



SEC Main Office
The SEC Headquarters
7907 Makati Avenue, Salcedo Village, Barangay Bel-Air, Makati City , 1209

electronic Official Receipt

Transaction Details

eOR Number	20250527-MYEG-0065843-66
Transaction Number	4BYTB8V589
Payment Date	May 27, 2025 02:10 PM
Payment Scheme	Mobile-GCASH_MYEG_Government
Status	Payment success
Payment Status	PAYMENT_SUCCESS

Payment Assessment Details

PAF No.	20250527-12818104
PAF Date	2025-05-27 10:52:31
Payor Name	KEPWEALTH PROPERTY PHILS., INC.
Payor Address	MAKATI CITY

#	Nature of Collection	Account Code	Amount
1	Information Statement - Registrant	4020199099(678)	7,500.00
2	Legal Research Fee (A0823)	2020105000(131)	75.00
TOTAL			7,575.00

Total amount indicated herein does not include the convenience/service fee of the selected payment channel.

COVER SHEET

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S.E.C. Registration Number

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I	N	C	.																										

(Company's Full Name)

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

ROSA MICHELE C. BAGTAS (Corporate Secretary)																			
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Contact Person

88105858									
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Company Telephone Number

1	2	3	1

Month Day
Fiscal Year

Preliminary SEC Form

2	0	-	I	S
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FORM TYPE

Second Wednesday of July

0	7	1	0
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Month Day
Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

N/A									
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Amended Articles Number/Section

Sixteen (16)									
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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I. D.

Cashier

STAMPS									
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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO ALL STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of **KEPWEALTH PROPERTY PHILS., INC.** (the "Company") will be held on **09 July 2025** at **8:00 AM**, via remote communication through the following link: <https://us06web.zoom.us/j/82214782754?pwd=Zkto6s0LbP2kg6phDkcSlfvsT7PSgU.1> with the following agenda:

1. Call to Order
2. Proof of Notice of the Meeting and Determination of Quorum
3. Approval of the Minutes of the Previous Annual Stockholders' Meeting
4. President's Report on Operations
5. Ratification of the acts of the Board of Directors and its committees, officers and management
6. Appointment of External Auditor
7. Election of Directors
8. Other matters
9. Adjournment

Stockholders of record as of **19 June 2025** will be entitled to notice of, and to vote at, the Annual Stockholders' Meeting.

The Annual Stockholders' Meeting will be conducted via remote communication, and the stockholders shall be allowed to cast their votes by remote communication or in *absentia*, or by proxy.

To participate in the Annual Meeting, stockholders must register from 9:00 AM of 18 June 2025 until 5:00 PM of 29 June 2025. The procedures for participation via remote communication and in *absentia* are contained in the Information Statement.

Stockholders who wish to appoint proxies may submit proxy instruments until 5:00 PM of 29 June 2025 by email to asm@kepwealth.com. Validation of proxies shall be held on 04 July 2025. A sample proxy form will be enclosed in the Information Statement for your convenience. We are not soliciting your proxies.

The Definitive Information Statement and other related documents may be accessed and downloaded from the Company's website <https://kepwealth.com/> and PSE Edge.

The proceedings during the Annual Stockholders' Meeting shall be recorded.
Makati City, Philippines, 16 June 2025.


ROSA MICHELE C. BAGTAS
Corporate Secretary

EXPLANATION OF AGENDA ITEMS

1. Call to Order

The meeting will be formally opened at approximately 8:00 in the morning.

2. Proof of Notice of the Meeting and Determination of a Quorum

The Corporate Secretary will certify that: 1) the stockholders of record were duly notified of the meeting by way of publication of the Notice of Meeting, including the date of publication and the newspapers where the notice was published, and 2) stockholders representing at least a majority of the outstanding capital stock are present in person or by proxy and, therefore, a quorum exists for the transaction of business. The Registrant undertakes to file with the Securities and Exchange Commission the proof of publication of the Notice to the stockholders.

3. Approval of the Minutes of the Previous Stockholders Meeting

The draft of the minutes of the previous stockholders meeting is available at the Company's website, <https://kepwealth.com>.

4. President's Report on Operations

The President shall report on the Company's performance in 2024 and outlook for 2025.

5. Ratification of the acts of the Board of Directors and its committees, officers and management

Ratification of the acts of the Board of Directors and its committees, officers and management of the Company since the last annual stockholders' meeting up to the current stockholders' meeting, as duly recorded in the corporate books and records of the Corporation, will be requested. A summary of these acts will be contained in the Definitive Information Statement.

6. Appointment of External Auditor

The Company's external auditor, as recommended by the Audit Committee, will be nominated for reappointment for the current fiscal year.

7. Election of Directors

The nominees for election as members of the Board of Directors, including independent directors, will be presented to the stockholders. The Corporate Governance Committee of the Board has evaluated and determined that the seven (7) nominees for directors, including the nominees for independent directors, have all the qualifications and competence necessary for the effective performance of the Board's roles and responsibilities, and none of the disqualifications to serve as members of the Board.

The profiles of the candidates to the Board of Directors will be in the Definitive Information Statement. The members of the Board of Directors of the Corporation shall be elected by plurality vote, with cumulative voting allowed.

8. Other matters

The Chairman will answer certain questions previously submitted by the stockholders. The Chairman will decide whether matters raised by the stockholders may be properly taken up in the meeting or in another proper forum.

9. Adjournment

Upon determination that there are no other matters to be considered, the meeting shall be adjourned.

**SAMPLE PROXY
KEPWEALTH PROPERTY PHILS., INC.
2025 ANNUAL STOCKHOLDERS' MEETING**

The undersigned, a stockholder of common shares of **KEPWEALTH PROPERTY PHILS., INC.** (the "Company"), hereby nominates, constitutes, and appoints _____, or in his absence, the Chairman of the meeting, as Proxy of the undersigned, and vote the number of shares indicated below, at the Annual Stockholders' Meeting of the Company to be held on **09 July 2025** and/or at any postponement or adjournment thereof, and/or any annual stockholders' meeting of the Company, which appointment shall not exceed five (5) years from date hereof.

In particular, I hereby direct my said proxy to vote all my shares on the agenda items set forth below as I have expressly indicated by marking the same with an "X".

Items No.	Subject	Action		
		For	Against	Abstain
3.	Approval of Minutes of the Previous Annual Stockholders' Meeting			
5.	Ratification of Acts and Resolutions of the Board of Directors and its committees, officers and management			
6.	Appointment of R.S. Bernaldo & Associates as External Auditor for the ensuing year			
For the election of directors, you shall have a total number of votes equal to your number of shares multiplied by 7, which you may distribute in any manner among the nominees for election.				
7.	Election of Directors	No. of Votes	=	number of shares x 7
	a. Restituto T. Lopez – Independent Director			
	b. August Pablo A. Corpus, Jr.			
	c. Edmundo G. Las			
	d. Robert Ivan F. Olanday			
	e. Ignacio Salvador Gimenez III			
	f. John F. Catindig			
	g. Mark Anthony C. Migallos – Independent Director			

PRINTED NAME OF STOCKHOLDER

AUTHORIZED SIGNATORY

NUMBER OF SHARES

THIS PROXY SHOULD BE SUBMITTED ON OR BEFORE 5:00 PM OF 29 JUNE 2025 BY EMAIL TO asm@kepwealth.com.

THIS PROXY IS NOT REQUIRED TO BE NOTARIZED, AND WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED.

(Partnerships, Corporations and Associations must attach certified resolutions designating their proxies/representatives and authorized signatories)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
☐ Preliminary Information Statement
☒ Definitive Information Statement
2. Name of Registrant as specified in its charter **KEPWEALTH PROPERTY PHILS., INC.**
3. **METRO MANILA, PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number **CS200516361**
5. BIR Tax Identification Code **242-186-710-000**
6. **Unit 1J01-23 Burgundy Corporate Tower**
Sen. Gil Puyat Ave., Makati City, Metro Manila **1200**
Address of principal office Postal Code
7. Registrant's telephone number, including area code **(+632) 7978 5080**
8. **09 July 2025, 8:00 AM**
via remote communication only thru the following link:
<https://us06web.zoom.us/j/82214782754?pwd=Zkto6s0LbP2kg6phDkcSlfvST7PSgU.1>
Date, time and place of the meeting of security holders
9. Approximate date on which the Information Statement is first to be sent or given to security holders
18 June 2025
10. **In case of Proxy Solicitations: N/A – We are not soliciting your proxies**

Name of Person Filing the Statement/Solicitor: _____

Address and Telephone No.: _____
11. Securities registered pursuant to Section 12 of the Securities Regulation Code as of 31 May 2025 (information on number of shares and amount of debt is applicable only to corporate registrants):
- | Title of Each Class | Number of Shares of Common Stock
Outstanding or Amount of Debt Outstanding |
|---------------------|---|
| COMMON | 201,057,609 |
12. Are any or all of registrant's securities listed in a Stock Exchange?
Yes ☒ No ☐
- If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
PHILIPPINE STOCK EXCHANGE – COMMON SHARES

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

- | | | |
|-----|---|---|
| (a) | Date of Meeting
Time of Meeting
Place of Meeting | : <u>09 July 2025</u>
: <u>8:00 AM</u>
: <u>The meeting shall be conducted at 629 Epifanio delos Santos Avenue, Cubao, Quezon City, Metro Manila 1119. However, stockholders' participation shall be via remote communication only thru the following link:</u>
: https://us06web.zoom.us/j/82214782754?pwd=Zkto6s0LbP2kg6phDkcSlfvsT7PSgU.1 |
| | Complete address
of the principal office of the registrant | : <u>Unit 1J01-23 Burgundy Corporate Tower, Sen. Gil Puyat Ave. Makati City, Metro Manila</u> |
| | Complete mailing address | : <u>Unit 1J01-23 Burgundy Corporate Tower, Sen. Gil Puyat Ave. Makati City, Metro Manila</u> |
| (b) | Approximate date on which copies of the information statement are first to be sent or given to security holders | : <u>18 June 2025</u> |

Item 2. Dissenters' Right of Appraisal

There is no proposed corporate action or matter that will grant appraisal rights pursuant to the Revised Corporation Code of the Philippines to dissenting stockholders.

Any stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares in the following instances: 1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; 2) in case the corporation decides to invest its funds in another corporation or business or for any purpose outside of the primary purpose for which it was organized; (3) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; and 4) in case of merger or consolidation.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the Company within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares. **A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right.** Failure to make the demand within the 30-day period shall be deemed a waiver of the appraisal right. From

the time of the demand until either the abandonment of the corporate action in question or the purchase of the dissenting shares by the Company, all rights accruing to the dissenting shares shall be suspended, except the stockholder's right to receive payment of the fair value thereof. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the stock certificate(s) representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action. If the fair value is not determined, within sixty (60) days from the date the corporate action was approved by the stockholders, it will be determined by three (3) disinterested persons (one chosen by the Company, another chosen by the dissenting stockholder and the third to be chosen jointly by the Company and the stockholder). The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made. Upon payment by the Company of the awarded price, the dissenting stockholder shall forthwith transfer his shares to the Company.

No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director or officer of the Company, nor nominee for election as a director of the Company, nor associate of any of the foregoing persons, has any substantial interest, direct or indirect, by security holdings or otherwise, of each of the following persons in any matter to be acted upon, other than election to office.

No director of the Company has informed the Company in writing that he intends to oppose any action to be taken by the Company at the Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of 31 March 2025, the Company has 201,057,609 common shares outstanding and each share is entitled to one (1) vote.

All shareholders on record of the Company's common shares as of **19 June 2025**, will be entitled to notice of, and to vote at, the Meeting.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 06, Series of 2020, allowing voting through remote communication or in absentia, stockholders will participate in the Meeting by remote communication and cast their votes in absentia. A stockholder may cast his/her votes by remote communication or *in absentia* until 5:00 pm of 29 June 2025. A stockholder voting remotely or *in absentia* shall be deemed present for purposes of quorum. Please refer to **Annex "A"** on the Procedures and Requirements for Voting and Participation in the 2025 ASM for complete information on voting via remote participation or voting in absentia, as well as on how to join the live stream for the 2025 ASM.

Each common share entitles the person in whose name it is registered in the books of the Company to one (1) vote with respect to all matters to be taken up during the annual meeting of stockholders. Each holder of common stock shall have cumulative voting rights with respect to the election of the members of the board of directors of the Company. Cumulative voting entitles each stockholder to cumulate his shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or distribute them on the same principle among as many nominees as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

Security ownership of certain record and beneficial owners of more than 5% of the Company's voting securities as of 31 May 2025:

Title of Class	Name, Address of Record Owner and Relationship with Issuer (Direct)	Name of Beneficial Owner (Indirect)	Citizenship	No. of Shares Held	% Ownership
Common	CROWN CASTLE HOLDINGS.COM, INC., 3F New Rosario Ortigas Arcade, Rosario, Pasig City, Parent of the Issuer	CROWN CASTLE HOLDINGS.COM, INC.	Filipino	75,590,090	37.60
Common	PCD NOMINEE CORP. (FILIPINO), 29th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City 1226	I.B. GIMENEZ SECURITIES, INC., PCD Participant, as beneficial owner of 26.53% ¹ of the outstanding common stock of the Company.	Filipino	66,837,541	33.24
Common	WE SERVE 24 HOURS, INC., 501 Topaz Building, 101 Kamias Road, Quezon City	WE SERVE 24 HOURS, INC.	Filipino	34,310,390	17.07
Common	EURO CAPITAL PTE. LTD., 238 Orchard Boulevard, #19-07, The Orchard Residences, Singapore	EURO CAPITAL PTE. LTD.	Filipino	16,082,980	8.00

The Board of Directors of the record owners has the right to appoint its proxy to vote for the shares.

Other than the persons identified above, there are no other beneficial owners of more than 5% of the Company's outstanding capital stock that are known to the Company.

Security ownership of management as of 31 May 2025:

The ownership of the Directors and Executive Officers of the Company's capital stock is presented below.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Class
Directors				
Common	Restituto T. Lopez	1 (direct)	Filipino	0.00
Common	Augusto Pablo A. Corpus, Jr. ²	10 (direct)	Filipino	0.00
Common	Edmundo G. Las	10 (direct)	Filipino	0.00
Common	Robert Ivan F. Olanday	10 (direct)	Filipino	0.00
Common	John F. Catindig ³	10 (direct)	Filipino	0.00

¹ As of 31 May 2025.

² Mr. Augusto Pablo A. Corpus, Jr. was elected as President effective 19 June 2020.

³ Mr. John F. Catindig was appointed as Chief Information Officer and Compliance Officer effective 19 June 2020.

Common	Ignacio Salvador Gimenez, III ⁴	10 (direct)	Filipino	0.00
Common	Mark Anthony C. Migallos	1 (direct)	Filipino	0.00
N/A	Rosa Michele C. Bagtas	-	Filipino	0.00
N/A	Eric T. Dykimching	-	Filipino	0.00

Voting trust holders of 5% or more

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

Changes in control

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

Item 5. Directors and Executive Officers

Currently, the BOD consists of seven (7) members, of which two (2) are independent directors. All of the directors were elected by the stockholders of KPPI at the last stockholder's meeting held on 10 July 2024, and will hold office until the next succeeding annual stockholders' meeting and until their respective successors have been elected and qualified.

The names of the directors and officers of the Company, and their respective ages, citizenships, terms and periods of service, directorships in other reporting companies and positions held in the last five (5) years, as of 31 May 2025, are as follows:

Name	Age	Citizenship	Position	Date First Elected
Restituto T. Lopez	74	Filipino	Chairman, Independent Director	January 2019
Augusto Pablo A. Corpus, Jr. ¹	68	Filipino	President/Director	June 2020
Edmundo G. Las	73	Filipino	Director	November 2017
Robert Ivan F. Olanday	44	Filipino	Director	2017
John F. Catindig ²	55	Filipino	Director, Chief Information Officer, and Compliance Officer	2017
Ignacio Salvador Gimenez, III ³	45	Filipino	Director, Treasurer, and Investor Relations Officer	January 2019
Mark Anthony C. Migallos	71	Filipino	Independent Director	January 2019
Rosa Michele C. Bagtas	51	Filipino	Corporate Secretary	August 2020
Eric T. Dykimching	41	Filipino	Assistant Corporate Secretary	September 2020

In compliance with the Notice dated 20 October 2006 and Memorandum Circular No. 5, Series of 2017 issued by SEC, the independent directors of the Registrant executed their respective Certificates of Independent Director which are attached to this Information Statement. A Certification stating that no director or officer of the Registrant is connected with any government agency or instrumentality is

⁴ Mr. Ignacio Salvador R. Gimenez, III was appointed as the new Corporate Treasurer and Investor Relations Officer effective 19 June 2020.

also attached.

