P40,300,324, P39,328,676 and P39,902,290, in 2024, 2023 and 2022, respectively, as disclosed in Note 18. Accrued rent from straight-line adjustments in accordance with PFRS 16 amounted to P516,899 and P57,274 as of December 31, 2024 and 2023, as disclosed in Note 9.

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

	2024	2023
Not later than one (1) year	P 28,664,533	P 21,313,589
Later than one (1) year but not later than two (2) years	9,487,817	1,404,480
Later than two (2) years but not later than three (3) years	3,459,153	1,335,360
Later than three (3) years but not later than four (4) years	2,740,314	4,978,290
Later than four (4) years but not later than five (5) years	821,571	506,886
Later than five (5) years	288,705	280,296
	P 45,462,093	P 29,818,901

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

	2024	2023
Current (Note 14)	P 6,393,778	P 4,744,138
Non-current	2,135,384	1,130,281
	P 8,529,162	P 5,874,419

Analysis of security deposits are as follows:

	2024	2023
Balance, January 1	P 19,780,546	P 18,857,467
Additions	4,370,745	1,801,614
Refund	(682,539)	(878,535)
Balance, December 31	23,468,752	19,780,546
Current portion (Note 14)	21,122,345	19,646,614
Non-current portion	P 2,346,407	P 133,932

Analysis of deferred credits is as follows:

	2024	2023
Balance, January 1	P 8,492	P 8,492
Amortization	(8,492)	-
Balance, December 31 (Note 14)	P -	P 8,492

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

23. INCOME TAXES

23.01 Income Tax Recognized in Profit or Loss

Components of income tax benefit are as follows:

	2024	2023	2022
Current tax expense	P 313,480	P 207,499	P 110,329
Deferred tax benefit	(1,114,840)	(3,908,310)	(1,560,282)
	P (801,374)	P (3,700,811)	P (1,449,953)

A numerical reconciliation between tax benefit and the product of accounting profit (loss) multiplied by the tax rates in 2024, 2023 and 2022 are as follows:

	2024	2023	2022
Accounting profit (loss)	P 6,512,675	P (5,089,777)	P (1,918,547)
Tax expense (benefit) at 25%	P 1,628,169	P (1,272,444)	P (479,637)
Tax effects of:			
Derecognition of deferred tax asset on unrealized loss	180,008	-	-
Penalties	111,360	58,080	63,812
Derecognition of DTA from expired MCIT	106,725	-	-
Non-deductible expense	57,275	-	-
Interest income subject to final tax	(2,884,911)	(1,321,444)	(1,032,089)
Derecognition of deferred tax liability on unrealized gain	-	(1,165,003)	-
Others	-	-	(2,039)
	P (801,374)	P (3,700,811)	P (1,449,953)

Details of NOLCO from 2022-2024 are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2022	P 8,254,615	P -	P -	P -	P 8,254,615	2025
2023	9,476,415	-	-	-	9,476,415	2026
2024	3,956,224	-	-	-	3,956,167	2027
	P 21,687,254	P -	P -	P -	P 21,687,254	

Details of NOLCO covered by Revenue Regulation No. 25-2020 is as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2021	P 8,209,817	P -	P -	P -	P 8,209,817	2026

The Bureau of Internal Revenue (BIR) has recently issued Revenue Regulations (RR) No. 25-2020 to inform all concerned on the longer period for claiming NOLCO from taxable years 2020 and 2021.

Pursuant to Section 4 (bbb) of Bayanihan II and as implemented under RR No. 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three consecutive years only.

Details of the Company's MCIT which can be claimed as tax credits against regular income tax are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2021	P 106,725	P -	P -	P 106,725	P -	2024
2022	110,329	-	-	-	110,329	2025
2023	207,499	-	-	-	207,499	2026
2024	313,480	-	-	-	313,480	2027
	P 738,033	P -	P -	P 106,725	P 631,308	

24. DEFERRED TAXES – net

Components of deferred taxes is as follows:

	2024	2023
Deferred tax assets (Note 24.01)	P 10,237,866	P 8,558,378
Deferred tax liabilities (Note 24.02)	(631,235)	(66,601)
	P 9,606,631	P 8,491,777

24.01 Deferred Tax Assets

The components of the Company's deferred tax assets and their respective movements are as follows:

	Advance Rent	NOLCO	MCIT	Unrealized Loss	Total
Balance, January 1, 2023	P 1,528,630	P 4,116,108	P 217,054	P -	P 5,861,792
Recognized in profit or loss	(60,025)	2,369,104	207,499	180,008	2,696,586
Balance, December 31, 2023	1,468,605	6,485,212	424,553	180,008	8,558,378
Recognized in profit or loss	663,685	989,056	206,755	(180,008)	1,679,488
Balance, December 31, 2024	P 2,132,290	P 7,474,268	P 631,308	P -	P 10,237,866

24.02 Deferred Taxes Liabilities

The components of the Company's deferred tax liabilities and their respective movements are as follows:

	Initial Leasing cost	Accrued Rent	Unrealized Gain	Total
Balance, January 1, 2023	P 65,928	P 47,393	P 1,165,003	P 1,278,324
Recognized in profit or loss	(13,646)	(33,074)	(1,165,003)	(1,211,723)
Balance, December 31, 2023	52,282	14,319	-	66,601
Recognized in profit or loss	349,488	114,906	100,240	564,634
Balance, December 31, 2024	P 401,770	P 129,225	P 100,240	P 631,235