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

MR. AUGUSTO PABLO A. CORPUS, JR., Filipino, 68 years old, is the President of the Company. He was elected as President on 19 June 2020. He earned his Bachelor of Science degree in Hotel and Restaurant Management in 1978 from the University of the Philippines Diliman. He then obtained a Master's of Business Administration in Management from the Texas A&M University, College Station, Texas in 1983. Mr. Corpus has almost 40-years' experience in management of restaurants, resorts, hotels and office buildings. Prior to joining the Company, he served for 20 years as the Chief Executive Officer of Hotel Sogo which is involved in the construction, management and operation (including leasing of all commercial areas for rent) of the largest hotel chain in the Philippines. Mr. Corpus was key to growing the company from 3 hotels in 1999 to 41 hotels in 2019. He also served as the General Manager of Montevista Resorts and Convention Center from 1997 to 1999. From 1995 to 1997, Mr. Corpus was the General Manager of City Garden Hotel, Manila. From 1983 to 1995, he was the Vice President of Rosario Investments that constructed and operated 12 Hotels as well as managed and operated the King's Court Buildings, Makati. Currently, he is serving as the President of Corpuz-Manuel Corporation. He is not a director of another listed company. He is not connected with any government agency or instrumentality.

MR. EDMUNDO G. LAS, Filipino, 73 years old, was the former President of the Company until June 2020 and has been a Director of the Company since November 2017. Prior to joining the Company, he served as a Director and Chief Executive Officer of Hotel Sogo, Inc. for 24 years and a director of Eurotel hotel chain. A previous banker, he has accumulated 40 years' experience in the hotel and lodging industry. He is presently the President of Las Tuazon and Sons Realty, Inc. Mr. Las is the head of the Company's Business Development Division and has been very instrumental in the Company's expansion of its business, particularly in negotiating and managing the Company's acquisitions. He attended Notre Dame University Cotabato from 1969 to 1972 and Polytechnic University of the Philippines from 1972 to 1974. He is not a director of another listed company. He is not connected with any government agency or instrumentality.

MR. ROBERT IVAN F. OLANDAY, Filipino, 44 years old, has been a Director since 2017. He is currently serving as a director of New City Builders, Inc. He is not a director of another listed company. He attended Thames International School in 2002. He is not connected with any government agency or instrumentality.

MR. JOHN F. CATINDIG, Filipino, 55 years old, has served as a Director of the Company since 2017 and

is also the Chief Information Officer and Chief Compliance Officer of the Company. He used to work in the Support Operation of Metropolitan Bank and Trust Company from 1991 to 1994 and Account Support of Zuellig Group of Companies from 1994 to 1996. At present, he is the General Manager of Drugcheck Philippines, Inc. and Associated Person/Compliance Officer of IB Gimenez Securities, Inc. He received a Bachelor of Science degree in Commerce from the University of Santo Tomas in 1991. He also completed trainings on Anti-Money Laundering and Principle of Risk Management, The Net Capital and Risk board Capital Adequacy Requirements conducted by the PSE in 2010 and SEC in 2006, respectively. He is not connected with any government agency or instrumentality.

MR. IGNACIO SALVADOR GIMENEZ, III, Filipino, 45 years old, was elected director of the Company on 09 January 2019 and as Treasurer and Investment Relations Officer on 19 June 2020. He is currently a director of I.B. Gimenez Securities, Inc. Mr. Gimenez has a master's degree in strategic marketing from the University of Greenwich. He obtained a Bachelor of Arts in International Business (with Mandarin Chinese) from European Business School, London and Nanjing University, China. Mr. Gimenez is a member of JCI Manila and The Tower Club since 2010 and 2012, respectively. He is not connected with any government agency or instrumentality.

MR. MARK ANTHONY C. MIGALLOS, Filipino, 71 years old, joined as one of the Independent Directors of the Company in January 2019. He previously worked for PruLife UK as the Vice PresidentGeneral Agencies from 1998 to 2018. He also worked for Insular Life as the Senior Assistant Vice President for Metro Manila Sales from 1983 to 1997. He obtained his Bachelor of Arts degree in English from the University of the Philippines in 1976. In 2007, he obtained his Master's Degree in Business Administration from the Ateneo de Manila University. He is not a director of another listed company. He is not connected with any government agency or instrumentality.

ATTY. ROSA MICHELE C. BAGTAS, Filipino, 51 years old, is the Corporate Secretary of the Company. She was elected as Corporate Secretary on 28 August 2020. She graduated with a degree of Bachelor of Science Major in Legal Management from the Ateneo de Manila University in 1994. She also earned her Juris Doctor degree from the Ateneo Law School in 1998. Ms. Bagtas is currently a Senior Partner at Cruz Marcelo & Tenefrancia, where she heads the Property Development and Immigration Practice Groups. Ms. Bagtas has handled a wide range of commercial or corporate transactions, including mergers and acquisitions, joint ventures, foreign investments, tax and immigration matters, among others. Ms. Bagtas has extensive experience in acting as corporate secretary of various private corporations and in handling corporate governance issues. She is not connected with any government agency or instrumentality.

ATTY. ERIC T. DYKIMCHING, Filipino, 41 years old, is the Assistant Corporate Secretary of the Company. He was elected as Assistant Corporate Secretary on 25 September 2020. He graduated with a degree of Bachelor of Science Major in Legal Management from De La Salle University in 2004. He obtained his Juris Doctor degree from Ateneo Law School in 2008. Mr. Dykimching is also a Certified Public Accountant since 2013. He earned his Bachelor of Science in Accountancy from La Consolacion College Manila in 2011. Mr. Dykimching is a Partner at Cruz Marcelo & Tenefrancia. His practice areas include infrastructure, transport and public utilities, corporate and commercial law, tax, mergers and acquisitions, strategic and developmental projects, property development, and real estate transactions. He serves as the Assistant Corporate Secretary of Sta. Lucia Land, Inc. and PTFC Redevelopment Corporation. He is not connected with any government agency or instrumentality.

Procedure for Nomination and Election of Independent Directors

Pursuant to Article III, Section 9 of the Company's By-Laws, the nomination and election of independent directors shall be conducted in accordance with SRC Rule 38.

SRC Rule 38 provides that the nomination and election of independent directors shall be conducted in accordance with the following rules:

1. Nomination of independent directors shall be conducted by the Nomination Committee

- prior to a stockholders' meeting. All recommendations shall be signed by nominating stockholders and shall bear the conformity of the nominees.
2. The Nomination Committee shall pre-screen the nominees and prepare a final list of candidates.
 3. The final list of candidates shall contain the business and/or professional experience of the nominees for independent directors, which list shall be made available to the Securities and Exchange Commission (hereinafter, the "Commission") and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the Commission. The name of the person or group of persons who recommended the nominees for independent directors shall be identified in such report including any relationship to the nominees.
 4. Only nominees whose names appear in the final list of candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the final list of candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.
 5. The conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Company in its by-laws, subject to pertinent laws, rules and regulations of the Commission.
 6. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the stockholders' meeting.
 7. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

Nominees

Directors are elected annually by the stockholders at the annual stockholders' meeting to serve until the election and qualification of their successors. The Corporate Governance Committee, composed of Mark Anthony C. Migallos as Chairman, Restituto T. Lopez and Robert Ivan F. Olanday as members, accepts nominees to the Board of Directors, including nominees for independent directors. The Committee is responsible for screening and qualifying the list of nominees. The following is the complete and final list of nominees and candidates for members of the Board of Directors:

1. Restituto T. Lopez – Independent Director
2. Augusto Pablo A. Corpus, Jr.
3. Edmundo G. Las
4. Robert Ivan F. Olanday
5. Ignacio Salvador Gimenez III
6. John F. Catindig
7. Mark Anthony C. Migallos – Independent Director

Independent Directors

This year's nominees for directors include two (2) persons who qualify as independent directors. Mr. John F. Catindig nominated incumbent independent director, Restituto T. Lopez, for another term, while Mr. Robert Ivan F. Olanday nominated incumbent independent director, Mark Anthony C. Migallos. Messrs. Catindig and Lopez, and Migallos and Olanday are not related by consanguinity or affinity up to the fourth civil degree.

Significant employees

Aside from Mr. Augusto Pablo A. Corpus, Jr., President, there are no other officers or employees which the Company expects to individually make a significant contribution to the business.

Family relationships

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

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

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

Involvement in certain legal proceedings

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

To the best of the Company's knowledge and/or information, the current Directors and the Executive Officers are not, presently or during the last five (5) years, involved or have been involved in any material legal proceeding adversely affecting or involving themselves and/or their property before any court of law or administrative body in the Philippines or elsewhere, including any bankruptcy petition, conviction by final judgment, being the subject of adverse order, judgment or decree, or a violation of securities or commodities law.

Certain Relationships and Related Transactions

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

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

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

To mitigate this risk, the Company enters into related-party transactions on an arms-length basis. Furthermore, related-party transactions will be passed upon by the Related Party Transaction Committee which is composed of two independent directors and one non-executive director of the

Company. Moreover, certain related party transactions benefit the Company and allow it to tap into the broader asset base and business operations of related parties.

Please refer to Note 15, Related Party Disclosures, to the 2024 Audited Consolidated Financial Statements attached hereto as Annex B and Note 11 of the Quarterly Report for the period ended 31 March 2025. Apart from the related party transactions disclosed in the 2024 Audited Financial Statements and Quarterly Report dated 31 March 2025, the Company has no other related party/self-dealing transactions with its directors and other related parties.

Disagreement with the Company

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of stockholders because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Item 6. Compensation of Directors and Executive Officers

Summary compensation table

Information as to the aggregate compensation for the years ended 31 December 2024 and 2023 paid to the Company's Chief Executive Officer and four other most highly compensated executive officers and all other officers and directors as a group, as well as the estimated aggregate compensation for the ensuing year are as follows:

Name and principal position	Year	Salary (P)	Bonus (P)	Other Annual Compensation
Total – President and four most highly compensated executive officers	2023 ⁵	2,249,500	-	
	2024 ⁶	2,194,612	-	-
	2025 (estimate) ⁷	3,000,000	-	-
All other officers and named directors as a group	2023	379,911	-	140,000
	2024	482,578	-	130,000
	2025 (estimate)	486,153	-	130,000

Compensation of Directors and Executive Officers

In 2025, the compensation of key management personnel amounted to approximately P3 million. This is mainly composed of salaries and other short-term employee benefits.

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

⁵ For 2023, only the President, Augusto Pablo A. Corpus, Jr., was paid compensation among the executive officers.

⁶ For 2024, only the President, Augusto Pablo A. Corpus, Jr., was paid compensation among the executive officers.

⁷ For 2025, only the President, Augusto Pablo A. Corpus, Jr., is expected to be paid compensation among the executive officers.

The By-Laws of the Company provide that by resolution of the Board, each Director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. On 9 January 2019, the Board approved that each Director shall receive Twenty Five Thousand Pesos (P25,000.00) as per diem for each meeting of the Board of Directors and Fifteen Thousand Pesos (P15,000.00) as per diem for each meeting of the Board committees. However, in the Special Board Meeting held on 13 November 2020, the Board of Directors resolved that the per diem of its Executive and Non- Executive Directors (excluding Independent Directors) will be reduced to Five Thousand Pesos (P5,000.00) per Board Meeting and Three Thousand Pesos (P3,000.00) per Committee meeting effective 01 November 2020.

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

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

Employment contracts and termination of employment and change-in-control arrangements

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

Outstanding warrants and options

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

Item 7. Independent Public Accountants

The Board of Directors of the Company, in consultation with the Audit Committee, composed of Restituto T. Lopez as Chairman and Mark Anthony C. Migallos and Ignacio Salvador Gimenez III as Members, will recommend to the stockholders the reappointment of R.S. Bernaldo & Associates as external auditors of the Company for fiscal year 2024.

The Company's fiscal year begins on 01 January and ends on 31 December of each year. R.S. Bernaldo & Associates has audited and rendered an unqualified audit report on the Group's consolidated financial statements as of and for the years ended 31 December 2023 and 2024. Rean G. Abalos is the current audit partner for the Company and has served as such since 2020.

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

Representatives of R.S. Bernaldo & Associates are expected to be present at the stockholders' meeting and have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

The aggregate fees paid to R.S. Bernaldo & Associates for the audit of the financial statements of the Company and other services in connection with the statutory and regulatory filings are as follows:

2024	2023
442,000	442,000

Tax fees and all other fees⁸

	2024	2023
Real property tax	3,972,095	3,848,959
Business permits and registration fees	399,701	635,071
Documentary stamp tax	186,643	158,720
TOTAL	4,558,440	4,642,750

In relation to the audit of the Company's annual financial statements, the Company's Amended Corporate Governance Manual and Revised Audit Committee Charter, which was approved by the Board of Directors on 13 November 2020, provides that the audit committee shall, among other activities, (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

Item 8. **Compensation Plans**

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. **Authorization or Issuance of Securities Other than for Exchange**

No action is to be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company.

Item 10. **Modification or Exchange of Securities**

No action is to be taken with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. **Financial and Other Information**

Not applicable as no action is to be taken with respect to any matter specified in Items 9 or 10.

Item 12. **Mergers, Consolidations, Acquisitions and Similar Matters**

No action is to be taken with respect to any transaction involving the following:

- (1) the merger or consolidation of the registrant into or with any other person or of any other person into or with the registrant;

⁸ Row 1 of the table in "Item 8. Information on Independent Accountant and Other Related Matters" of the attached Annual Report (SEC Form 17-A) for the fiscal year ended 31 December 2024 should properly indicate "2024" and "2023", respectively.

- (2) the acquisition by the registrant or any of its security holders of securities of another person;
- (3) the acquisition by the registrant of any other going business or of the assets thereof;
- (4) the sale or other transfer of all or any substantial part of the assets of the registrant;
or
- (5) the liquidation or dissolution of the registrant.

Item 13. Acquisition or Disposition of Property

No action is to be taken with respect to the acquisition or disposition of any property.

Item 14. Restatement of Accounts

No action is to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The Minutes of the Annual Meeting of stockholders held on 10 July 2024 (the “Minutes”) will be submitted to the stockholders for approval. The Minutes will refer to the adoption of stockholders’ resolutions pertaining to the following matters: approval of the Minutes of the previous stockholders’ meeting, ratification of the acts of the Board of Directors, Board Committees, and Management, appointment of external auditor, and election of directors.

The approval or disapproval of the Minutes will constitute merely an approval or disapproval of the correctness of the Minutes but will not constitute an approval or disapproval of the matters referred to in the Minutes.

Item 16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, By-laws or Other Documents

No action is to be taken with respect to any amendment of the Company’s charter, by-laws or other documents.

Item 18. Other Proposed Action

The stockholders will be asked to ratify all resolutions of the Board of Directors and its committees, officers and management adopted since the last annual stockholders’ meeting up to the current stockholders’ meeting. These shall include the following:

1. Setting the date of the annual stockholders meeting and authority to conduct the 2025 Annual Stockholders’ Meeting via remote communication;
2. Approval of the Annual Report on Securities and Exchange Commission Form 17-A and the Financial Statements of the Company for the year ended 31 December 2024; and

3. Other similar activities of the Company.

Item 19. Voting Procedures

In the election of directors, the seven (7) nominees garnering the highest number of votes will be elected as members of the board of directors, provided that there shall always be at least two (2) independent directors in the Company's board of directors. Each common share entitles the person in whose name it is registered in the books of the Company to one vote with respect to all matters to be taken up during the annual meeting of stockholders. In the election of directors, each holder of common share may vote such number of shares for as many persons as there are directors to be elected or may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by 7.

There will be seven (7) persons to be elected to the Company's board of directors, including two (2) independent directors. Election inspectors duly appointed for the meeting shall be responsible for counting the number of votes, subject to validation, if necessary, by representatives of R.S. Bernaldo & Associates as external auditors of the Company.

Stockholders may cast their votes by remote communication or in *absentia*, or by proxy. A stockholder who votes in *absentia* as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum. Please refer to Annex "A" on the Procedures and Requirements for Voting and Participation in the 2025 ASM for complete information on voting via remote participation or voting in *absentia*, as well as on how to join the livestream for the 2025 ASM.

Requirements under Section 49 of the Revised Corporation Code of the Philippines ("RCC")

During the 2024 Annual Stockholders' Meeting, the stockholders owning 158,195,560 shares of the Registrant were present/represented during the meeting. The directors and/or officers present during the said meeting are the following: Augusto Pablo A. Corpus, Jr., Restituto T. Lopez, Edmundo G. Las, John F. Catindig, Robert Ivan F. Olanday, Mark Anthony C. Migallos, and Eric T. Dykimching.

The Compliance Officer regularly reviews Board performance using the following appraisal criteria: profiles and qualifications, attendance to corporate governance seminars, attendance in board meetings, compensation (if any), and related party transactions, and reports the same to the Board.

A summary of the attendance of the Directors is provided below:

Name of the Directors	Annual Stockholders' Meeting held on 10 July 2024	Organizational Board Meeting held on 10 July 2024	Special Board Meeting held on 04 April 2025
Augusto Pablo A. Corpus, Jr.	✓	✓	✓
Restituto T. Lopez	✓	✓	✓
John F. Catindig	✓	✓	✓
Robert Ivan F. Olanday	X	X	✓
Mark Anthony C. Migallos	✓	✓	✓
Edmundo G. Las	✓	✓	✓
Ignacio Salvador R. Gimenez III	X	X	X

A list of material stockholders and their voting rights is provided below:

Name of Stockholder	Voting Rights (by no. of shares)	Percentage of Ownership
Crown Castle Holdings.Com, Inc.	75,590,090	37.596
We Serve 24 Hours, Inc.	34,310,390	17.065
Euro Capital Pte. Ltd.	16,082,980	7.999
Las Tuazon And Sons Realty, Inc.	8,041,490	4.000

The other details on the Registrant's compliance with the applicable requirements of Section 49 of the RCC are available in the draft Minutes of the 2024 Annual Stockholders' Meeting, the procedure for the conduct of the 2024 Annual Stockholders' Meeting, and the 2024 Definitive Information Statement at <https://www.kepwealth.com/asm/2024-annual-stockholders-meeting/>.

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati, 16 June 2025.

KEPWEALTH PROPERTY PHILS., INC.

By:



ROSA MICHELE C. BAGTAS
Corporate Secretary

MANAGEMENT REPORT AS REQUIRED BY SRC RULE 20

PART 1 - BUSINESS AND GENERAL INFORMATION

BUSINESS

Overview

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

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

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

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

Business Development

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

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

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

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

Corporate Reorganization

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

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

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

The Company has generated total revenues of ₱48.26 million, ₱46.51 million, and ₱49.79 million for the years ended 31 December 2024, 2023 and 2022 and net income(loss) of ₱7.31 million, (₱1.39 million), and (₱.469) million, for the same periods.

The ultimate beneficial owners of the Company, Messrs. Ignacio B. Gimenez, Roberto B. Olanday, and Edmundo G. Las, have formed the GOLD Group²⁴ which has business interests in various industries, particularly hotel, property development, property leasing, and business services.

A. Description of Business / Principal Products or Services

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

Asset Management Business

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

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

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

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

Group Business Services

On 01 March 2019, the Company entered into a business process outsourcing agreement with Global Officium Limited, Inc. ("Global O"). Under the agreement, KPPI has outsourced the following finance and accounting business processes: treasury services, bookkeeping services, management accounting reports and services, financial account reports and services, accounts payable function, accounts receivable function, and tax compliance services. Likewise, functional support services for recruitment, payroll, information and communication technology (ICT) services, and internal audit shall also be provided by Global O.

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

B. Percentage of sales and net income contributed by foreign sales

The Company does not have sales or revenues and net income contributed by foreign sales for the last three (3) years.

C. Distribution method of products

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

D. New product or Service

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

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

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

E. Competition

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

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

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

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

F. Sources and availability of raw materials and the names of principal suppliers

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

G. Dependency of the business is upon a single customer or a few customers

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

H. Transactions with and/or dependence on related parties

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

Lease Contracts

The Company currently owns 77 units with 98 leasable spaces and one hundred sixty (160) parking slots in the Kepwealth Center for rent. As of 31 December 2024, the Company enjoys a 47% occupancy rate for the leasable spaces and a 34% occupancy rate for the parking slots.

The average term of the Company's lease contracts is two (2) years, with the shortest term at one (1) year and the longest term at ten (10) years, subject to renewal upon mutual consent by the parties. Lessees may pre-terminate the lease contracts by informing the Company in advance and paying the pre-termination fees equivalent to the forfeiture of the security deposit and advance rental payments. The lease contracts may not be assigned or subleased without the prior written consent of the Company.

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

Asset Management Agreement

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

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

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

1. Marketing

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

2. Tenant Services

- a) Assist in negotiations with tenants and in the documentation of lease contracts executed in the ordinary course of the client's business.
- b) Coordinate and oversee the move-in and move-out of tenants from the property.

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

Due to the COVID 19 pandemic, the Asset Management Contract for Atrium Mall was terminated on 30 June 2020, while on 30 September 2020, the Asset Management Contracts for Vivaldi Residences and Icon Macapagal were also terminated. Likewise, the Asset Management Contracts for Oxford Suites, Medical Plaza Ortigas, Burgundy Corporate Tower and Burgundy West Bay Tower were also terminated effective 31 December 2020.

Asset Management Contract

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

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

Management Service Agreement

On 1 June 2008, the Company formalized its Management Service Agreement with Kepwealth Center Condominium Corporation ("KCCC"). Under the agreement, KCCC recognized that it has paid the Company a Management Fee of twenty-five thousand (₱25,000.00) per month since December 2005 and shall continue to do so until termination of the agreement by the parties. There is no specific provision on the period of effectivity and termination of the agreement.

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

Insurance

On 23 August 2023, KCCC procured an Insurance Policy with Pioneer Insurance & Surety Corporation effective until 23 August 2025. The total sum insured is Five Hundred Seventeen Million Five Hundred Seventy Eight Thousand Two Hundred (P517,578,200.00) or 50%, Three Hundred Ten Million Five Hundred Forty Six Thousand Nine Hundred Twenty (P310,546,920) or 30%, One Hundred Three Million Five Hundred Fifteen Thousand Six Hundred Forty (P103,515,640) or 10% respectively, for a total of One Billion Thirty Five Million One Hundred Fifty Six Thousand Four Hundred (P1,035,156,400.00). The insurance policy covers the entire building (excluding the contents of the units) and its elevators, air conditioning system, fire-fighting, water distribution, and water treatment systems, and KVA gensets. The insurance coverage includes Fire, Lightning, and All Other Perils including earthquake, typhoon, flood, windstorm, hail, extended coverage (smoke, explosion, vehicle impact, and falling aircraft), riot, strikes, and malicious damage, sprinkler leakage, broad water damage, bursting and/or overflowing of water tanks, apparatus, and pipes, collapse due to insured perils, spontaneous combustion, tidal wave or tsunami, volcanic eruption, hurricane, and tornado.

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

Contract for Brokerage Services

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

The Commission Fees payable to Colliers, Santos Knight Frank, Leechiu, Pinnacle, JLL, Prime Property and other Cebu-based Real Estate Brokerage Company varies depending on the duration of the lease term. For new leases, the Commission Fee is equivalent to 1 month gross rent for a lease of 1 to 2 years; 1.5 months gross rent for the lease term of 3 years; 2 months gross rent for a lease term of 5 years; 2.5 months gross rent for the lease term of 7 to 8 years; 3 months gross rent for the lease term of 9 years; and 4 months gross rent for a lease term of 10 years or more.

Group Business Services

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

₱234,484.92. On March 26, 2024, the Company proposed an adjustment to the fee structure and was subsequently approved, aligning it with a percentage of revenue rather than a fixed amount, charging a management fee equivalent to 2.5% of revenue, effective January 2024.

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

Stockholders

The Company received non-interest-bearing advances from stockholders amounting to P0.9 Million. These cash advances were paid by the Company in 2019.

Keppel Center Condominium Corporation (KCCC)

The Company entered into an operational, financial, and administration services agreement with KCCC, a related party, until today, for a fixed monthly fee. Management income arising from this agreement amounted to P329,411.76 each for 2022, 2023 and 2024.

Terms and Conditions of Transactions with Related Parties

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

As to the advances made to related parties ECLI, ETII and certain stockholders, all cash advances made were non-interest-bearing, unsecured, and were either payable on demand or settled within one (1) year.

Related Party Transaction Policy

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

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

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

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

FINANCIAL STATEMENTS

The Company's 2024 Audited Consolidated Financial Statements and Notes thereto, including the Statement of Management's Responsibility and Supplementary Schedules, and unaudited Interim Financial Statements of the Company as of 31 March 2025, form part of this report as **Annex "B"** hereto.

DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

The following discussion of KEPWEALTH PROPERTY PHILIPPINES, INC.'s ("KPPI" or the "Company") recent financial condition and results of operations should be read in conjunction with KPPI's Audited Consolidated Financial Statements as of 31 December 2024 and 2023 and for each of the three years in the period ended 31 December 2024, 31 December 2023, and 31 December 2022, and notes thereto, which form part of the SEC Form 17-A as **Annex "A"**.

Plan of Operation

Facility Maintenance and Leasing Management:

The Company continues to prioritize the maintenance and improvement of its facilities to meet tenant expectations. This year, we've partnered with additional third-party firms to manage our leasing functions, with the aim of improving leasing efficiency and the quality of service offered to potential and current tenants. The third-party manager has successfully leased out nearly 56% of the space at One San Miguel (OSM) by the end of 2024, demonstrating the effectiveness of this strategy. We are projecting that OSM will be fully leased by the first semester of 2025. By leveraging external expertise, we aim to provide a smoother and more effective leasing process while maintaining the high standards that our tenants expect.

Financial Outlook and Expense Optimization:

The Company is confident that its current cash reserves will adequately cover all financial obligations for the upcoming year, without the need for further capital. However, as part of our ongoing efforts to improve operations, we are committed to a thorough review of all expenses. This will include an in-depth evaluation of third-party services and fees, ensuring they align with our business goals and provide the best possible value. We aim to identify potential areas for cost savings and improve financial efficiency.

Portfolio Growth and Financial Strength:

We remain focused on expanding our portfolio with properties that not only align with our long-term growth strategy but also contribute to strengthening our financial position. Each acquisition opportunity will undergo a careful evaluation to ensure it supports sustainable value creation for our shareholders. This strategy will help diversify and enhance our portfolio while ensuring financial stability.

Workforce Development:

While our initial plan was to expand our team by 2 to 3 new members, we have made the decision to add one new team member this year. This individual will primarily focus on enhancing tenant relations, asset management, and supporting facility maintenance. By strengthening our team in these key areas, we aim to improve tenant satisfaction and ensure our facilities continue to operate at the highest standards.

Conclusion:

In conclusion, the Company's operational focus for the year remains firmly centered on maintaining our facilities, improving the leasing function, optimizing financial management, expanding our property portfolio, and investing in workforce development. We remain committed to continuously improving facility maintenance, which is at the heart of our operations. Our efforts to enhance shareholder value and tenant satisfaction will guide us as we execute this plan, positioning the Company for sustained success and growth.

A. Financial Condition

FINANCIAL CONDITION

For The Year Ended December 31

All amounts in Philippines Peso, except percentages

	2024	%	2023	%	% Change 24vs23	2022	%	2021	%	% Change 22vs21
ASSETS										
Current Assets										
Cash and cash equivalent	230,349,904	27%	275,173,075	32%	-16%	106,761,862	13%	73,570,585	9%	45%
Short-term investments	-	0%	-	0%	0%	-	0%	-	0%	0%
Financial assets at FV through profit of loss	141,940,291	16%	52,801,465	6%	169%	237,779,472	28%	234,504,012	28%	1%
Trade and other receivables - net	14,083,928	2%	10,021,277	1%	41%	7,910,532	1%	5,101,737	1%	55%
Due from related parties	257,312	0%	2,708,135	0%	-90%	3,401,490	0%	3,206,636	0%	6%
Prepayments and other current assets	17,850,110	2%	17,739,827	2%	1%	16,944,464	2%	15,509,245	2%	9%
Total Current Assets	404,481,545	47%	358,443,779	42%	13%	372,797,820	44%	331,892,215	39%	12%
Non-current Assets										
Due from related parties - net of current portion	-	0%	-	0%	0%	2,505,847	0%	5,708,563	1%	-56%
Investment properties - net	322,128,379	37%	353,407,367	42%	-9%	385,957,349	46%	418,843,089	50%	-8%
Property and equipment - net	468,883	0%	1,115,390	0%	-58%	1,656,774	0%	1,696,051	0%	-2%
Investment in trust accounts	125,555,000	15%	125,555,000	15%	0%	75,555,000	9%	75,555,000	9%	0%
Deferred taxes - net	9,606,631	1%	8,491,777	1%	13%	4,583,468	1%	3,023,186	0%	52%
Deferred input VAT	-	0%	658,712	0%	-100%	4,610,994	1%	8,563,276	1%	-46%
Total Non-current Assets	457,758,893	53%	489,228,246	58%	-6%	474,869,432	56%	513,389,165	61%	-8%
TOTAL ASSETS	862,240,438	100%	847,672,025	100%	2%	847,667,252	100%	845,281,380	100%	0%
LIABILITIES AND STOCKHOLDERS' EQUITY										
LIABILITIES										
Current Liability										
Trade and other payables	36,959,608	4%	32,922,822	4%	12%	31,529,083	4%	27,292,599	3%	16%
Total Current Liabilities	36,959,608	4%	32,922,822	4%	12%	31,529,083	4%	27,292,599	3%	16%
Non-current Liabilities										
Advance Rent	2,135,384	0%	1,130,281	0%	89%	1,130,281	0%	1,141,103	0%	-1%
Security Deposits	2,346,407	0%	133,932	0%	1652%	133,932	0%	1,505,128	0%	-91%
Due to related party	-	0%	-	0%	0%	-	0%	-	0%	0%
Deferred credits	-	0%	-	0%	0%	-	0%	-	0%	0%
Deferred tax liability	-	0%	-	0%	0%	-	0%	-	0%	0%
Total Non-current liabilities	4,481,791	1%	1,264,213	0%	255%	1,264,213	0%	2,646,231	0%	-52%
TOTAL LIABILITIES	41,441,399	5%	34,187,035	4%	21%	32,793,296	4%	29,938,830	4%	10%
STOCKHOLDERS' EQUITY										
Capital Stock	456,057,609	53%	456,057,609	54%	0%	456,057,609	54%	456,057,609	54%	0%
Additional Paid-in Capital	299,519,764	35%	299,519,764	35%	0%	299,519,764	35%	299,519,764	35%	0%
Retained Earnings	65,221,666	8%	57,907,617	7%	13%	59,296,583	7%	59,765,177	7%	-1%
TOTAL STOCKHOLDERS' EQUITY	820,799,039	95%	813,484,990	96%	1%	814,873,956	96%	815,342,550	96%	0%
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	862,240,438	100%	847,672,025	100%	2%	847,667,252	100%	845,281,380	100%	0%

Assets

The Company has total assets of Php 862.24 Million and Php 847.67 Million as of 31 December 2024 and 2023, respectively, increase of which is primarily related to inflows of proceeds from the IPO.

Current Assets

- The Company has Total Current Assets of Php 404.48 Million and Php 358.44 Million as of December 31, 2024 and 2023, respectively.
- Cash and cash equivalents amounted to Php 230.35 Million and Php 275.17 Million as of December 31, 2024 and 2023, respectively. Cash and cash equivalents include unused proceeds from the IPO which are part of Cash in bank and the same earns interest at the respective bank deposit rates. Cash equivalents which are made for varying periods of up to three months depending on the immediate cash requirement of the Company and the same earn annual interest ranging from 3% to 4%.
- Trade and other receivables of the Company amounted to Php 14.08 million and Php 10.02 million as of 31 December 2024 and 2023, respectively. The total trade receivables of the

Company are 3.48% of the total current asset. Trade Receivables are non-interest bearing and are generally collectible in the succeeding month.

Non-Current Assets

- Of the Company's total assets, noncurrent assets comprise only of 53.09% as of 31 December 2024 up from 57.71% as of 31 December 2023 due to depreciation of investment property and amortization of deferred input tax.
- The Company's Investment Property consists mainly of condominium units and parking slots at Kepwealth Center (previously Keppel Center) located in Cebu Business Park, Cebu City. These units are being leased-out to third parties with lease terms ranging from one to ten years. Leasing revenues are earned from the Investment Property and will be discussed in detail below.
- Property and equipment includes office equipment and improvements.
- Net deferred tax asset is the net between deferred tax assets such as advance rent and allowance for estimated credit loss ("ECL") and deferred tax liabilities which are initial leasing cost and accrued rent. The Net deferred tax asset of the Company is Php 9.61 million and P8.49 million as of 31 December 2024 and 2023, respectively.

Liabilities

- The Company has total liabilities of Php 41.44 million and Php 34.19 million as of 31 December 2024 and 2023, respectively.
- Accounts and other payable comprises 89.19% (P37 Million) and 96.30% (P33 Million) of the total liabilities as of 31 December 2024 and 2023, respectively.
- Other items of liabilities include income tax payable, advance rent – net of current portion, security deposits – net of current portion and deferred credits – net of current portion.

Equity

- The Company has total equity of Php 820.80 million and Php 813.48 million as of 31 December 2024 and 2023, respectively.
- On 07 March 2019, the Commission 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 par value in the Company's authorized capital resulted to an increase in common shares by 76,522,500 and an increase in preferred shares by 229,500,000.
- The Company's Board of Directors and stockholders declared stock dividends of 49,000,000 common shares at P1 par value per share equivalent to P49.0 Million from the resulting increase in authorized common shares on 30 January 2019. The stock dividends were issued upon the approval of the change in authorized capital structure by the Commission.

The Company is a public company under Section 17.2 of the Securities Regulation Code (SRC) and its shares of stock were officially listed for trading in the PSE on 19 August 2019. The Company's IPO consisted of 67 million common shares at an offer price of P5.74 per share.