25. EARNINGS PER SHARE

The Company's basic and diluted earnings (loss) per share from continuing operations were computed as follows:

Year Incurred	2024	2023	2022
Net income (loss)	P 7,314,049	P (1,388,966)	P (468,594)
Divided by weighted average number of outstanding common shares:			
Balance at the beginning of year	201,057,609	201,057,609	201,057,609
Issuance	-	-	-
Balance, December 31	201,057,609	201,057,609	201,057,609
Basic and diluted earnings (loss) per share	P 0.04	P (0.01)	P (0.00)

Diluted earnings per share equal the basic earnings per share since the Company does not have dilutive shares as of December 31, 2024, 2023 and 2022.

26. FAIR VALUE MEASUREMENTS

26.01 Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated fair values of the Company's financial assets and financial liabilities as of December 31, 2024 and 2023 are presented below:

	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash and cash equivalent	P 230,349,904	P 230,349,904	P 275,173,075	P 275,173,075
Trade and other receivables	12,865,489	12,865,489	9,006,094	9,006,094
Investment in trust accounts	125,555,000	125,555,000	125,555,000	125,555,000
Due from related parties	257,312	257,312	2,708,135	2,708,135
Financial assets at fair value through profit or loss	141,940,291	141,940,291	52,801,465	52,801,465
	P 510,967,996	P 510,967,996	P 465,243,769	P 465,243,769
Financial Liabilities:				
Trade payable	P 5,725,788	P 5,725,788	P 6,527,007	P 6,527,007
Security deposits	23,468,752	23,468,752	19,780,546	19,780,546
Accrued expenses	1,833,813	1,833,813	1,772,075	1,772,075
Other payables	218,700	218,700	218,700	218,700
	P 31,247,053	P 31,247,053	P 28,298,328	P 28,298,328

The carrying amounts of cash and cash equivalent, trade and other receivables (except advances to supplier), investment in trust accounts, due from related parties, trade payable, accrued expenses, and other payables approximate their respective fair values due to the short-term nature and maturities of the accounts.

The fair value of security deposits is based on discounted cash flow methodology using risk free rates similar borrowings with maturities consistent with those of liabilities being valued.

Financial asset measured at fair value in the statements of financial condition are categorized in accordance with the fair value hierarchy based on PFRS 7. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair values of financial assets and financial liabilities are determined as follows:

26.02 Fair Value Measurements Recognized in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2024 and 2023, financial asset at fair value through profit or loss is determined under Level 1 of the fair value hierarchy.

The fair value of the Company's fair value through profit or loss as of December 31, 2024 and 2023 amounted to P141,940,291 and P52,801,465, respectively.

26.02.01 Fair Value Hierarchy

The Company used Level 3 to value its investment property wherein inputs other than quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date, either directly or indirectly.

Fair value is the amount for which an asset could be exchanged, or a liability be settled, between knowledgeable, willing parties in an arm's length transaction.

The Management believes that the fair value of the Company's investment properties approximates P869,200,000. This has been arrived on the basis of a valuation carried out on July 6, 2018.

26.02.02 Valuation Techniques

The fair value was derived using the sales comparison approach. Sales comparison approach is a valuation technique that considers the sales of similar or substitute properties and related market data and establishes a value estimate by process involving comparison. Listings and offerings may also be considered. The properties used as a basis for comparison are situated within the subject building or in other comparable condominium buildings nearby.

26.02.03 Highest and Best Use

The Company's non-financial asset which composed of investment properties were currently held for rental. However, as of December 31, 2024 and 2023, the Company assessed the highest and best of the investment properties from the perspective of market participants. The investment properties in combination with other assets and liabilities could be developed for commercial purposes. The Company determined that the current use of the investment properties is the asset's highest and best use since the property being leased out to others is earning income and developing and converting the asset into a residential property would entail a high cost.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, including interest rate risk, credit risk, liquidity risk and cash flow interest rate risk.

The Corporate Treasury function reports quarterly to the Company's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

27.01 Interest Rate Risk Management

The Company's exposure to interest rate risk arises from its cash deposits in banks which are subject to variable interest.

The interest rate risk arising from deposits with banks is managed by means of effective investment planning and analysis and maximizing investment opportunities in various local banks and financial institutions.

Profit and loss in 2024 and 2023, respectively, would not be affected since the Company has no borrowings at variable rate and interest rate risk exposure for cash in banks, which is subject to variable rate, is very immaterial.

27.02 Credit Risk Management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from cash in banks, cash equivalent, trade and other receivables (except advances to suppliers), investment in trust accounts and due from related parties, all measured at amortized cost.

The Company considers the following policies to manage its credit risk:

➤ Banks

The Company transacts only with banks with investment grade credit rating. This information is supplied by independent rating agencies. The Company uses other publicly available information such as annual report to monitor the financial status of the banks. The Company assesses the current and forecast information of the banking industry and the macro-economic factors such as GDP, interest, and inflation rates to determine the possible impact to banks.

➤ Trade and other receivables

The Company transacts only with creditworthy clients. The Company assesses payment profiles of the client, the current and forecast information of the clients' industry and the macro-economic factors such as GDP, interest, and inflation rates to determine the possible impact to clients.

➤ Due from related parties

The Company transacts only with creditworthy counterparties. It is the Company's policy that all new counterparties undergo background investigation. The Company assesses the creditworthiness of each recurring counterparties before bidding for new projects. The acceptance or continuance of contract needs approval from the Management. The Company assesses the current and forecast information of the counterparties' industry and the macro-economic factors such as GDP, interest, and inflation to determine the possible impact to counterparties.

Financial assets measured at amortized cost are as follows:

		2024		2023
Cash in banks	P	161,555,199	P	273,461,410
Cash equivalent		68,768,964		1,685,924
Trade and other receivables		12,865,489		9,006,094
Due from related parties		257,312		2,708,135
Investment in trust accounts		125,555,000		125,555,000
	P	369,001,964	P	412,416,563

The calculation of allowance for expected credit losses are based on the following three (3) components:

➤ **Probability of Default (PD)**

PD is the likelihood over a specified period, usually 30 days for customers majority of which is its Parent company and one year for service providers that they will not be able to make scheduled repayments. PD depends not only on the counterpart's characteristics, but, also on the economic environment. PD may be estimated using historical data and statistical techniques.

➤ **Loss Given Default (LGD)**

LGD is the amount of money a company loses when a customer defaults on a contract. The most frequently used method to calculate this loss is by comparing the actual total losses and the total amount of potential exposure sustained at the time that a contract goes into default.

➤ **Exposure at Default (EAD)**

EAD is the total value a company is exposed to when a loan defaults. It refers to the gross carrying amount of financial asset.

The Company assessed that its exposure to credit risk is minimal. Trade receivables arise mainly from transactions with customers with good credit rating or bank standing. The Company regularly updates the status of accounts that remain uncollected beyond a reasonable period of time.

Further, the Company holds post-dated checks for most of its lease contracts to cover the trade receivables.

For due from related parties, management considers the current financial status of the related parties and their available assets to pay the outstanding receivables.

The Company's cash in banks and short-term investments are deposited with highly reputable and pre-approved financial institutions with good credit standing in the local banking industry thus the management assessed that the ECL from these financial assets are very minimal.

There are no significant concentrations of credit risks within the Company.

The table below presents the summary of the Company's gross maximum exposure to credit risk, before taking into consideration any collateral and credit enhancements, and shows the credit quality of the financial assets by indicating whether these are subjected to 12-month or lifetime ECL.

	2024			
	12-month ECL	Lifetime ECL - Not Credit Impaired	Credit Impaired	Total
Cash in banks	P 161,555,199	P -	P -	P161,555,199
Cash equivalent	68,768,964	-	-	68,768,964
Trade and other receivables	-	12,865,489	-	12,865,489
Due from related parties	257,312	-	-	257,312
Investment in trust accounts	125,555,000	-	-	125,555,000
	P 356,136,475	P 12,865,489	P -	P369,001,964

	2023			
	12-month ECL	Lifetime ECL - Not Credit Impaired	Credit Impaired	Total
Cash in banks	P 273,461,410	P -	P -	P273,461,410
Cash equivalent	1,685,924	-	-	1,685,924
Trade and other receivables	-	9,006,094	-	9,006,094
Due from related parties	2,708,135	-	-	2,708,135
Investment in trust accounts	125,555,000	-	-	125,555,000
	P 403,410,469	P 9,006,094	P -	P412,416,563

In both years, no expected credit loss was recognized for the Company's trade and other receivables because the Company believes that there is only an insignificant amount of credit loss therefrom.

In both years, the Company has assessed that the ECL on 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 financial assets at amortized cost was recognized in 2024, 2023 and 2022.

27.03 Liquidity Risk Management

Liquidity risk relates primarily to the Company's working capital requirements. The Company aims to manage working capital and maintain flexibility in funding.

The Company monitors its cash position by a system of cash forecasting. All expected collections, cash disbursements and other payments are determined to arrive at the projected cash position.

The Company has an outstanding line of credit with a local bank, in case of the need for financing arises.

The following table summarizes the maturity profile of the Company's financial liabilities as at December 31, 2024 and 2023 based on contractual, undiscounted principal and interest payments:

<u>2024</u>				
	Total	On Demand	Within One (1) Year	More than One (1) Year but Less than Five (5) Years
Trade payable	P 5,725,788	P –	P 5,725,788	P –
Security deposits	23,468,752	–	21,122,345	2,346,407
Accrued expenses	1,833,813	–	1,833,813	–
Other payables	218,700	–	218,700	–
	P 31,247,053	–	P28,900,646	P 2,346,407
<u>2023</u>				
	Total	On Demand	Within One (1) Year	More than One (1) Year but Less than Five (5) Years
Trade payable	P 6,527,007	P –	P 6,527,007	P –
Security deposits	19,780,546	–	19,646,614	133,932
Accrued expenses	1,772,075	–	1,772,075	–
Other payables	218,700	–	218,700	–
	P 28,298,328	P –	P28,164,396	P 133,932

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

<u>2024</u>				
	Total	On Demand	Within One (1) Year	More than One (1) Year but Less than Five (5) Years
Cash on hand	P 25,741	P 25,741	P –	P –
Cash in banks	161,555,199	161,555,199	–	–
Cash equivalent	68,768,964	–	68,768,964	–
Trade and other receivables	12,865,489	–	12,865,489	–
Investment in trust accounts	125,555,000	–	–	125,555,000
Due from related parties	257,312	257,312	–	–
Financial assets at fair value through profit or loss	141,940,291	–	141,940,291	–
	P 510,967,996	P 161,838,252	P 223,574,744	P 125,555,000