Key Performance Indicators

	31 December 2024	31 December 2023
Current ratio	10.94:1	10.89:1
Debt-to-equity ratio	0.05:1	0.04:1
Asset-to-equity ratio	0.95:1	0.96:1

Notes:

Current ratio = *Current Assets / Current Liabilities*

Debt-to-equity ratio = *Total Liabilities / Total Equity*

Asset-to-equity ratio = *Total Assets / Total Equity*

B. RESULTS OF OPERATIONS

The Group's consolidated operating results for the years ended 31 December 2024, 2023, and 2022 in absolute terms and expressed as a percentage of total sales are compared below:

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

Other Key Financial Ratios

Return on Equity	.89%	-.17%	-.06%
Return on Total Assets	.85%	-.16%	-.06%

Notes:

Return on Equity = Net Income / Total Equity

Return on Total Assets = Net Income / Total Assets

2024 vs 2023

Sales

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

Costs of Services

Costs of services for the year ended 31 December 2024 closed at Php 40.30 million, resulting in a gross profit of P7.96 million.

The Company's cost of services primarily consists of depreciation, commission, salaries, wages and employee benefits, taxes and licenses and repairs and maintenance which are directly attributable to the leasing and asset management revenue of the Company's cost of services in 2024 was up to 84% of the total revenue as compared to 85% in 2023 or a cost of services increase of 2%.

Gross Profit

The Company's gross profit has increased to 16% of the total revenue in 2024 as compared to 15% in 2023 or an increase of P.78 Million in 2024.

Operating expenses

Operating expenses, composed of general and administrative expenses, amount to P19.63 Million for the year ended 31 December 2024. This translates to 41% of revenues from 51% of revenues the year prior.

Interest Income

Interest income in 2024 represents mainly interest earned from bank, interest from loan due from related parties, the Company's cash and cash equivalents and short-term investments. The Company's cash and cash equivalents have earned interest income of P3.8 Million in 2024 as compared to P1.0 Million in 2023.

Other Income

Other income represents Management fees, Dividend Income, Unrealized Gain earned from a related party for a fixed Management income amounted, preferred shares, and money market fund respectively to P14.4 Million in 2024 and 10.3 Million in 2023.

Income Tax Expense

Income tax expense for the year totaled P(.801) Million.

Net Income

Net income for the year ended 31 December 2024 reached P7.31 Million for a net income margin of 15.16%, increase of -627% from last year's net income of P(1.39) Million for a net income margin of -3%.

2023 vs 2022

Sales

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

Costs of Services

Costs of services for the year ended 31 December 2023 closed at Php 39.33 million, resulting in a gross profit of P7.18 million.

The Company's cost of services primarily consists of depreciation, commission, salaries, wages and employee benefits, taxes and licenses and repairs and maintenance which are directly attributable to the leasing and asset management revenue of the Company's cost of services in 2023 was up to 85% of the total revenue as compared to 80% in 2022 or a cost of services decrease of 1%.

Gross Profit

The Company's gross profit has decreased to 15% of the total revenue in 2023 as compared to 20% in 2022 or a decrease of P2.7 Million in 2023.

Operating expenses

Operating expenses, composed of general and administrative expenses, amount to P23.54 Million for the year ended 31 December 2023. This translates to 51% of revenues from 39% of revenues the year prior.

Interest Income

Interest income in 2023 represents mainly interest earned from the Company's cash and cash equivalents and short-term investments. The Company's cash and cash equivalents have earned interest income of P1.0 Million in 2023 as compared to P.724 Million in 2022.

Other Income

Other income represents Management fees, Dividend Income, Unrealized Gain earned from a related party for a fixed Management income amounted, preferred shares, and money market fund respectively to P10.3 Million in 2023 and 7.0 Million in 2022.

Income Tax Expense

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

Net Income

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

2022 vs 2021

Sales

Revenues for the year ended 31 December 2022 amounted to P49.79 Million, a decrease of 10% as compared to P55.13 Million for the year ended 31 December 2021. The total revenue in 2022 were all earned from third parties.

Cost of Services

Costs of services for the year ended 31 December 2022 closed at P39.90 Million, resulting in a gross profit of P9.89 Million.

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

Costs of services in 2022 were up to 80% of the total revenue as compared to 72% in 2021, or a cost of services decrease of .14%.

Gross Profit

The Company's gross profit is down to 20% of the total revenue in 2022 as compared to 28% in 2021, or a decrease of P5.3 Million in 2022.

Operating expenses

Operating expenses, composed of general and administrative expenses, amounting to P19.54 Million for the year ended 31 December 2022. This translates to 39% of the revenues from 35% of revenues the year prior.

Interest Income

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

Other Income

Other income represents management fee, dividend income, unrealized gain earned from a related party for a fixed management income, preferred shares, and money market fund amounting to P7.0 Million in 2022 and P6.6 Million in 2021.

Income Tax Expense

Income tax expense for the year 2022 totaled P-1.4 Million. In 2021, income tax expense totaled P-0.09 Million, which consisted of P.11 Million current tax expense and a deferred tax asset of P-1.6 Million.

Net Income

Net income for the year ended 31 December 2022 reached P-.468 Million for a net income margin of 1%, a -115% decrease from last year's net income of P3.1 Million for a net income margin of 6%.

	2024	2023	2022
Current Ratio	10.94	10.89	11.74
Current assets	404,481,545	358,443,779	369,540,157
Current liabilities	36,959,608	32,922,822	31,474,136
Working Capital To Assets	0.43	0.38	0.40
Current Assets - Current Liabilities	367,521,937	325,520,957	338,066,021
Total Assets	862,240,438	847,672,025	847,612,305
Debt-to-equity Ratio	0.05	0.04	0.04
Total liabilities	41,441,399	34,187,035	32,738,349
Total equity	820,799,039	813,484,990	814,873,956
Asset-to-equity Ratio	1.05	1.04	1.04
Total assets	862,240,438	847,672,025	847,612,305
Total equity	820,799,039	813,484,990	814,873,956
Long-term debt to equity Ratio	0.01	0.00	0.00
Long-Term Debt	4,481,791	1,264,213	1,264,213
Total equity	820,799,039	813,484,990	814,873,956
Fixed Assets to Equity	0.39	0.44	0.48
Fixed Assets - Accumulated Depreciation	322,597,262	354,522,757	387,614,123
Total equity	820,799,039	813,484,990	814,873,956
Creditors Equity to Total Assets	0.05	0.04	0.04
Total Liabilities	41,441,399	34,187,035	32,738,349
Total Assets	862,240,438	847,672,025	847,612,305
Fixed Asset to Long-Term Debt	71.98	280.43	306.61
Fixed Assets - Accumulated Depreciation	322,597,262	354,522,757	387,614,123
Long-Term Debt	4,481,791	1,264,213	1,264,213
Rate of Return on Total Assets	0.01	(0.00)	(0.00)
Net Income (Loss)	7,314,049	(1,388,967)	(468,594)
Average Total Assets	854,956,232	847,642,163	846,435,505
Rate of Return on Equity	0.01	(0.00)	(0.00)

Net Income (Loss)	7,314,049	(1,388,967)	(468,594)
Average Equity	817,142,015	814,179,471	815,108,248
<hr/>			
Gross Profit Ratio	0.16	0.15	0.20
Gross Profit	7,957,663	7,181,885	9,885,901
Revenues	48,257,987	46,510,561	49,788,191
<hr/>			
Operating Loss to Revenues	(0.24)	(0.35)	(0.19)
Loss from Operations	(11,672,572)	(16,360,106)	(9,656,836)
Revenues	48,257,987	46,510,561	49,788,191
<hr/>			
Pretax Income (Loss) to Revenues	0.13	(0.11)	(0.04)
Income (Loss) before Tax	6,512,675	(5,089,778)	(1,918,547)
Revenues	48,257,987	46,510,561	49,788,191
<hr/>			
Net Income (Loss) to Revenues	0.15	(0.03)	(0.01)
Net Income (Loss)	7,314,049	(1,388,967)	(468,594)
Revenues	48,257,987	46,510,561	49,788,191
<hr/>			
Interest Coverage Ratio	0%	0%	0%
Income (Loss) before Interest & Tax	6,512,675	(5,089,778)	(1,918,547)
Interest	0	0	0
<hr/>			

B. Cash flows

Cash flows generated from operating activities in 2024 amounted to P31.17 Million which is 47% higher than P21.28 Million generated in 2023.

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

Overall, net cash flows for the year ended 31 December 2024 amounted to P-44.82 Million resulting to cash and cash equivalents balance of P230.35 Million as of 31 December 2024.

Interim Period

1. FINANCIAL CONDITION

As of 31 March 2025 compared to as of 31 December 2024

The total assets of the Company increased by P4.1 Million or by 0.48% from 31 December 2024. Material changes in asset accounts are analyzed as follows:

- The net decrease in cash and cash equivalents of P13.4 Million (-8%) is mainly due to the cash inflows for the collections of receivables and increase in investment and increase in other

noncurrent assets of P5.0 Million(1%) mainly pertaining to the increase in investment properties.

- b. The increase in trade and other receivables by P1 Million (7%) is due to increase in trade receivables from leasing operations.
- c. Other current assets decreased by P.3 Million (-2%) is mainly due to the current portion of deferred input VAT on the acquisition on investment in properties.
- d. Net increase in investment properties of P6 Million (2%) is due to increase in commission for the year.
- e. Net increase of P.2 Million (39%) in property and equipment is due to additional purchases for the year.
- f. Net decrease of P1.2 Million (-12%) in net deferred tax asset is due to effect of changes in leasing costs, accrued rent, unrealized gain, advance rent, NOLCO and MCIT.

The total liabilities of the Company decreased by P2 Million (-5%) due primarily to advance rentals and security deposit and accruals of expenses for the quarter.

Total equity stood at P826.9 Million as of 31 March 2025 compared to P820.8 Million as of 31 December 2024, an increase by P6.1 Million (0.74%) representing the net income for the quarter.

The movements in the Company's retained earnings account represents the net income recognized during the three-month period ended 31 March 2025 amounting to P6.1 Million.

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

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

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

The debt-to-equity ratio remained the same 0.05:1 as of 31 March 2025 and 31 December 2024.

The asset-to-equity ratio remained the same 0.95:1 as of 31 March 2025 and 31 December 2024.

2. RESULTS OF OPERATIONS

For the three (3)-month Period Ended 31 March 2025 Compared to the three (3)-month Period Ended 31 March 2024

The Company generated a total of P16 Million in revenues from its business segments for the three-month period ended 31 March 2025 which is P5.4 Million (51%) higher than the revenue generated for the same period in the prior year, mainly attributed to the increase in occupancy.

Consequently, gross income is higher by P4.8 Million (685%). The total comprehensive income of the Company for the three-month period ended 31 March 2025 registered at P6.1 Million which is P6.7 Million (-1175%) higher than that of the previous year for the same period.

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

- a. Revenue increased mainly as a result of an increase in occupancy.
- b. Cost of services increased by P0.7 Million (7%) due to the increase in commission recognized from amortization of initial leasing costs and payment of taxes.
- c. General and administrative expenses decreased by P1.6 Million (-31%). This decrease is mainly attributed to the payment of condominium dues, professional fees, and other misc. expenses.
- d. Interest income increased by P2.2 Million (69%) due to interest earned in investments in short-term investments and cash equivalents, dividends, realized gain from investment. The unapplied proceeds of the IPO were temporarily placed in short-term time deposits which earns up to 2.75% interest per annum.
- e. Income tax expense is calculated at MCIT rate using the itemized deductions amounted to P-136.5Thousand for the three-month period ended 31 March 2025 vs. P25.7 Thousand for the same period last year.

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

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

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

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

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

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

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

3. OTHER DISCLOSURES

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

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

The Company has no contingent liabilities or contingent assets as of 31 May 2025.

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

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

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

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

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

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

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

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

DIRECTORS AND EXECUTIVE OFFICERS

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

The table below sets out the members of the Board of Directors as of 31 May 2025:

Name	Age	Gender	Citizenship	Type/Position	Date First Elected
Restituto T. Lopez	74	Male	Filipino	Chairman / Non-exec	January 2019
August Pablo A. Corpus, Jr.	68	Male	Filipino	Director / Exec	June 2020
Edmundo G. Las	73	Male	Filipino	Director / Exec	November 2017
Robert Ivan F. Olanday	44	Male	Filipino	Director / Exec	2017
John F. Catindig ⁸	55	Male	Filipino	Director / Exec	2017
Ignacio Salvador Gimenez, III ⁹	45	Male	Filipino	Director / Non-Exec	January 2019
Mark Anthony C. Migallos	71	Male	Filipino	Director / Non-exec	January 2019

Executive Officers of the Company

The executive officers ("Executive Officers") of the Company, subject to control and supervision of the Board, collectively have direct charge of all business activities of the Company. They are responsible

for the implementation of the policies set by the Board of Directors.

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

The table below sets out the Company's Executive Officers as of 31 May 2025:

Name	Age	Gender	Citizenship	Position
Restituto Lopez	74	Male	Filipino	Chairman
Augusto Pablo A. Corpus, Jr. ⁹	68	Male	Filipino	President
Ignacio Salvador Gimenez III ¹⁰	45	Male	Filipino	Treasurer and Investor Relations Officer
John F. Catindig ¹¹	55	Male	Filipino	Chief Information Officer and Compliance Officer
Rosa Michele C. Bagtas ¹²	51	Female	Filipino	Corporate Secretary
Eric T. Dykimching ¹³	41	Male	Filipino	Assistant Corporate Secretary

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

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

MR. AUGUSTO PABLO A. CORPUS, JR., Filipino, 68 years old, is the President of the Company. He was elected as President on 19 June 2020. He earned his Bachelor of Science degree in Hotel and Restaurant Management in 1978 from the University of the Philippines in Diliman. He then obtained a Master's of Business Administration in Management from the Texas A&M University, College Station, Texas in 1983. Mr. Corpus has almost 40-years' experience in management of restaurants, resorts, hotels and office buildings. Prior to joining the Company, he served for 20 years as the Chief Executive Officer of Hotel Sogo which is involved in the construction, management and operation (including leasing of all commercial areas for rent) of the largest hotel chain in the Philippines. Mr. Corpus was key to growing the company from 3 hotels in 1999 to 41 hotels in 2019. He also served as the General Manager of Montevista Resorts and Convention Center from 1997 to 1999. From 1995 to 1997, Mr.

⁹ Mr. Augusto Pablo A. Corpus, Jr. was elected as President effective 19 June 2020.

¹⁰ Mr. Ignacio Salvador R. Gimenez, III was appointed as the Corporate Treasurer and Investment Relations Officer effective 19 June 2020.

¹¹ Mr. John F. Catindig was appointed as Chief Information Officer and Compliance Officer effective 19 June 2020.

¹² Ms. Rosa Michele C. Bagtas was appointed as Corporate Secretary effective 28 August 2020.

¹³ Mr. Eric T. Dykimching was appointed as Assistant Corporate Secretary effective 25 September 2020.

Corpus was the General Manager of City Garden Hotel, Manila. From 1983 to 1995, he was the Vice President of Rosario Investments that constructed and operated 12 Hotels as well as managed and operated the King's Court Buildings, Makati. He is not connected with any government agency or instrumentality.

MR. EDMUNDO G. LAS, Filipino, 73 years old, was the former President of the Company until June 2020 and has been a Director of the Company since November 2017. Prior to joining the Company, he served as a Director and Chief Executive Officer of Hotel Sogo, Inc. for 24 years and a director of Eurotel hotel chain. A previous banker, he has accumulated 40 years' experience in the hotel and lodging industry. He is presently the President of Edsa I Real Estate Corporation, Las Tuazon and Sons Realty, Inc., Golden Quick Food, Inc., Dormsuites, Inc., Manhattan Residences, Inc., Northwalk Inn, Inc., and Hilton House, Inc. Mr. Las is the head of the Company's Business Development Division and has been very instrumental in the Company's expansion of its business, particularly in negotiating and managing the Company's acquisitions. He attended Notre Dame University Cotabato from 1969 to 1972 and Polytechnic University of the Philippines from 1972 to 1974. He is not connected with any government agency or instrumentality.

MR. ROBERT IVAN F. OLANDAY, Filipino, 44 years old, has been a Director since 2017. He is currently serving as the Corporate Secretary of Surprise Inc., Treasurer of We Serve 24 Hrs Inc. and EuroCapital Land, Inc., and Vice President for Finance and Authorized Managing Officer of New City Builders, Inc. He is also a director in LUC Foods, Inc. and Great Freshness Inc. He attended Thames International School in 2002. He is not connected with any government agency or instrumentality.

MR. JOHN F. CATINDIG, Filipino, 55 years old, has served as a Director of the Company since 2017 and is also the Chief Information Officer and Chief Compliance Officer of the Company. He used to work as the Support Operation of Metropolitan Bank and Trust Company from 1991 to 1994 and Account Support of Zuellig Group of Companies from 1994 to 1996. At present, he is the General Manager of Drugcheck Philippines, Inc. and Associated Person/Compliance Officer of IB Gimenez Securities, Inc. He received a Bachelor of Science degree in Commerce from the University of Santo Tomas in 1991. He also completed trainings on Anti-Money Laundering and Principle of Risk Management, The Net Capital and Risk board Capital Adequacy Requirements conducted by the PSE in 2010 and SEC in 2006, respectively. He is not connected with any government agency or instrumentality.