	<u>2023</u>			
	Total	On Demand	Within One (1) Year	More than One (1) Year but Less than Five (5) Years
Cash on hand	P 25,741	P 25,741	P –	P –
Cash in banks	273,461,410	273,461,410	–	–
Cash equivalent	1,685,924	–	1,685,924	–
Trade and other receivables	9,006,094	–	9,006,094	–
Investment in trust accounts	125,555,000	–	–	125,555,000
Due from related parties	2,708,135	202,589	2,505,546	–
Financial assets at fair value through profit or loss	52,801,465	–	52,801,465	–
	P 465,243,769	P 273,689,740	P 65,999,029	P 125,555,000

28. SEGMENT INFORMATION

The Company's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different market.

28.01 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, investment properties and property and equipment, among others. Segment liabilities include all operating liabilities and consist primarily of accounts and other payables.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating income or loss and is measured consistently with operating income in the financial statements.

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. For management purposes, the Company is organized into business units based on the services rendered and has two reportable operating segments as follows:

28.01.01 Leasing

This segment includes leasing of condominium units and parking slots in Kepwealth Center (previously Keppel Center) located in Cebu Business Park, Cebu City.

28.01.02 Asset Management

This segment includes management of various properties located across Metro Manila and commission on every unit which will be leased out by the Company on these properties.

28.01.03 Corporate and Others

This segment pertains to the business segment which caters to the Company's investing activities other than leasing and asset management.

28.02 Business Segment Information

The following table presents the revenue and expenses of the Company's business segments for the years ended 2024, 2023 and 2022, and certain assets and liabilities information as at December 31, 2024, 2023 and 2022:

2024							
		Leasing		Asset Management		Corporate and Others	Total
Results of Operations							
Revenues	P	48,257,987	P	-	P	-	P 48,257,987
Cost of services		(40,300,324)		-		-	(40,300,324)
Other operating expenses		(19,630,235)		-		-	(19,630,235)
Operating loss	P	(11,672,572)	P	-	P	-	P (11,672,572)
Interest income		11,539,645		-		-	11,539,645
Other income		6,645,602		-		-	6,645,602
Income tax benefit		801,374		-		-	801,374
Net Income	P	7,314,049	P	-	P	-	P 7,314,049
Assets and Liabilities							
Assets	P	862,240,438	P	-	P	-	P 862,240,438
Liabilities		41,441,399		-		-	41,441,399
Other Segment Information							
Capital expenditures:							
Investment properties	P	2,568,411	P	-	P	-	P 2,568,411
Property and equipment		15,309		-		-	15,309
Depreciation and amortization	P	34,509,215	P	-	P	-	P 34,509,215
2023							
		Leasing		Asset Management		Corporate and Others	Total
Results of Operations							
Revenues	P	46,510,562	P	-	P	-	P 46,510,562
Cost of services		(39,328,676)		-		-	(39,328,676)
Other operating expenses		(23,541,991)		-		-	(23,541,991)
Operating loss	P	(16,360,105)	P	-	P	-	P (16,360,105)
Interest income		5,285,776		-		-	5,285,776
Other income		5,984,552		-		-	5,984,552
Income tax benefit		3,700,811		-		-	3,700,811
Net Income	P	(1,388,966)	P	-	P	-	P (1,388,966)
Assets and Liabilities							
Assets	P	847,672,025	P	-	P	-	P 847,672,025
Liabilities		34,187,035		-		-	34,187,035
Other Segment Information							
Capital expenditures:							
Investment properties	P	940,270	P	-	P	-	P 940,270
Property and equipment		162,767		-		-	162,767
Depreciation and amortization	P	34,194,403	P	-	P	-	P 34,194,403

	Leasing	Asset Management	Corporate and Others	Total
Results of Operations				
Revenues	P 49,788,191	P -	P -	P 49,788,191
Cost of services	(39,902,290)	-	-	(39,902,290)
Other operating expenses	(19,542,737)	-	-	(19,542,737)
Operating loss	P (9,656,836)	P -	P -	P (9,656,836)
Interest income	4,128,356	-	-	4,128,356
Other income	3,609,933	-	-	3,609,933
Income tax benefit	1,449,953	-	-	1,449,953
Net income	P (468,594)	P -	P -	P (468,594)
Assets and Liabilities				
Assets	P 847,667,252	P -	P -	P 847,667,252
Liabilities	32,793,296	-	-	32,793,296
Other Segment Information				
Capital expenditures:				
Investment properties	P 921,212	P -	P -	P 921,212
Property and equipment	694,166	-	-	694,166
Depreciation and amortization	P 34,540,395	P -	P -	P 34,540,395

29. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2023.

Pursuant to Section 42 of the Revised Corporation Code of the Philippines, stock corporations are prohibited from retaining surplus plus profits in excess of 100% of their paid-in capital stock, except: 1) when justified by definite corporate expansion projects or programs approved by the board of directors; or 2) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet been secured; or 3) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for special reserve for probable contingencies.

The Company is not subject to any externally imposed capital requirements.

The Company's risk management committee reviews the capital structure of the Company on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

The debt-to-equity ratio at end of the reporting period was as follows:

	2024	2023
Debt	P 41,441,399	P 34,187,035
Equity	820,799,039	813,484,990
	P 0.05:1	P 0.04:1

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Board of Directors on April 4, 2025.

31. INFORMATION UNDER REVENUE REGULATIONS

30.01 Revenue Regulations No. 15 – 2010

Revenue Regulations (RR) No. 21-2002 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying income tax returns was amended under RR No. 15-2010. The amendment that became effective on December 28, 2010 requires the inclusion in the notes to financial statements, information on taxes, duties and license fees paid or accrued during the year in addition to what is required under the Philippine Financial Reporting Standards and such other standards and/or conventions.

Below are the additional information required by RR No. 15 – 2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

The details of the Company's taxes, duties and licenses fees paid or accrued in 2024 are as follows:

31.01.01 VAT Output Tax

Details on the Company's VAT output tax declared during the year are as follows:

	Gross amount of revenue	Output VAT
Vatable Sales/Receipts	P 44,435,816	P 5,332,298
Zero Rated Sales/Receipts	4,435,208	-
Total Sales /Receipts and Output Tax Due	48,871,024	5,332,298
Allowable input VAT		(3,317,760)
Vat payments		(581,372)
Balance, December 31		P 1,433,166

Revenue is based on gross receipts of the Company for VAT purposes while revenue presented in the statements of comprehensive income is recognized on accrual basis.

31.01.02 VAT Input Tax

An analysis of the Company's VAT input tax claimed during the year is as follows:

Balance, January 1	P 14,025
Input Tax Carried over from previous period	
Input Tax Deferred on Capital Goods Exceeding 1M	4,610,995
Current year's domestic purchases/payments for:	
Services lodged under cost of goods sold	
Importation other than capital goods	
Capital goods not subject to amortization	
Goods other than for resale or manufacture	
Purchases of capital goods not exceeding 1M	55,138
Domestic purchases of goods other than capital goods	23,893
Domestic purchases of services	338,493
Total available input tax	P 5,042,544
Applied against output VAT	(3,317,760)
Amortization of deferred input VAT	(658,714)
Balance, December 31	P 1,066,070

31.01.03 VAT on Importation of Goods

The Company had no input VAT on importation of goods in 2024.

31.01.04 Documentary Stamp Tax

The Company's documentary stamp tax for 2024 amounted to ₱199,323.

31.01.05 Other Taxes and Licenses

An analysis on the Company's other taxes and licenses and permit fees paid or accrued during the year is as follows:

Real property tax	₱	3,959,416
Business permits and taxes		399,701
	₱	4,359,117

31.01.06 Withholding Taxes

An analysis on the Company's withholding taxes paid or accrued during the year is as follows:

Withholding tax on compensation and benefits	₱	732,358
Expanded withholding taxes		236,880
	₱	969,238

Withholding taxes arose from professional fees, rentals and contractors.

31.01.07 Deficiency Tax Assessments and Tax Cases

On April 2, 2024, the Company made a payment to the related deficiency taxes, including legal increments, pursuant to Letter of Authority No. AUDM14-049-2023-000978/ SN: eLA201900028745 dated January 18, 2023. The Company settled the aforementioned LOA as disclosed below:

Deficiency tax	₱	445,441
Interest		101,106
	₱	546,547

31.02 Revenue Regulations No. 34 – 2020

Revenue Regulations (RR) No. 34-2020 prescribes the guidelines and procedures for the submission of BIR Form No. 1709, transfer pricing documentation and other supporting documents, amending for this purpose pertinent provisions of RR Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010.

The Company is covered by the requirements and procedures for related transactions provided in RR No. 34-2020.



REPORT ON SUPPLEMENTARY SCHEDULES

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

We have issued our report dated April 4, 2025 on the basic financial statements of **KEPWEALTH PROPERTY PHILS., INC.** as of and for the year ended December 31, 2024. Our audit was conducted for the purpose of forming an opinion on the basic financial statements of **KEPWEALTH PROPERTY PHILS., INC.** taken as a whole. The information in Index to the Financial Statements and Supplementary Schedules as of and for the year ended December 31, 2024, which is not a required part of the financial statements, is required to be filed with the Securities and Exchange Commission. Such information is the responsibility of the Management of **KEPWEALTH PROPERTY PHILS., INC.** The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until November 19, 2026
BSP Group B Accredited
Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2023
Valid from January 31, 2023 until January 30, 2026
IC Group A Accredited
Accreditation No. 0300-IC
Valid until 2026 audit period


REAN G. ABALOS
Partner

CPA Certificate No. 126203
BOA/PRC No. 0300/P-007
Valid until November 19, 2026
BSP Group C Accredited
Accreditation No. 126203-BSP
Valid until 2025 audit period
BIR Accreditation No. 08-007679-002-2023
Valid from October 20, 2023 until October 19, 2026
Tax Identification No. 271-226-260
PTR No. 10481162
Issued on January 15, 2025 at Makati City

April 4, 2025
Makati City, Metro Manila

BOA/PRC No. 0300 • BIR Accredited • SEC Group A Accredited • BSP Group B Accredited • IC Group A Accredited

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KEPWEALTH PROPERTY PHILS. INC.
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2024