MR. IGNACIO SALVADOR GIMENEZ, III, Filipino, 45 years old, was elected director of the Company on 09 January 2019 and as Treasurer and Investment Relations Officer on 19 June 2020. He is currently the President of I.B. Gimenez Securities, Inc.; Managing Director of J. Rosario Foods Corp.(a Jollibee franchisee); and Vice President for business development of China Philippines United Enterprises, Inc. Mr. Gimenez has a master's degree in strategic marketing from the University of Greenwich. He obtained a Bachelor of Arts in International Business (with Mandarin Chinese) from European Business School, London and Nanjing University, China. Mr. Gimenez is a member of JCI Manila and The Tower Club since 2010 and 2012, respectively. He is not connected with any government agency or instrumentality.

MR. MARK ANTHONY C. MIGALLOS, Filipino, 71 years old, joined as one of the Independent Directors of the Company in January 2019. He previously worked for PruLife UK as the Vice PresidentGeneral Agencies from 1998 to 2018. He also worked for Insular Life as the Senior Assistant Vice President for Metro Manila Sales from 1983 to 1997. He obtained his Bachelor of Arts degree in English from the University of the Philippines in 1976. In 2007, he obtained his Master's degree in Business Administration from the Ateneo de Manila University. He is not connected with any government agency or instrumentality.

ATTY. ROSA MICHELE C. BAGTAS, Filipino, 51 years old, is the Corporate Secretary of the Company. She was elected as Corporate Secretary on 28 August 2020. She graduated with a degree of Bachelor of Science Major in Legal Management from the Ateneo de Manila University in 1994. She also earned her Juris Doctor degree from the Ateneo Law School in 1998. Ms. Bagtas is currently a Senior Partner at Cruz Marcelo & Tenefrancia, where she heads the Property Development and Immigration Practice Groups. Ms. Bagtas has handled a wide range of commercial or corporate transactions, including mergers and acquisitions, joint ventures, foreign investments, tax and immigration matters, among others. Ms. Bagtas has extensive experience in acting as corporate secretary of various private corporations and in handling corporate governance issues. She is not connected with any government agency or instrumentality.

ATTY. ERIC T. DYKIMCHING, Filipino, 41 years old, is the Assistant Corporate Secretary of the Company. He was elected as Assistant Corporate Secretary on 25 September 2020. He graduated with a degree of Bachelor of Science Major in Legal Management from De La Salle University in 2004. He obtained his Juris Doctor degree from Ateneo Law School in 2008. Mr. Dykimching is also a Certified Public Accountant since 2013. He earned his Bachelor of Science in Accountancy from La Consolacion

College Manila in 2011. Mr. Dykimching is a Partner at Cruz Marcelo & Tenefrancia. His practice areas include infrastructure, transport and public utilities, corporate and commercial law, tax, mergers and acquisitions, strategic and developmental projects, property development, and real estate transactions. He is not connected with any government agency or instrumentality.

MARKET PRICE OF, AND DIVIDENDS ON, COMMON SHARES

The common shares of the Company first listed on the PSE on 19 August 2019, are traded on the Philippine Stock Exchange (“PSE”) under the symbol of KPPI. The closing price of the said shares on 31 March 2025 is P1.65.

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

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

Holders

As of 31 May 2025, the Company's total outstanding common shares totaled 201,057,609 with a par value of P1.00 per share. Further, based on the report submitted by its Stock Transfer Agent, the Company had 11 shareholders of record with a public ownership percentage of 33.19%.

As of 31 May 2025, the Company has 16 shareholders of its common shares of stock, set out in the following table:

	Name of Stockholder	No. of Shares Subscribed	% Ownership
1	CROWN CASTLE HOLDINGS.COM, INC.	75,590,090	37.596
2	PCD NOMINEE CORP. (FILIPINO)	66,837,541	33.243
3	WE SERVE 24 HOURS, INC.	34,310,390	17.065
4	EURO CAPITAL PTE. LTD.	16,082,980	7.999
5	LAS TUAZON AND SONS REALTY, INC.	8,041,490	4.000
6	PCD NOMINEE CORP. (NON-FILIPINO)	188,056	0.094
7	MYRA P. VILLANUEVA	6,000	0.003
8	NERO MORADA YAP MORENO	1,000	0.000
9	GERARD JOSEPH B. ALAVA	10	0.000
10	JOHN F. CATINDIG	10	0.000
11	AUGUSTO PABLO A. CORPUS, JR.	10	0.000
12	EDMUNDO G. LAS	10	0.000
13	IGNACIO SALVADOR GIMENEZ, III	10	0.000
14	ROBERT IVAN F. OLANDAY	10	0.000
15	RESTITUTO T. LOPEZ	1	0.000
16	MARK ANTHONY C. MIGALLOS	1	0.000
	TOTAL	201,057,609	100.00

As of 31 May 2025, the Company has four (4) shareholders of its preferred shares of stock, set out in the following table:

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

Dividend Policy

Under Philippine law, dividends may be declared out of a corporation's unrestricted retained earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. "Unrestricted Retained Earnings" refer to "the undistributed earnings of a corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends." The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends,

except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose.

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

Limitations and Requirements

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

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

Record Date

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

Dividend Policy

The Company, pursuant to a board approval on 09 January 2019, intends to pay dividends annually in the amount of up to 25% of its audited net income after tax of the previous year subject to compliance with the requirements of applicable laws and regulations and subject to investment plans and financial condition of the Company.

The Board of Directors will review the amount of dividends periodically in light of the Company's earnings, financial condition, cash flows, capital requirements, and other considerations. The declaration of dividends shall also take into account the need to maintain a level of capitalization that is commercially sound and sufficient to ensure that the Company can operate on a stand-alone basis.

Dividends shall be declared and paid out of the Company's unrestricted retained earnings in cash, property or stock, which shall be payable to all shareholders on the basis of outstanding stock held

by them. Unless otherwise required by law, the Board of Directors, at its sole discretion, shall determine the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

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

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

For the year 2017, the Board of Directors declared a cash dividend of P31,273,394.00 or P0.92 per share for all shareholders as of 30 September 2017 payable on 27 October 2017.

No dividends were declared in 2024, 2023 and 2022.

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

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

DISCUSSION ON COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The Company adopted its Revised Manual on Corporate Governance (the "Manual") on 05 April 2022. The Company and its respective directors, officers and employees have complied with the best practices and principles on good corporate governance as embodied in the Manual. The directors and officers have likewise attended the mandatory seminar on updates in corporate governance as required under the SEC regulations. An evaluation system has been established by the Company to measure or determine the level of compliance of the BOD and top-level management with the Manual. The Company also has established board committees, including the audit committee, corporate governance committee, and related party transaction committee, as part of its commitment to the best practices of corporate governance and has a Compliance Officer to monitor compliance with the Manual. The Company's BOD is likewise composed of two Independent Directors as required under the Manual. The Independent Directors possess all the qualifications required by law and the Manual and likewise serve as chairpersons of the board committees as part of best practices.

As of the date of this report, the Company is not aware of any deviation from the Manual and has substantially complied with all provisions of the Manual.

Pursuant to SEC Memorandum Circular 15, Series of 2017, the Integrated Annual Corporate Governance Report (I-ACGR) of the Company for 2024 was filed with the SEC on 30 May 2025.

THE COMPANY UNDERTAKES TO PROVIDE WITHOUT CHARGE, UPON WRITTEN REQUEST, A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A, ADDRESSED TO THE OFFICE OF THE CORPORATE SECRETARY BY EMAIL TO [asm@kepwealth.com].

KEPWEALTH PROPERTY PHILS., INC.

Procedures and Requirements for Voting and Participation in the 2025 Annual Stockholders' Meeting

KEPWEALTH PROPERTY PHILS., INC. (the "Company") will conduct the 2025 Annual Stockholders' Meeting scheduled on 09 July 2025 at 8:00 AM by remote communication and will conduct electronic voting *in absentia*. Only stockholders of record as of 19 June 2025 are entitled to participate and vote in the 2025 ASM.

The Company has adopted the following procedures and requirements to enable its stockholders to participate and vote in the 2025 ASM.

I. ONLINE REGISTRATION STEPS AND REQUIREMENTS

A. Stockholders may register from 9:00 AM of 18 June 2025 until 5:00 PM of 29 June 2025 to signify his/her/its intention to participate in the 2025 ASM by remote communication. The registration steps and requirements are available at the Company's website: <https://kepwealth.com>.

B. To register, stockholders shall submit the following requirements to the Office of the Corporate Secretary via email at asm@kepwealth.com:

B.1 For Individual Stockholders –

- (i) Scanned copy of stock certificate issued in the name of the individual stockholder;
- (ii) Valid email address and active contact number;
- (iii) Scanned copy of valid government-issued identification card; and
- (iv) Recent photo of stockholder.

B.2 For Stockholders with Joint Accounts –

- (i) Authorization letter signed by all stockholders indicating the name of the person authorized to cast the votes;
- (ii) Scanned copy of stock certificate issued in the name of the joint stockholders;
- (iii) Valid email address and active contact number of the authorized stockholder;
- (iv) Scanned copy of valid government-issued identification card of the authorized stockholder; and
- (v) Recent photo of the authorized stockholder.

B.3 For Corporate Stockholders –

- (i) Secretary's Certificate attesting to the authority of the representative to vote the shares on behalf of the corporate stockholder;
- (ii) Scanned copy of stock certificate issued in the name of the corporate stockholder;
- (iii) Valid email address and active contact number of authorized representative; and
- (iv) Valid government-issued identification card of authorized representative.

B.4 For Stockholders under PCD Participant/Brokers Account or holding 'Scripless Shares'-

Stockholders should coordinate with their broker on how they can register and participate in the meeting and submit the following:

- (i) Broker's Certification on the stockholder's number of shareholdings;
- (ii) Sub-proxy issued by broker;
- (iii) Valid email address and active contact number of the stockholder;
- (iv) Scanned copy of valid government-issued identification card of stockholder; and
- (v) Recent photo of stockholder.

C. The documents submitted will then be verified by the Office of the Corporate Secretary. The validation process will be completed by the Company no later than three (3) business days from the stockholder's receipt of an email from the Company acknowledging receipt of the stockholder's registration documents. Once validated, the stockholder will receive an email that his/her/its account has been verified and shall provide instructions for the stockholder's access to the Company's electronic voting and to access the ASM livestreaming link.

II. VOTING BY BALLOT OR PROXY

A. For individual stockholders holding certificated shares of the Company – Download the ballot or proxy form that is available at <https://kepwealth.com>.

B. For corporate stockholders - Download the ballot or proxy form that is available at <https://kepwealth.com>. A copy of the duly signed and notarized Secretary's Certificate must be submitted together with the ballot or proxy form. A sample Secretary's Certificate is available at <https://kepwealth.com>.

C. For stockholders holding 'scripless' shares, or shares held under a PCD Participant/Broker – Stockholders are advised to coordinate with their brokers for the execution of this type of ballot or proxy.

D. General Instructions on Voting by Proxy:

- (1) Download and fill up the appropriate ballot or proxy form. Follow the instructions on how to cumulate or allocate votes in the election of directors.
- (2) Send the scanned copy of the duly executed ballot or proxy form by email to asm@kepwealth.com.
- (3) **Deadline for the submission of ballots and proxies is on 5:00 PM of 29 June 2025.**
- (4) Validation of proxies will be on 04 July 2025.

III. PARTICIPATION BY REMOTE COMMUNICATION

A. The link to the online annual stockholders' meeting will be sent to the registered stockholder through his/her/its e-mail address.

B. Only duly registered stockholders will be included in determining the existence of a quorum.

C. Duly registered stockholders may send their questions and/or comments prior to the ASM through email at asm@kepwealth.com. The deadline for submitting questions shall be at 5:00 PM of 04 July 2025.

D. The proceedings during the 2025 ASM will be recorded.

For any clarifications, please contact the Office of the Corporate Secretary via email at asm@kepwealth.com.

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	5	1	6	3	6	1
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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.

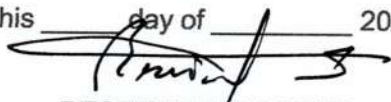
In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management intends to liquidate the Company or to cease 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

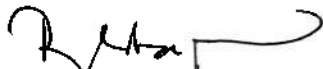
BIR Accreditation No. 08-007679-000-2023

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

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

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
Stockholders	Interest income	2024	50,911	-
		2023	206,294	-
	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

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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: <u>Category A:</u> 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: <u>Category B:</u> 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: <u>Category C.1:</u> 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: <u>Category C.2:</u> 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: <u>Category C.3:</u> 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: <u>Category D:</u> 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

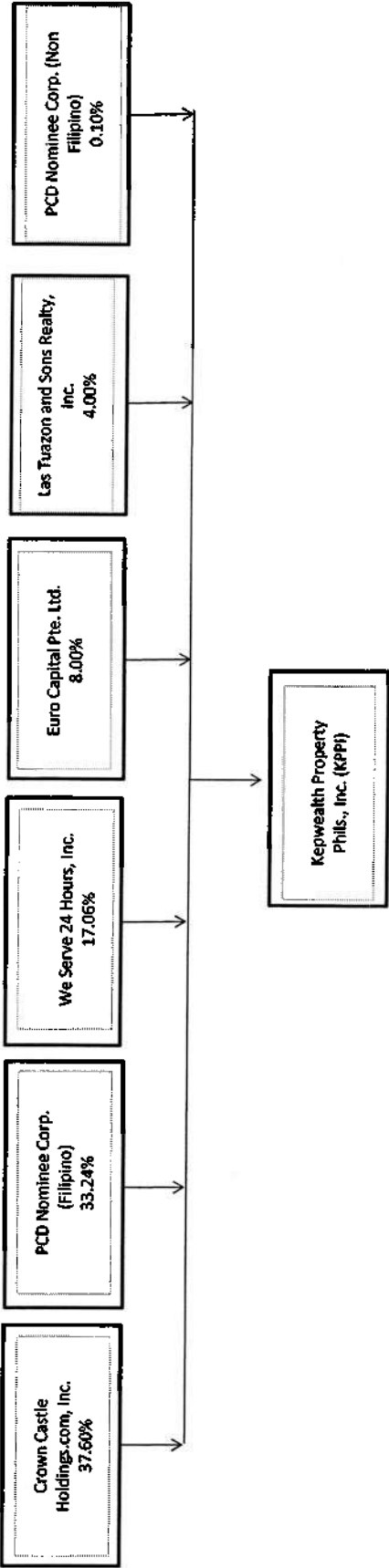
	1,679,488
Total Retained Earnings, end of the reporting period available for dividend	70,264,081

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
---------------------------------------	--------------------------------	---	--	-----------------	---------------

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
-------------------------	--------------------------------	--------------------------

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).

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17

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

1. For the fiscal year ended **31 December 2024**
2. SEC Identification Number **CS200516361** 3. BIR Tax Identification No. **242-186-710-000**
4. Exact name of issuer as specified in its charter **KEPWEALTH PROPERTY PHILS., INC.**
5. **Philippines**
Province, Country or other jurisdiction
of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **Unit IJ01-23 Burgundy Corporate Tower**

252 Sen. Gil Puyat Ave., Makat i City, Metro Manila **1200**
Address of principal office Postal Code
8. **(+632) 978 5080; (+63) 917 888 2789**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common</u>	<u>201,057,609</u>
11. Are any or all of these securities listed on a Stock Exchange.
Yes [☒] No [☐] **Philippine Stock Exchange, Common Shares**
12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);
Yes [☒] No [☐]

(b) has been subject to such filing requirements for the past ninety (90) days.
Yes [☒] No [☐]
13. The aggregate market value of the voting stock held by non-affiliates is Php93,845,649.80, based on the closing price of Php 1.40 per share on April 12, 2024, at the Philippine Stock Exchange.

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

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

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

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

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

Business Development

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

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

KPPI is the owner of 77 office condominium units with 98 leasable spaces in Kepwealth Center, a commercial building located at Samar Loop corner Cardinal Rosales Avenue, Cebu Business Park, Cebu City. On 1 January 2019, the name of the building was changed to Kepwealth Center. Kepwealth Center is one of the first buildings to be erected within the vicinity. It was one of the

properties that were assumed by Keppel Bank when it took over the ownership and management of the then Monte de Piedad Bank.

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

Corporate Reorganization

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

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

On 7 March 2019, the Philippine SEC approved the Company's application for the amendment of its Articles of Incorporation which included the: (i) amendment of its Primary and Secondary purposes;

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

The Company has generated total revenues of ₱48.26 million, ₱46.51 million, and ₱49.79 million for the years ended 31 December 2024, 2023 and 2022 and net income(loss) of ₱7.31 million, (₱1.39 million), and (₱.469 million), for the same periods. The ultimate beneficial owners of the Company, Messrs. Ignacio B. Gimenez, Roberto B. Olanday, and Edmundo G. Las, have formed the GOLD Group²⁴ which has business interests in various industries, particularly hotel, property development, property leasing, and business services.

Recent Developments

The Effect of COVID-19 Pandemic to the Business

Kepwealth Property Phils., Inc announces the termination of the Asset Management Agreements with the various related parties for the management of certain commercial units located across Metro Manila

effective December 31, 2020. The following companies under the Asset Management are Gallipoli Real Estate, Inc., Ortigia Property Holdings, Inc., Melbury Property Holdings, Inc., and Gallipoli Two Real Estate, Inc. Because of the COVID-19 pandemic, termination of the Asset Management Agreements on the previous months and on December 31, 2020 resulted to a decrease on the actual revenue of Kepwealth Property Phils., Inc.

Description of Business / Principal Products or Services

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

Asset Management Business

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

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

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

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

Group Business Services

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

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

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

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

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

Distribution methods of the products or services

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

New Product or Service

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

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

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

Competition

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

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

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

As for its asset management business, the Company's competitors are likewise diverse. These range from multinational property asset management firms and their Philippine partners, such as Colliers International, Knight Santos Frank, Jones Lang La Salle, among others, who deal with

multi-building in different locations to much smaller, fragmented players, who deal with single buildings.

Sources and Availability of Raw Materials

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

Dependence on a Single or Few Customers

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

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

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

Lease Contracts

The Company currently owns 77 units with 98 leasable spaces and one hundred sixty (160) parking slots in the Kepwealth Center for rent. As of 31 December 2024, the Company enjoys a 47% occupancy rate for the leasable spaces and a 34% occupancy rate for the parking slots.

The average term of the Company's lease contracts is two (2) years, with the shortest term at one (1) year and the longest term at ten (10) years, subject to renewal upon mutual consent by the parties. Lessees may pre-terminate the lease contracts by informing the Company in advance and paying the pre-termination fees equivalent to the forfeiture of the security deposit and advance rental payments. The lease contracts may not be assigned or subleased without the prior written consent of the Company.

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

Asset Management Agreement

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

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

But due to unfortunate event brought about by the COVID-19, Those Asset Management Agreement was pre-terminated on June 30, 2020, September 2020 and December 31, 2020. Under the asset management agreements, KPPI will provide the following services to the unit

owners:

1. Marketing

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

2. Tenant Services

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

Asset Management Contract

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

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

Management Service Agreement

On 1 June 2008, the Company formalized its Management Service Agreement with Kepweal Center Condominium Corporation ("KCCC"). Under the agreement, KCCC recognized that it has

paid the Company a Management Fee of twenty-five thousand (₱28,000.00) per month since December 2005 and shall continue to do so until termination of the agreement by the parties. There is no specific provision on the period of effectivity and termination of the agreement.

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

Insurance

On August 23, 2023, KCCC procured an Insurance Policy with Pioneer Insurance & Surety Corporation effective until 23 August 2025. The total sum insured is Five Hundred Seventeen Million Five Hundred Seventy Eight Thousand Two Hundred (P517,578,200) or 50%, Three Hundred Ten Million Five Hundred Forty Six Thousand Nine Hundred Twenty (P310,546,920) or 30%, One Hundred Three Million Five Hundred Fifteen Thousand Six Hundred Forty (103,515,640) or 10% and One Hundred Three Million Five Hundred Fifteen Thousand Six Hundred Forty (103,515,640) or 10% respectively, for a total of One billion thirty-five million one hundred fifty-six thousand four hundred (₱1,035,156,400.00); The insurance policy covers the entire building (excluding the contents of the units) and its elevators, centralized air conditioning system, various air conditioners, automatic fire- fighting system, water distribution, and wastewater management, and KVA gensets. The insurance coverage includes Fire, Lightning, and All Other Perils including earthquake, typhoon, flood, windstorm, hail, extended coverage (smoke, explosion, vehicle impact, and falling aircraft), riot, strikes, and malicious damage, sprinkler leakage, broad water damage, bursting and/or overflowing of water tanks, apparatus, and pipes, collapse due to insured perils, spontaneous combustion, tidal wave or tsunami, volcanic eruption, hurricane, and tornado.

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

Contract for Brokerage Services

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

The Commission Fees payable to Colliers, Santos Knight Frank, Leechiu, Pinnacle, JLL, Prime Property and other Cebu based Real Estate Brokerage Company varies depending on the duration of the

lease term. For new leases, the Commission Fee is equivalent to 1 month Gross Rent for a lease term of 1 year to 2 years, 1.5 Month Gross rent for the lease term of 3 years; 2 months gross rent for lease term of 5 years; 2.5 Months gross rent for the lease term of 7 years to 8 years lease term; 3 months gross rent for the lease term of 9 years and 4 months gross rent for the lease term of 10 years and more.

Group Business Services

On 1 March 2019, the Company entered into a business process outsourcing agreement with Global O. Under the agreement, KPPI has outsourced the following finance and accounting business processes: treasury services, bookkeeping services, management accounting reports and services, financial account reports and services, accounts payable function, accounts receivable function, and tax compliance services. Under the agreement, KPPI shall pay a monthly service fee of ₱251,521.98 for the services it outsources to Global O. On December 2020, the monthly rate was reduced to P234,484.82. On March 26, 2024, the Company proposed an adjustment to the fee structure and was subsequently approved, aligning it with a percentage of revenue rather than a fixed amount, charging a management fee equivalent to 2.5% of revenue, effective January 2024.

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

Stockholders

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

Management Service and Lease Agreements

Keppel Center Condominium Corporation (KCCC)

The Company entered into an operational, financial, and administration services agreement with KCCC, a related party, until today, for a fixed monthly fee. Management income arising from this agreement amounted to P329,411.76 each for 2022, 2023 and 2024.

Terms and Conditions of Transactions with Related Parties

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

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

Related Party Transaction Policy

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

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

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

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

Intellectual Property

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

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

Regulatory and Environmental Matters

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

Property Registration and Nationality Restrictions *1987 Philippine Constitution*

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

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

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

Any natural born Filipino citizen who has lost his or her Philippine citizenship and who has the legal capacity to enter into a contract under Philippine Laws may be a transferee of a private land

up to a maximum area of 5,000 square meters in case of urban land or three hectares in case of rural land to be used by him for business or other purposes. In case the transferee already owns urban or rural land for business or other purposes, he or she is entitled to be a transferee of additional urban or rural land for business or other purposes which when added to those already owned by him or her must not exceed the maximum area fixed by law.

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

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

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

Presidential Decree No. 1529 (Property Registration Decree)

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

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

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

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

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

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

Republic Act No. 4726 (Condominium Act)

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

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

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

Republic Act No. 7652 (Investors' Lease Act)

Republic Act No. 7652, or the Investors' Lease Act allows any foreign investor investing in the

Philippines through actual remittance of foreign exchange, transfer of assets, or other technological rights or processes, upon registration with the SEC, to lease private lands, subject to the following conditions:

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

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

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

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

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

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

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

Building Code

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

Presidential Decree No. 1096, or the National Building Code, requires that all buildings or

structures as well as accessory facilities shall conform in all respects to the principles of safe construction and must be suited to the purpose for which they are designed. Buildings or structures and all parts thereof as well as all facilities found therein shall be maintained in safe, sanitary, and good working condition.

All buildings erected, altered, remodeled, relocated or repaired for human habitation shall be provided with adequate and potable water supply, plumbing installation, and suitable wastewater treatment or disposal system, storm water drainage, pest and vermin control, noise abatement device, and such other measures required for the protection and promotion of health of persons occupying the premises and other living nearby.

Rent Limitation

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

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

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

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

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

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

1. Assignment of lease or subleasing of residential units in whole or in part, including the acceptance of boarders or bed spaces, without the written consent of the owner/lessor/administrator/agent of the owner of the residential unit;
2. Arrears in payment of rent for a total of three (3) months. However, in case the lessor refuses to accept payment, the lessee may either deposit, by way of consignment, the amount in court, or with the city or municipal treasurer, as the case may be, or barangay chairman, or in a bank in the name of and with notice to the lessor, within one (1) month after the refusal of the lessor to accept payment. The lessee shall thereafter deposit the rent within 10 days of every current month. Failure to deposit the rent for three (3) months shall constitute a ground for ejectment;
3. Legitimate need of the owner/lessor to repossess his or her property for his or her own use

or for the use of an immediate member of his or her family as a residential unit; Provided, however, that the lease for a definite period has expired and that the lessor has given the lessee formal notice three months in advance of the lessor's intention to repossess the property. The owner/lessor is prohibited from leasing the residential unit or allowing its use by a third party for a period of at least one year from the time of repossession;

4. Need of the lessor to make necessary repairs of the leased premises which is the subject of an existing order of condemnation by appropriate authorities concerned in order to make the said premises safe and habitable. After the repairs, the lessee ejected shall have the first preference to lease the same premises, and the new rent shall be reasonably commensurate with the expenses incurred for the repair of the residential unit. However, if the residential unit is condemned or completely demolished, the lease of the new building will no longer be subject to the mentioned first preference rule; and

5. Expiration of the period of the lease contract. The lessor or his or her successor-in-interest are not entitled to eject the lessee upon the ground that the leased premises have been sold or mortgaged to a third person regardless of whether the lease or mortgage is registered or not.

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

Real estate sales on installments

Republic Act No. 6552 (Maceda

Law)

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

Under the provisions of the Maceda Law, where a buyer of real estate has paid at least two (2) years of installments, the buyer is entitled to the following rights in case he/she defaults in the payment of succeeding installments:

1. To pay, without additional interest, the unpaid installments due within the total grace period for every one (1) year of installment payments made. However, the buyer may exercise this right only once in every five (5) years of the life of the contract and its extensions, if any.

2. If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of payments on the property equivalent to 50% of the total payments made and, after five years of installments, an additional 5% every year but not to exceed 90% of the total payments made; provided, that the actual cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

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

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

Notably, the buyer has the right to sell or assign his or her rights to another person or to reinstate the contract by updating the account during the grace period and before actual cancellation of

the contract. The deed of sale or assignment shall be done by notarial act.

Real property Taxation

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

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

Philippine Economic Zone Authority

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

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

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

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

Data Privacy

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

Republic Act No. 10173, or the Data Privacy Act, protects all forms of information, be it private,

personal, or sensitive. It applies to any natural or juridical persons involved in processing of information (which refers to any operation or any set of operations performed upon personal data including, but not limited to, the collection, recording, organization, storage, updating or modification, retrieval, consultation, use, consolidation, blocking, erasure or destruction of data), whether in the government or private sector, and whether in or outside the Philippines.

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

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

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

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

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

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

Philippine Competition Act

Republic Act No. 10667 (Philippine Competition Act)

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

The PCA prohibits and imposes sanctions on:

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

Moreover, the parties to a merger, acquisition or joint venture are required to comply with the compulsory notification requirements of the Philippine Competition Commission (“PCC”), the agency responsible for the implementation of the PCA, before consummating the transaction where:

1. In a merger or acquisition of assets, the value of the transaction exceeds Two Billion Two Hundred Million Pesos (₱2,200,000,000.00), and the aggregate gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of one of the parties to the transaction, including that of all entities that the ultimate parent entity controls, directly or indirectly, exceeds Five Billion Six Hundred Million Pesos (₱5,600,000,000.00);
2. As a result of a proposed acquisition of voting shares of a corporation or of an interest in a non-corporate entity, the acquiring entity, together with its affiliates, would own an aggregate interest of 35% of the voting shares or shares entitled to profits, or increase the said shareholdings to 50%;
3. In a notifiable joint venture transaction, if either (i) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds Two Billion Two Hundred Million Pesos (₱2,200,000,000.00) or (ii) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed Two Billion Two Hundred Million Pesos (₱2,200,000,000.00).

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

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

Philippine Taxation

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

Pursuant to Republic Act No. 8424, or the Tax Reform Act of 1997, generally subjects a domestic corporation to a tax of 30% of its taxable income from all sources within and outside the Philippines except, among others, (i) gross interest income from currency bank deposits and yield from deposit substitutes, trust funds and similar arrangements as well as royalties from sources within the Philippines which are generally taxed at the lower final withholding tax rate of 20% of the gross amount of such income; (ii) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax rate of 15% of such

income; (iii) capital gains tax from sales of shares of stock not traded in the stock exchange which are taxed at a rate of 15% on net capital gains; and (iv) capital gains realized from the sale, exchange or disposition of lands and buildings, which is subject to a final tax of 6% of the purchase price, zonal value, or fair market value, whichever is higher.

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

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

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

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

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

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

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

1. The gross receipts from rentals not exceeding Fifteen Thousand Pesos (₱15,000.00) per month per unit shall be exempt from VAT regardless of the aggregate annual gross receipts. It is also exempt from the 3% percentage tax.

2. The gross receipts from rentals exceeding Fifteen Thousand Pesos (₱15,000.00) per month per unit shall be subject to VAT if the aggregate annual gross receipts from said units exceeds Three Million Pesos (₱3,000,000.00). Otherwise, the gross receipts will be subject to the 3% percentage tax.

The abovementioned rule shall also apply to mixed transactions.

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

Foreign Investments

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

Republic Act No. 7042, otherwise known as the Foreign Investments Act of 1991 ("FIA"), liberalized the entry of foreign investment into the Philippines. As a general rule, there are no restrictions on extent of foreign ownership of export enterprises. In domestic market enterprises, foreigners can invest as much as one hundred percent (100%) equity except in areas included in the Foreign Investment Negative List. The latest Foreign Investment Negative List (Eleventh) maintains the prohibition of foreign equity for retail trade enterprises with paid-up capital of less than \$2,500,000 under R.A. 8762.

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

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

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

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

Labor and Employment

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

The Department of Labor and Employment ("DOLE") is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has

exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

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

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

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

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

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

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

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

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

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

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

Revised Corporation Code

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

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

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

Research and Development

As of 31 December 2024, no research and development cost was recorded by the Company.

Employees

As of 31 December 2024, the Company has 4 employees. The Company has put on hold any plan to hire any employees while it is assess the impact caused by Corona Virus 2019 ("COVID-19").

Risks Associated with the Business, Risk Management and Business Strategy

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

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

The strategies/directions of the Company for 2024 are the following:

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

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

- new and expanded business activities (in particular, the asset management business) may have less growth or profit potential than the Company anticipates, and there can be no assurance that new business activities will become profitable at the level the Company desires or at all;
- the Company's competitors may have substantially greater experience and resources for the new and expanded business activities;
- the Company may not be able to find the suitable location to acquire properties; and
- economic conditions, such as rising interest rates or inflation and regulatory changes, such as changes in tax regulations, could hinder the Company's expansion.

To mitigate these risks, while the Company already maintains a competent and dynamic team of

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

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

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

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

Kepwealth Center, because of its prime location, is a preferred choice for businesses to house their operations within Cebu Business Park. As of 31 December 2024, the Company enjoys 47% occupancy rate for the leasable spaces and a 34% occupancy rate for the parking slots.

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

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

In addition, the COVID-19 pandemic has dramatically reduced competition and could result in opportunity to acquire properties in prime locations, which may even be available at a discount. The Company is well-positioned to take advantage of these opportunities because of its healthy

financial position (it has zero debt) which will make it easier to raise capital and/or avail of bank financing. The Company also believes its familiarity with the people and the territories where it is operating and where it intends to operate as well as management's significant experience in the business enable the Company to attract proposals for possible joint ventures with landowners or offers for sale of properties.

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

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

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

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

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

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

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

partners.

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

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

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

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

The Company engages agents to market its properties.

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

To mitigate this risk, the Company has maintained a very professional and harmonious working relationship with its extensive agency network. The Company has also pioneered various incentive programs for its agents. Further, the Company has, in its complement, very competent and skilled in-house marketing agents who market and sell its various property offerings to potential customers. At least about 32% of the Company's property offerings are promoted by its in-house agents and about 68% are coursed through third party agents. While the Company engages third party agents for most of its marketing efforts, it is not entirely reliant on these third-party marketing agents but can actually operate independently since it does not outsource its entire marketing activities to these third-party agents.

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

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

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

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

Titles over properties owned by the Company may be contested by third parties.

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

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

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

The Company may, in the future, be implicated in lawsuits on an ongoing basis. Litigation could result in substantial costs to, and a diversion of effort by, the Company and/or subject the Company to significant liabilities to third parties. There can be no assurance that the results of such legal proceedings will not materially harm the Company's business, reputation or standing in the market place or that the Company will be able to recover any losses incurred from third parties, regardless of whether the Company is at fault. Furthermore, there can be no assurance that (i) losses relating to litigation will not be incurred beyond the limits, or that any such losses

would not have a material adverse effect on the results of the Company's business, financial condition or results of operation, or (ii) provisions made for litigation related losses will be sufficient to cover the Company's ultimate loss or expenditure.

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

The Company faces risks and challenges associated with acquisitions and investments.

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

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

- acquisition and investment transactions often require significant management resources, which may divert the Company's attention from other business operations;
- the Company may not fully realize all of the anticipated benefits of any acquisition and investment transaction, and the timeframe for realizing benefits of an acquisition and investment transaction may depend partially upon the actions of employees, advisors, suppliers or other third parties;
- acquisition and investment transactions may result in significant costs and expenses and charges to earnings, including those related to asset impairment charges and other liabilities, legal, accounting and financial advisory fees;
- the Company may borrow to finance acquisition and investment transactions, and the amount and terms of any potential future acquisition-related or other borrowings, as well as other factors, could affect the Company's liquidity and financial condition; and
- if disputes arise in connection with acquisition and investment transactions, such disputes may lead to litigation, which may be costly and divert the Company's resources.