Schedule	Content	Page No.
Part 1		
I	Schedule of Retained Earnings Available for Dividend Declaration <i>(Part 1 4C, Annex 68-C)</i>	2
II	Map showing relationships between and among parent, subsidiaries, an associate, and joint venture <i>(Part 1 4H)</i>	4
Part 2		
A	Financial Assets	5
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)	6
C	Receivable from Related Parties Eliminated during the Consolidation of Financial Statements	7
D	Intangible Assets - Other Assets	8
E	Long-Term Debt	9
F	Indebtedness to Related Parties (included in the consolidated statement of position)	10
G	Guarantees of Securities of Other Issuers	11
H	Capital Stock	12
Other Required Information		
III	Schedule of Financial Soundness Indicators <i>(Part 1 4D)</i>	13
IV	Schedule Of Application Of Proceeds From Initial Public Offering <i>(Annex 68-I)</i>	15
V	Supplementary Schedule of External Auditor Fee - Related Information	16

KEPWEALTH PROPERTY PHILS, INC.
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2024

Unappropriated Retained Earnings, beginning of reporting period (see Footnote 2)	61,671,503
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings	
Reversal of Retained Earnings Appropriation/s	
Effect of restatements of prior-period adjustments	
Others (describe nature)	
Sub-total	-
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	
Retained Earnings appropriated during the reporting period	
Effect of restatements of prior-period adjustments	
Others (describe nature)	
Sub-total	-
Unappropriated Retained Earnings, as adjusted	61,671,503
Add/Less: Net Income (Loss) for the current year	7,314,049
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Equity in net income of associate/joint venture, net of dividends declared	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	400,959.00
Unrealized fair value gain of investment property	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	
Sub-total	400,959
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	
Realized foreign exchange gain, except those attributable to cash and cash equivalents but realized in the current reporting period (net of tax)	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	
Realized fair value gain of investment property	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	
Sub-total	-
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	
Reversal of previously recorded fair value gain of Investment Property	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	
Sub-total	-
Adjusted Net Income/Loss	68,584,593
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	
Sub-total	-

Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP (see Footnote 3)

Amortization of the effect of reporting relief
Total amount of reporting relief granted during the year
Others (describe nature)
Sub-total

Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution

Net movement of treasury shares (except for reacquisition of redeemable shares)
Net movement of deferred tax asset not considered in the reconciling items under the previous categories 1,679,488
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable
Adjustment due to deviation from PFRS/GAAP - gain (loss)
Others (describe nature)
Sub-total

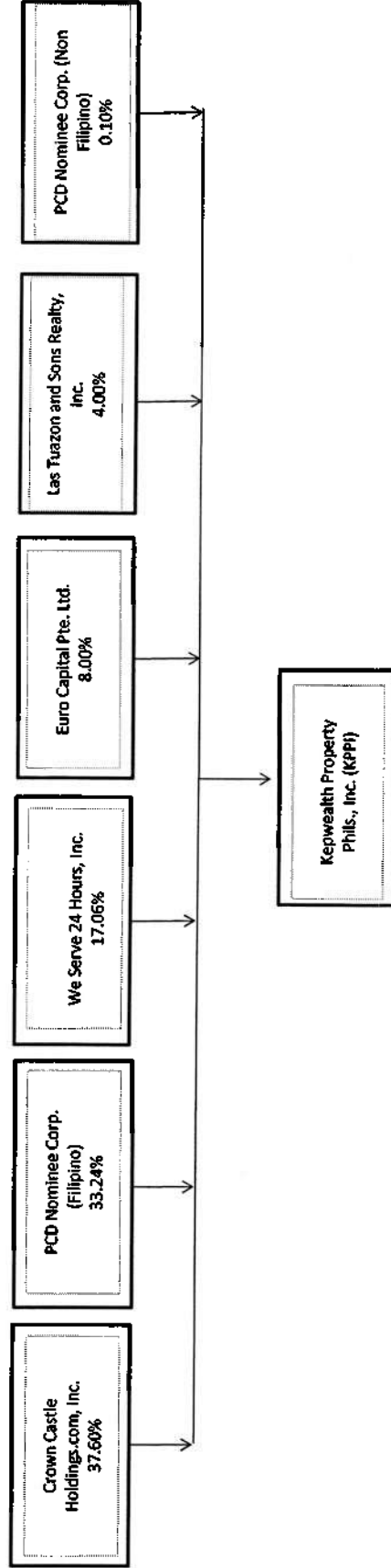
	1,679,488
Total Retained Earnings, end of the reporting period available for dividend	70,264,081

FOOTNOTES

- (1) The amount of retained earnings of a company should be based on its separate ("stand-alone") audited financial statements.
- (2) Unappropriated Retained Earnings, beginning of reporting period refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declaration" of the immediately preceding period.
- (3) Adjustments related to the relief provided by the SEC and BSP pertain to accounting relief (e.g. losses that are reported on a staggered basis) granted by the regulators. However, these are actual losses sustained by the Company and must be adjusted in the reconciliation to reflect the actual distributable amount.
- (4) This Reconciliation of Retained Earnings Available for Dividend Declaration is pursuant to Sec. 42 of the Revised Corporation Code, which prohibits stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT companies as a basis to determine the amount of its distributable income or dividends to its shareholders. The determination of its distributable income should be in accordance with the REIT Act and Implementing Rules and Regulations.

Schedule II

KEPWEALTH PROPERTY PHILS. INC.
MAP SHOWING RELATIONSHIPS BETWEEN AND AMONG PARENT,
SUBSIDIARIES, AN ASSOCIATE, AND JOINT VENTURE
DECEMBER 31, 2024



KEPWEALTH PROPERTY PHILS. INC.
Schedule A – Financial Assets
DECEMBER 31, 2024

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet	Income accrued
Trust investment to San Miguel Corporation	1,057,400	125,555,000	-
Short-term investment in East West Banking Corporation		52,463,273	-
UITF investment in Rizal Commercial Banking Corporation		89,007,222	-
UITF investment in Sun Life Prosperity Peso Starter Fund, Inc		469,796	-
Total		267,495,291	-

KEPWEALTH PROPERTY PHILS. INC.
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and
Principal Stockholders (Other than Related Parties)
DECEMBER 31, 2024

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts Written-off	Current	Non- Current	Balance at end of period
Keppel Condominium Center Corporation	2,505,847	-	(2,505,847)	-	-	-	-
Eurocapital Land, Inc.	202,288	55,024	-	-	257,312	-	257,312
Total	2,708,135	55,024	(2,505,847)	-	257,312	-	257,312

KEPWEALTH PROPERTY PHILS. INC.
Schedule C - Receivable from Related Parties which are eliminated
during the consolidation of financial statements
DECEMBER 31, 2024

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Non Current	Balance at the end of the period
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None to Report

KEPWEALTH PROPERTY PHILS. INC.
Schedule D - Intangible Assets - Other Assets
DECEMBER 31, 2024

Description	Beginning Balance	Additions at Cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending Balance
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None to Report

KEPWEALTH PROPERTY PHILS. INC.
Schedule E - Long-Term Debt
DECEMBER 31, 2024

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rate %	Maturity Date
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None to Report

KEPWEALTH PROPERTY PHILS. INC.
Schedule F - Indebtedness to Related Parties
(Included in the consolidated financial statement of position)
DECEMBER 31, 2024

Name of Related Parties	Balance at beginning of period	Balance at end of period
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None to report

KEPWALTH PROPERTY PHILS. INC.
Schedule G - Guarantees of Securities of Other Issuers
DECEMBER 31, 2024

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding	Amount owned by person of which statement is filed	Nature of guarantee
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None to Report

KEPWEALTH PROPERTY PHILS. INC.
Schedule H - Capital Stock
DECEMBER 31, 2024

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Ordinary shares - P1 par value	365,000,000	201,057,609	-	134,024,950	52	67,032,607
Preference shares - P1 par value	255,000,000	255,000,000	-	255,000,000	-	-

KEPWEALTH PROPERTY PHILS. INC.
SCHEDULE III - FINANCIAL SOUNDNESS INDICATORS
For the Years Ended December 31, 2024 and 2023

	December 31, 2024	December 31, 2023
A. SHORT-TERM LIQUIDITY RATIO		
CURRENT RATIO	10.94	10.89
<u>Current Assets</u>	<u>404,481,545</u>	<u>358,443,779</u>
Current Liabilities	36,959,608	32,922,822
WORKING CAPITAL TO ASSETS	0.43	0.38
<u>(Current Assets - Current Liabilities)</u>	<u>367,521,937</u>	<u>325,520,957</u>
Total Assets	862,240,438	847,672,025
B. LONG-TERM SOLVENCY		
ASSET TO EQUITY	1.06	1.04
<u>Total Asset</u>	<u>862,240,438</u>	<u>847,672,025</u>
Stockholders' Equity	820,799,039	813,484,990
DEBT TO EQUITY	0.05	0.04
<u>Total Liabilities</u>	<u>41,441,399</u>	<u>34,187,035</u>
Stockholders' Equity	820,799,039	813,484,990
LONG-TERM DEBT TO EQUITY	0.01	0.00
<u>Long-Term Debt</u>	<u>4,481,791</u>	<u>1,264,213</u>
Stockholders' Equity	820,799,039	813,484,990
FIXED ASSETS TO EQUITY	0.39	0.44
<u>(Fixed Assets - Accumulated Depreciation)</u>	<u>322,597,262</u>	<u>354,522,757</u>
Stockholders' Equity	820,799,039	813,484,990
CREDITORS EQUITY TO TOTAL ASSETS	0.05	0.04
<u>Total Liabilities</u>	<u>41,441,399</u>	<u>34,187,035</u>
Total Assets	862,240,438	847,672,025

KEPWEALTH PROPERTY PHILS. INC.
SCHEDULE III - FINANCIAL SOUNDNESS INDICATORS
For the Years Ended December 31, 2024 and 2023