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

staff to manage and operate any expanded business.

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

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

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

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

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

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

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

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

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

Risks Relating to the Philippines

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

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

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

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

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

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

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

The Philippine property market is cyclical.

The Company expects to derive a substantial portion of its revenue in the future from current and future portfolio of commercial and mixed-use projects. Accordingly, the Company is

dependent on the state of the Philippine property market. The Philippine property market has in the past been cyclical and property values have been affected by the supply of and demand for comparable properties, the rate of economic growth in the Philippines, and political and social developments.

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

Item 2. Properties

As of 31 December 2024, the Company owns 77 units with 98 leasable spaces in Kepwealth Center a commercial building located at Samar Loop corner Cardinal Rosales Avenue, Cebu Business Park, Cebu City. As of 31 December 2024, the Company enjoys 47 % occupancy rate for the leasable spaces and a 34% occupancy rate for the parking slots.

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

Among the attractive features of the building are:

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

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

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

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

Material Permits and Licenses

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

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

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

Item 3. Legal Proceedings

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

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

No matter was submitted during the fourth quarter of 2024 to a vote of security holders.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Matters Market Information

The common shares of the Company first listed on the PSE on August 19, 2019, are traded on the Philippine Stock Exchange ("PSE") under the symbol of KPPI. The closing price of the said shares on March 31, 2025 is P1.65.

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

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

Shareholders

As of 31 March 2025, the Company has 16 shareholders of its common shares of stock, set out in

thefollowing table:

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

As of 31 March 2025, the Company has four (4) shareholders of its preferred shares of stock, set out in the following table:

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

Dividend Policy

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

The Revised Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is

prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without their consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for special reserve for probable contingencies.

Limitations and Requirements

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

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

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

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

- Allowance for the increase in the accumulation of earnings up to 100% of the paid-up capital of the corporation as of Balance Sheet date, inclusive of accumulations taken from other years;
- Earnings reserved for definite corporate expansion projects or programs requiring considerable capital expenditure as approved by the Board of Directors or equivalent body;
- Earnings reserved for building, plants or equipment acquisition as approved by the Board of Directors or equivalent body;
- Earnings reserved for compliance with any loan covenant or pre-existing obligation established under a legitimate business agreement;
- Earnings required by law or applicable regulations to be retained by the corporation or in respect of which there is legal prohibition against its distribution; or
- In the case of subsidiaries of foreign corporations in the Philippines, all undistributed earnings intended or reserved for investments within the Philippines as can be proven by corporate records and/or relevant documentary evidence.

On the other hand, RR 02-01 considers the following as prima facie instances of accumulation of profits beyond the reasonable needs of a business and indicative of purpose to avoid income tax upon shareholders:

- Investment of substantial earnings and profits of the corporation in unrelated business or in stock or securities of unrelated business;
- Investment in bonds and other long-term securities; or

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

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

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

This provision does not apply to publicly-held corporations or corporations at least fifty percent (50%) in value of the outstanding capital stock or at least fifty percent (50%) of the total combined voting power of all classes of stock entitled to vote is owned directly or indirectly by or for more than 20 individuals.

Record Date

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

Dividend Policy

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

The Board of Directors will review the amount of dividends periodically in light of the Company's earnings, financial condition, cash flows, capital requirements, and other considerations. The declaration of dividends shall also take into account the need to maintain a level of capitalization that is commercially sound and sufficient to ensure that the Company can operate on a stand-alone basis.

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

- the Company's earnings, cash flow, return on equity and retained earnings;

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

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

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

No dividends were declared in 2024, 2023 and 2022.

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

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

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

The following discussion of the KEPWEALTH PROPERTY PHILIPPINES, INC.'s ("KPPI" or the "Company") recent financial condition and results of operations should be read in conjunction with the KPPI's Audited Consolidated Financial Statements as of December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024, and notes thereto, which form part of the SEC Form 17-A as **"Annex A"**.

A. Financial Condition

The Company has total assets of Php 862.24 million and Php 847.67 million as of December 31, 2024 and 2023, respectively, increase of which is primarily related to inflows of proceeds from the IPO.

Assets

Current Assets

- The Company has Total Current Assets of Php 404.48 Million and Php 358.44 Million as of December 31, 2024 and 2023, respectively.

- Cash and cash equivalents amounted to Php 230.35 million and Php 275.17 million as of December 31, 2024 and 2023, respectively. Cash and cash equivalents includes unused proceeds from IPO which are part of Cash in bank and the same earns interest at the respective bank deposit rates. Cash equivalents which are made for varying periods of up to three months depending on the immediate cash requirement of the Company and the same

earn annual interest ranging from 3% to 4%.

- Trade and other receivables of the Company amounted to Php 14.08 million and Php 10.02 million as of December 31, 2024 and 2023, respectively. The total Trade receivables of the Company are 3.48% of the total current asset. Trade Receivables are non-interest bearing and are generally collectible in the succeeding month.

Non-Current Assets

- Of the Company's total assets, noncurrent assets comprise of 53.09% as of December 31, 2024 down from 57.71% as of December 31, 2023 Due to depreciation of investment property and amortization of deferred input tax.
- The Company's Investment Property consists mainly of condominium units and parking slots at Kepwealth Center (previously Keppel Center) located in Cebu Business Park, Cebu City. These units are being leased-out to third parties with lease terms ranging from one to ten years. Leasing revenues are earned from the Investment Property and will be discussed in detail below.
- Property and equipment includes office equipment and improvements.
- Net deferred tax asset is the net between deferred tax assets such as advance rent and allowance for estimated credit loss ("ECL") and deferred tax liabilities which are initial leasing cost and accrued rent. The Net deferred tax asset of the Company is Php 9.61 million and Php 8.49 million as of December 31, 2024 and 2023, respectively.

Liabilities

- The Company has total liabilities of Php 41.44 million and Php 34.19 million as of December 31, 2024 and 2023, respectively.
- Accounts and other payable comprises 89.19% (Php 37 million) and 96.30% (Php 33 million) of the Total liabilities as of December 31, 2024 and 2023, respectively.
- Other items of liabilities include income tax payable, advance rent – net of current portion, security deposits – net of current portion and deferred credits – net of current portion.

Equity

- The Company has total equity of Php 820.80 million and Php 813.48 million as of December 31, 2024 and 2023, respectively.
- In March 7, 2019, the SEC approved the Company's change in authorized capital structure from 8,800,000 common shares at Php 10 par value a share and 53,200,000 preferred shares at Php 10 par value a share to 365,000,000 common shares at Php 1 par value a share and 255,000,000 preferred shares at Php 1 par value a share, respectively. The change in par value in the Company's authorized capital resulted to an increase in common shares by 76,522,500 and an increase in preferred shares by 229,500,000.
- The Company's Board of Director ("BOD") and stockholders declared stock dividends of 49,000,000 common shares Php 1 par value a share equivalent to Php 49.0 million from the resulting increase in authorized common shares on January 30, 2019. The stock dividends were issued upon the approval of the change in authorized capital structure by the SEC.
- The Company is a public company under Section 17.2 of the Securities Regulation Code (SRC) and its shares of stock were officially listed for trading in the PSE on August 19, 2020. The

Company's IPO consisted of 67 million common at an offer price of Php 5.74 per share.

Key Performance Indicators

	December 31, 2024	December 31, 2023
Current ratio	10.94:1	10.89:1
Debt-to-equity ratio	0.05:1	0.04:1
Asset-to-equity ratio	0.95:1	0.96:1

Notes:

Current ratio = *Current Assets / Current Liabilities*

Debt-to-equity ratio = *Total Liabilities / Total Equity*

Asset-to-equity ratio = *Total Assets / Total Equity*

B. RESULTS OF OPERATIONS

The Group's consolidated operating results for the years ended December 31, 2024, 2023 and 2022 in absolute terms and expressed as a percentage of total sales are compared below:

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

Other Key Financial Ratios

Return on equity 0.89% -0.17% -0.06%

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

Notes:

Return on Equity = *Net Income / Total Equity*

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

2024 vs 2023

Sales

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

Costs of Services

- Costs of services for the year ended December 31, 2024 closed at Php 40.30 million, resulting in a gross profit of Php 7.96 million.
- The Company's cost of services primarily consist of depreciation, commission, salaries, wages and employee benefits, taxes and licenses and repairs and maintenance which are directly attributable to the leasing and asset management revenue of the Companies cost of services in 2024 was up to 84% of the total revenue as compared to 85% in 2023 or a cost of services increase of 2%.

Gross Profit

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

Operating expenses

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

Interest Income

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

Other Income

- Other income represents Management fee, Dividend Income, Unrealized Gain earned from a related party for a fixed Management income amounted, preferred shares and money market fund respectively to Php 14.4M in 2024 and 10.3M on 2023.

Income Tax Expense

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

Net Income

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

2023 vs 2022

Sales

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

Cost of Services

- Costs of services for the year ended December 31, 2023 closed at Php 39.33 million, resulting in a gross profit of Php 7.18 million.
- The Company's costs of services primarily consist of depreciation, commission, taxes and licenses and repairs and maintenance which are directly attributable to the leasing revenue of the Company.
- Costs of services in 2023 were up to 85% of the total revenue as compared to 80% in 2022 or a cost of services decrease of 1%.

Gross Profit

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

Operating expenses

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

Interest Income

- Interest income in 2023 represents mainly interest earned from bank, interest from loan due from related parties, the Company's cash and cash equivalents. The Company's cash and cash equivalents have earned interest income of Php 1.0 million in 2023 as compared to Php .724 million in 2022.

Other Income

- Other income represents Management fee, Dividend Income, Unrealized Gain earned from a related party for a fixed Management income amounted, preferred shares and money market fund respectively to Php 10.3 million in 2023 and 7.0 million on 2022 .

Income Tax Expense

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

Net Income

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

C. Cash flows

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

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

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

Item 7. Financial Statements

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

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

Item 8. Information on Independent Accountant and Other Related Matters

External Audit Fees and Services

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

Tax fees and all other fees

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

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers

Board of Directors

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

The table below sets out the members of the Board of Directors as of 31 March 2025:

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

Executive Officers of the Company

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

¹ Mr. Augusto Pablo A. Corpus, Jr appointed as President effective June 19, 2020.

² Mr. Ignacio Salvador R. Gimenez, III was appointed as the new Corporate Treasurer and Investment Relations Officer effective June 19, 2020.

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

The table below sets out the Company's Executive Officers as of 31 March 2025:

Name	Age	Gender	Citizenship	Position
Restituto Lopez	74	Male	Filipino	Chairman
Augusto Pablo A Corpus, Jr	68	Male	Filipino	President
John F. Catindig	55	Male	Filipino	Chief Information and Compliance Officer
Ignacio Salvador R. Gimenez 111	45	Male	Filipino	Treasurer and Investor Relations Officer
Rosa Michele C. Bagtas	51	Female	Filipino	Corporate Secretary
Eric T. Dykimching	41	Male	Filipino	Assistant Corporate Secretary

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

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

MR. AUGUSTO PABLO A. CORPUS, JR Filipino, 68 years old, is the President of the Company. He was elected as President on 19 June 2020. He earned his Bachelor of Science degree in Hotel and Restaurant in 1978 from the University of the Philippines in Diliman. He then obtained a Master's of Business Administration in Management from the Texas A&M University, College Station, Texas in 1983. Mr. Corpus has almost 40-years' experience in management of restaurants, resorts, hotels and office buildings. Prior to joining the company, he served for 20 years as the Chief Executive Officer of Hotel Sogo which is involved in the construction, management and operation (including leasing of all commercial areas for rent) of the largest hotel chain in the Philippines. Mr. Corpus was key to growing the company from 3 hotels in 1994 to 41 hotels in 2019. He also served as the General Manager of the City Garden Hotel, Manila. From 1983 to 1995, he was the Vice President of Rosario Investments that constructed and operated 12 Hotels as well as managed and operated the King's Court Buildings, Makati.

MR. EDMUNDO G. LAS, Filipino, 73 years old, Director of the Company since November 2017. Prior to joining the Company, he served as a Director and Chief Executive Officer of Hotel Sogo, Inc. for 24 years and a director of Eurotel hotel chain. A previous banker, he has accumulated 40

years' experience in the hotel and lodging industry. He is presently the President of Edsa I Real Estate Corporation, Las Tuazon and Sons Realty, Inc., Golden Quick Food, Inc., Dormsuites, Inc., Manhattan Residences, Inc., Northwalk Inn, Inc., and Hilton House, Inc. Mr. Las is the head of the Company's Business Development Division and has been very instrumental in the Company's expansion of its business, particularly in negotiating and managing the Company's acquisitions. He attended Notre Dame University Cotabato from 1969 to 1972 and Polytechnic University of the Philippines from 1972 to 1974.

³ Mr. Edmund G. Las resigned as President and was replaced by Mr. Augusto Pablo A. Corpus, Jr. effective June 19, 2020.

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

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

MR. ROBERT IVAN F. OLANDAY, Filipino, 44 years old, has been the Company's Director since 2017. He is currently serving as the Corporate Secretary of Surprise Inc., Treasurer of We Serve 24 Hrs Inc. and EuroCapital Land, Inc., and Vice President for Finance and Authorized Managing Officer of New City Builders, Inc. He is also a director in LUC Foods, Inc. and Great Freshness Inc. He attended Thames International School in 2002.

MR. JOHN F. CATINDIG, Filipino, 55 years old, has served as a Director of the Company since 2017 and is also the Chief Information and Compliance Officer of the Company. He used to work as the Support Operation of Metropolitan Bank and Trust Company from 1991 to 1994 and Account Support of Zuellig Group of Companies from 1994 to 1996. At present, he is the General Manager of Drugcheck Philippines, Inc. and Associated Person/Compliance Officer of IB Gimenez Securities, Inc. He received a Bachelor of Science degree in Commerce from the University of Santo Tomas in 1991. He also completed trainings on Anti-Money Laundering and Principle of Risk Management, The Net Capital and Risk board Capital Adequacy Requirements conducted by the PSE in 2010 and SEC in 2006, respectively.

IGNACIO SALVADOR GIMENEZ, III, Filipino, 45 years old, was elected director of the Company in 9 January 2019 and also a Treasurer and Investor Relations Officer of the company. He is currently the President of I.B. Gimenez Securities, Inc.; Managing Director of J. Rosario Foods Corp. (a Jollibee franchisee); and Vice President for business development of China Philippines United Enterprises, Inc. Mr. Gimenez has a master's degree in strategic marketing from the University of Greenwich. He obtained a Bachelor of Arts in International Business (with Mandarin Chinese) from European Business School, London and Nanjing University, China. Mr. Gimenez is a member of JCI Manila and The Tower Club since 2010 and 2012, respectively.

MR. MARK ANTHONY C. MIGALLOS, Filipino, 71 years old, joined as one of the Independent Directors of the Company in January 2019. He previously worked for PruLife UK as the Vice President General Agencies from 1998 to 2018. He also worked for Insular Life as the Senior Assistant Vice President for Metro Manila Sales from 1983 to 1997. He obtained his Bachelor of Arts degree in English from the University of the Philippines in 1976. In 2007, he obtained his Master's degree in Business Administration from the Ateneo de Manila University.

ATTY. Rosa Michele C. Bagtas, Filipino, 51 years old, is the Corporate Secretary of the Company. She was elected as Corporate Secretary on 25 September 2020. She graduated with a degree of Bachelor of Science Major in Legal Management from the Ateneo de Manila University in 1994. She also earned her Juris Doctor degree from the Ateneo Law School in 1998. Atty Bagtas is currently a Senior Partner at Cruz marcelo & Tenefracia, where she heads the Property

Development and Immigration Practice Groups. Ms. Bagtas has handled a wide range of commercial or corporate transactions, including mergers and acquisitions, joint ventures, foreign investments, tax and immigration matters, among others. Atty. Bagtas has extensive experience as Corporate Secretary of various private corporations and in handling corporate governance issues.

ATTY. ERIC T. DYKIMCHING, Filipino, 41 years old, is the Assistant Corporate Secretary of the Company. He was elected as Assistant Corporate Secretary on 25 September 2020. He graduated with a degree of Bachelor of Science Major in Legal Management from De La Salle University in 2004. He obtained his Juris Doctor degree from Ateneo Law School in 2008. Mr. Dykimching is also a Certified Public Accountant since 2013. He earned his Bachelor of Science in Accountancy from La Consolacion College Manila in 2011. Mr. Dykimching is a Senior Associate at Cruz Marcelo and Tenefracia. His practice areas include infrastructure, transport and public utilities, corporate and commercial law, tax mergers and acquisitions, strategic and developmental projects, property development, and real estate transactions.