	December 31, 2024	December 31, 2023
FIXED ASSETS TO LONG-TERM DEBT	71.98	280.43
<u>(Fixed Assets - Accumulated Depreciation)</u>	<u>322,597,262</u>	<u>354,522,757</u>
<u>Long-Term Debt</u>	<u>4,481,791</u>	<u>1,264,213</u>
C. RETURN ON INVESTMENTS		
RATE OF RETURN ON TOTAL ASSETS	0.01	(0.00)
<u>Net Income (Loss)</u>	<u>7,314,049</u>	<u>(1,388,966)</u>
<u>Average Total Assets</u>	<u>854,956,232</u>	<u>847,669,639</u>
RATE OF RETURN ON EQUITY	0.01	(0.00)
<u>Net Loss</u>	<u>7,314,049</u>	<u>(1,388,966)</u>
<u>Average Stockholders' Equity</u>	<u>817,142,015</u>	<u>814,179,473</u>
D. PROFITABILITY RATIOS		
GROSS PROFIT RATIO	0.16	0.15
<u>Gross Profit</u>	<u>7,957,663</u>	<u>7,181,886</u>
<u>Revenues</u>	<u>48,257,987</u>	<u>46,510,562</u>
OPERATING LOSS TO REVENUES	(0.24)	(0.35)
<u>Loss from Operations</u>	<u>(11,672,572)</u>	<u>(16,360,105)</u>
<u>Revenues</u>	<u>48,257,987</u>	<u>46,510,562</u>
PRETAX INCOME (LOSS) TO REVENUES	0.13	(0.11)
<u>Income (Loss) before tax</u>	<u>6,512,675</u>	<u>(5,089,777)</u>
<u>Revenues</u>	<u>48,257,987</u>	<u>46,510,562</u>
NET INCOME (LOSS) TO REVENUES	0.15	(0.03)
<u>Net Income (Loss)</u>	<u>7,314,049</u>	<u>(1,388,966)</u>
<u>Revenues</u>	<u>48,257,987</u>	<u>46,510,562</u>
E. INTEREST COVERAGE RATIO		
INTEREST COVERAGE RATIO	N/A	N/A
<u>Earnings (Loss) Before Interest and Tax</u>	<u>6,512,675</u>	<u>(5,089,777)</u>
<u>Interest Expense</u>	<u>-</u>	<u>-</u>

Schedule IV

**KEPWEALTH PROPERTY PHILS. INC.
SUPPLEMENTARY SCHEDULE OF APPLICATION
OF PROCEEDS FROM INITIAL PUBLIC OFFERING
DECEMBER 31, 2024**

		Estimated		Actual		Balance
Gross Proceeds		384,767,164		384,767,164		-
Offering Expenses		(21,739,481)		(24,781,567)		3,042,086
Net Proceeds		363,027,683		359,985,597		3,042,086

Details of the estimated and actual application of the proceeds:

		Estimated		Actual		Balance
Gross Proceeds		384,767,164		384,767,164		-
Use of Proceeds						
Acquisition of office space in:						
Metro Manila		(245,000,000)		(189,533,348)		(55,466,652)
Davao City		(120,000,000)		-		(120,000,000)
		(365,000,000)		(189,533,348)		(175,466,652)
Offering Expenses		(21,739,481)		(24,781,567)		3,042,086
Net Proceeds		(1,972,317)		170,452,249		(172,424,566)

SCHEDULE V

KEPWEALTH PROPERTY PHILS., INC.
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE – RELATED INFORMATION
AS OF DECEMBER 31, 2024

	2024	2023
Total Audit Fees (Section 2.1a)¹	242,000	242,000
Non-audit services fee:		
Other assurance services	200,000	200,000
Tax services	-	-
All other services	-	-
Total Non-Audit Fees (Section 2.1b)²	200,000	200,000
TOTAL AUDIT AND NON – AUDIT FEES	442,000	442,000
Audit and Non-Audit fees of other related entities (Section 2.1c)³		
	2024	2023
Audit fees	-	-
Non-audit services fees:	-	-
Other assurance services	-	-
Tax services	-	-
All other services	-	-
TOTAL AUDIT AND NON – AUDIT FEES OF OTHER RELATED ENTITIES	-	-

Notes:

- 1) Section 2.1a: Disclose agreed fees (excluding out of pocket expenses and VAT) with the external auditor/audit firm and its network firms (as applicable) for the audit of the covered company's stand-alone and/or consolidated financial statements and the covered company's consolidated subsidiaries' financial statements on which the external auditor/audit firm expresses an opinion. These do not include fees for special purpose audit or review of financial statements.
- 2) Section 2.1b: Disclose charged or billed fees (excluding out of pocket expenses and VAT) by the external auditor/audit firm or a network firm (as applicable) for non-audit services to the covered company and its related entities over which the covered company has direct or indirect control that are consolidated in the financial statements on which the external auditor/audit firm expresses an opinion. These include other assurance services such as special purpose audit or review of financial statements.
- 3) Section 2.1c: Disclose fees for services (excluding out of pocket expenses and VAT) charged to any related entities of the covered company over which the covered company has direct or indirect control, which are not yet disclosed in (a) or (b), such as fees for services to any unconsolidated subsidiaries that meet the consolidation exemption criteria of Philippine Financial Reporting Standard (PFRS) 10 applicable to investment entities, if the external auditor/audit firm has reason to believe that these are relevant to the evaluation of the external auditor/audit firm's independence, as communicated by the external auditor/audit firm with the covered company's Those Charged with Governance or equivalent (e.g., Audit Committee).
- 4) Section 2.1d: As applicable, disclose any fee dependency situation or (a) the fact that the total fees received by the external auditor/audit firm from the covered company represent, or are likely to represent, more than 15% of the total fees received by the external auditor/audit firm for two consecutive years and (b) the year that this situation first arose, as communicated by the external auditor/audit firm with the covered company's Those Charged with Governance or equivalent (e.g., Audit Committee).