Principal Owners, Key Officer, and Significant Employees

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

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

Family Relationship among Directors and Officers

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

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

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

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

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

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

Item 10. Executive

Compensation Summary

Compensation Table

Information as to the aggregate compensation for the years ended 31 December 2024 and 2023 paid to the Company's Chief Executive Officer and four other most highly compensated executive officers and all other officers and directors as a group, as well as the estimated aggregate compensation for the ensuing year are as follows:

				Other Annual
Name and Principal Position	Year	Salary(P)	Bonus (P)	Compensation
Total- President and Four Most Highly Compensated	2023	2,249,500		
Executive Officer	2024	2,194,612		
	2025(estimate)	3,000,000		
All other officers and named directors as group	2023	379,911		140,000
	2024	482,578		130,000
	2025(estimate)	486,153		130,000

Compensation of Directors and Executive Officers

In 2024, the compensation of key management personnel amounted to approximately P3 million. This is mainly composed of salaries and other short-term employee benefits.

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

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

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

other compensation plan or arrangement with the Company.

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

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

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

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

Outstanding Warrants and Options

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As of March 31, 2025, the following are the owners of the Issuer's common stock in excess of 5% of total outstanding shares:

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

Security Ownership of Management as of March 31, 2025

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Class
Directors				
Common	Restituto T. Lopez	1 (direct)	Filipino	0.00
Common	Edmund G. Las	10 (direct)	Filipino	0.00
Common	Augusto Pablo A. Corpus, Jr	10 (direct)	Filipino	0.00
Common	Robert Ivan F. Olanday	10 (direct)	Filipino	0.00
Common	John F. Catindig	10 (direct)	Filipino	0.00
Common	Ignacio Salvador Gimenez, III	10 (direct)	Filipino	0.00
Common	Mark Anthony C. Migallos	1 (direct)	Filipino	0.00

Voting Trust Holders of 5% or More

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

Changes in Control

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

Item 12. Certain Relationships and Related Transactions

For further information on the Company's related party transactions, including detailed breakdowns of amounts receivable from related parties and the income and expenses relating to related party transactions, see Note 9 to the Company's audited financial statements as of and for the years ended 31 December 2024 and 2023.

PART IV - EXHIBITS AND SCHEDULES

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

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

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

PART V. EXHIBITS AND SCHEDULES

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

Exhibits.

Other than index to the audited financial statements of the Company as at and for the years ended December 31, 2024 and 2023 including supplementary schedules, the Company has no other exhibits pertinent to this report.

Reports on SEC Form 17-C.

The Following is a summary of submissions of SEC Form 17-C filed during the year 2024:

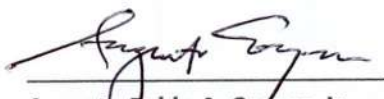
Date of Report	Items Reported
January 10, 2024	Material Information/Transactions (Comprehensive Report on Progress of Business Plan as of 31 December 2023)
April 05, 2024	Results of the Special Meeting of the Board of Directors held on April 05, 2024, via remote communication: <ol style="list-style-type: none">1. Reading of the approval of the Minutes of the Organizational Board Meeting held on 12 July 2023;2. Setting the date of the 2024 Annual Stockholders' Meeting and all related deadlines and authority to conduct the Annual Stockholder's Meeting on July 10, 2024 at 8:00AM via remote communication;3. Approval of the Annual Report on SEC Form 17-A and the Financial Statements of the Corporation;4. Additional Authority to Transact with East West Banking Corporation.
April 05, 2024	Notice of the Annual or Special Stockholder's Meeting
April 15, 2024	Material Information/Transactions (Disbursement of Proceeds and Progress Report as of March 31, 2024)
May 21, 2024	Notice of the Annual or Special Stockholder's Meeting
July 10, 2024	Matters approved during the Annual Stockholders' Meeting held on July 10, 2024: <ol style="list-style-type: none">1. Reading and approval of the Minutes of the Annual Stockholder's Meeting held on 12 July 2023;2. President's Report on Operations;3. Ratification of acts and Resolutions of the Board of Directors, Board Committees and Management;4. Appointment of the External Auditor for the Fiscal Year ending 31 December 2024;5. Election of Directors;6. Other Matters.


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

SIGNATURES

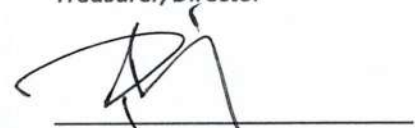
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of 03 APR 2025 2025. **QUEZON CITY**

By:


Augusto Pablo A. Corpus, Jr.
President/Director


Ignacio Salvador R. Gimenez III
Treasurer/Director


Rosa Michele C. Bagtas
Corporate Secretary


Robert Ivan F. Olanday
Director


John F. Catindig
Chief Compliance Officer/Director

03 APR 2025

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


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

Doc No. 1D

Page No. 03

Book No. LXIX

Series of 2025.


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

COVER SHEET

C S 2 0 0 5 1 6 3 6 1
S.E.C. Registration Number

K E P W E A L T H P R O P E R T Y P H I L S . , I N C
.
(Company's Full Name)

U N I T I J 0 1 - 2 3 B U R G U N D Y C O R P O R A T
E T O W E R 2 5 2 S E N . G I L P U Y A T A V E
. , M A K A T I C I T Y
(Business address: No. Street City / Town / Province)

AUGUSTO PABLO A CORPUS, JR
Contact Person

(632) 7978-5080
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

1 7 - Q
Form Type

Second Wednesday of July
Month Day
Annual Meeting

-
Secondary License Type, If Applicable

C G F D
Dept. Requiring this Doc.

-
Amended Articles Number/Section

-
Total No. of Stockholders

Total Amount of Borrowings
- -
Domestic Foreign

Top be accomplished by SEC Personnel Concerned

LCU

CASHIER

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2025
2. SEC Identification No. CS200516361
3. BIR Tax Identification No. 242-186-710-000
4. Exact name of issuer as specified in its charter Kepwealth Property Phils., Inc.
5. Province, country or other jurisdiction of incorporation or organization Philippines
6. Industry Classification Code (SEC Use Only)
7. Address of principal office Unit U01-23 Burgundy Corporate Tower 252 Sen. Gil Puyat Ave., Makati City
Postal Code 1230
8. Issuer's telephone number, including area code (02) 7978-5080
9. Former name or former address, if changed since last report N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

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

Yes ☒ No ☐

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

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

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

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I - FINANCIAL INFORMATION

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

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

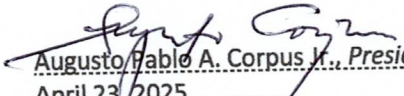
PART II - OTHER INFORMATION


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

SIGNATURES

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

Issuer KEPWEALTH PROPERTY PHILS., INC.

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

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

KEPWEALTH PROPERTY PHILS., INC.

PART I - FINANCIAL INFORMATION

Section 1. Financial Statements

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

As at March 31, 2025 and December 31, 2024

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

See accompanying Notes to Unaudited Interim Financial Statements.

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

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

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

See accompanying Notes to Unaudited Interim Financial Statements.

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

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

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

See accompanying Notes to Unaudited Interim Financial Statements.

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

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

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

See accompanying Notes to Unaudited Interim Financial Statements

1. Corporate Information

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

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

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

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

2. Adoption of New and Amended PFRS

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

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

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

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

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

The amendments to PAS 1 are the following:

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

The amendments defer the effective date of the January 2020 Classification of Liabilities as Current or Non-Current (Amendments to PAS1) to annual reporting periods beginning on or after January 1, 2024.

2.02 New and Revised PFRSs in Issue but Not Yet Effective

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

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

The amendments cover the following areas:

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

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

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

- Annual Improvements to PFRS Accounting Standards – Volume 11

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

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

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

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

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

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

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

The new requirements include:

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

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

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

3. Summary of Significant Accounting Policies

Basis of Preparation

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

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

Measurement Bases

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

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date.

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

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

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

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

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

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

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

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

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

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

Financial Instruments

a. Recognition Policies

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

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

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

b. Classification and Subsequent Measurement Policies

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

Financial Assets at Amortized Cost. Financial assets are measured at amortized cost because both of the following conditions are met:

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

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

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

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

Financial Asset at Fair Value through Profit or Loss. A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

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

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

The Company does not have financial assets at fair value through other comprehensive income in both years

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

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

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

c. Reclassification Policies

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

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

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

d. Impairment Policy on Financial Assets at Amortized Cost

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

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

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

e. Derecognition of Financial Assets and Liabilities

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

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

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

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

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

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

f. Offsetting of Financial Assets and Liabilities

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

g. Classification of Financial Instrument between Liability and Equity.

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

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

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

Other Current Assets

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

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

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

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

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

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

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

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

Investment Properties

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

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

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

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

Property and Equipment

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

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

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

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

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

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

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

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

Impairment of Nonfinancial Assets

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

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

Equity

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

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

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

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

On August 19, 2019, the Company's common shares were listed with the PSE. The Company offered 67,032,607 new common shares to the public at an offer price of up to ₱5.74 per share. Net proceeds from the IPO amounted to ₱360.0 million, net of offer expenses of ₱24.8 million (Notes 4 and 12).

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

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

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

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

Revenue Recognition

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

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

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

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

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

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

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

Other Income. Other income is recognized as earned.

Cost and Expense Recognition

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

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

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

Leases

a. Assessment Policies

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

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

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

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

b. Lessor Accounting

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

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

Income Tax

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

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

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

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

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

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

Earnings per Share (EPS)

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

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

Segment Reporting

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

Related Parties

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

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

Provisions

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

Contingencies

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

Events after the Reporting Date

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

4. Significant Judgment, Accounting Estimates and Assumptions

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

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

Judgment

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

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

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

The Company determined that its operating segments are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment (Note 19).

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

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

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

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

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

Estimates and Assumptions

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

Estimating the ECL on Trade Receivables. The Company estimates ECL on trade receivables using a provision matrix that is based on the days past due for groupings of various customer segments that have similar loss patterns. Depending on the diversity of its debtor's base, the Company uses its historical credit loss experience adjusted for forward-looking factors, as appropriate. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual experience. The allowance for ECL on trade receivables amounted to nil as at March 31, 2025 and December 31, 2024, (Note 7). No provision for ECL was recognized for the three-month periods ended March 31, 2025 and 2024.

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

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is

relevant for the particular financial instrument being assessed such as, but not limited to, the following factors: (a) actual or expected external and internal credit rating downgrade; (b) existing or forecasted adverse changes in business, financial or economic conditions; and (c) actual or expected significant adverse changes in the operating results of the debtor.

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

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized for the three-month periods ended March 31, 2025 and 2024.

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

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

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

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

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

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

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

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

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

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

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

5. Initial Public Offering

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

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

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

6. Cash, Cash Equivalents and Short-term Investments

Cash and Cash Equivalents

Details of this account are as follows:

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

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

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

7. Trade and Other Receivables

This account consists of:

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

Aging Analysis of Trade and Other Receivables

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

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

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

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

8. Investment Properties

Movements in this account are as follows:

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

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

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

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

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

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

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

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

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

For the Three Months Period Ended
March 31

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

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

9. Property and Equipment

Movements in this account are as follows:

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

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

10. Accounts and Other Payables

This account consists of:

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

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

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

11. Equity

Capital Stock

This account consists of:

	March 31, 2025		December 31, 2024	
	Number of Shares	Amount	Number of Shares	Amount
Common Shares				
Authorized:				
Balance at beginning of period - 10 par value	365,000,000	365,000,000	365,000,000	365,000,000
Recapitalization - 1 par value				
Reclassification from preferred shares	277,000,000	277,000,000		
Effect of stock split	0	0		
Balance at end of period	642,000,000	642,000,000	365,000,000	365,000,000
Issued and outstanding:				
Balance at beginning of period	201,057,609	201,057,609	201,057,609	201,057,609
Effect of stock split	0	0		
Stock dividends	0	0		
Issuance	0	0		
Balance at end of period	201,057,609	201,057,609	201,057,609	201,057,609
	March 31, 2025		December 31, 2024	
	Number of Shares	Amount	Number of Shares	Amount
Preferred Shares				
Authorized:				
Balance at beginning of period - 10 par value	255,000,000	255,000,000	255,000,000	255,000,000
Recapitalization - 1 par value				
Reclassification from preferred shares	0	0		0
Effect of stock split	0	0	0	0
Balance at end of period	255,000,000	255,000,000	255,000,000	255,000,000
Issued and outstanding:				
Balance at beginning of period	255,000,000	255,000,000	255,000,000	255,000,000
Effect of stock split	0	0		0
Balance at end of period	255,000,000	255,000,000	255,000,000	255,000,000

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

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

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

On August 19, 2019, the Company's common shares were listed with the PSE. The Company offered 67,032,607 new common shares to the public at an offer price of up to ₱5.74 per share. Net proceeds from the IPO amounted to ₱360.0 million, net of offer expenses of ₱24.8 million (Notes 4.05).

Additional Paid-in Capital

Movements in this account are as follows:

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

EPS

Basic and diluted EPS were computed as follows:

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

12. Cost of Services

This account consists of:

	For the Three Months Period Ended March 31	
	2025	2024
Note		

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

13. General and Administrative Expenses

This account consists of:

For the Three Months Period Ended
March 31

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

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

14. Related Party Transactions and Balances

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

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

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

Management Agreements

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

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

Service Agreement

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

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

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

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

Compensation of Key Management Personnel

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

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

Terms and Conditions of Transactions with Related Parties

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

15. Income Tax

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

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

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

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

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

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

16. Significant Contracts and Agreements

Operating Lease Agreements- Company as a Lessor

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

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

The aggregate future minimum annual rent receivables are as follows:

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

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

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

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

Roll forward analysis of security deposits is as follows:

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

Roll forward analysis of deferred credits is as follows:

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

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

17. Financial Risk Management Objectives and Policies

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

Credit Risk

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

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

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

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

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

Significant Increase in Credit Risk. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and expert credit assessment and including forward-looking information. A significant increase in credit risk can be measured by comparing the probability of default of the borrower from the initial recognition and the result of the current probability of default.

Definition of Default. The Company considers a financial asset to be in default when a customer fails to pay the receivables in full or the receivable is more than 30 days past due.

Liquidity Risk

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

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

Capital Management

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

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

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

18. Fair Values of Financial Instruments

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

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

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

The fair value of security deposits is based on discounted cash flow methodology using the risk free rates similar borrowings with maturities consistent with those of liabilities being valued. The discount rates used ranged from 1.73% to 6.94% for the three months period ended March 31, 2025 and for the year ended December 31, 2024.

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

19. Segment Information

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

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

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

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

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

Business Segment Information

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

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

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

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

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

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

As at and for the Year Ended December 31, 2024

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

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

As at March 31, 2025

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

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

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

KEPWEALTH PROPERTY PHILS., INC.

PART I - FINANCIAL INFORMATION

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

KEPWEALTH PROPERTY PHILS., INC.

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

As at March 31, 2025 and December 31, 2024 and

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

1. FINANCIAL CONDITION

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

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

Material changes in asset accounts are analyzed as follows:

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

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

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

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

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

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

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

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

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

2. RESULTS OF OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

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

3. OTHER DISCLOSURES

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

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

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

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

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

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

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

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

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

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

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

CERTIFICATION

I, **ROSA MICHELE C. BAGTAS**, of legal age, Filipino, with office address at One Orion, 11th Avenue corner University Parkway, Bonifacio Global City, Taguig City, Metro Manila, after having been duly sworn in accordance with law, hereby depose and state:

1. I am the Corporate Secretary of **KEPWEALTH PROPERTY PHILS., INC.** (the "Corporation"), a corporation duly organized and existing under Philippine laws, with address at Unit 1J01-23, Burgundy Corporate Tower, Sen. Gil Puyat Ave., Makati City.
2. Based on the corporate records of the Corporation and to the best of my knowledge, no director or officer or nominee for election as director or officer of the Corporation is connected with any government agency or instrumentality.

19 MAY 2025

IN WITNESS WHEREOF, I have hereunto set my hand on ___ May 2025 in Taguig City, Metro Manila.

Rosa Michele C. Bagtas
ROSA MICHELE C. BAGTAS
Corporate Secretary

19 MAY 2025

SUBSCRIBED AND SWORN to before me on ___ May 2025 in Taguig City, affiant exhibiting and presenting to me her Unified Multi-Purpose ID No. 0111-7616105-0, bearing her photograph and signature, issued by the Social Security System.

Doc. No. 90
Page No. 19
Book No. 1
Series of 2025.



[Signature]
ATTY. CARRIZ ANDREA F. NANA
Notary Public
Taguig City, Appointment No. 75 (2025-2026)
Until December 31, 2026, Roll No. 90195
PTR No. A-6440426 – 01/02/25 – Taguig City
IBP No. 511213 – 12/20/24 – Makati City
12th Floors, One Orion, 11th Avenue corner
University Parkway, Bonifacio Global City
Taguig 1634, Metro Manila

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARK ANTHONY C. MIGALLOS**, Filipino, of legal age and with address at 603 Glenn St., Moonwalk II, Paranaque City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of **KEPWEALTH PROPERTIES PHILS., INC.** (the "Corporation") and have been an Independent Director since 2019.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
N/A		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director, officer, and substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not connected/affiliated with any government agency or instrumentality.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the above-mentioned information within five days from its occurrence.

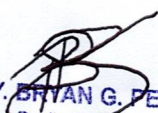
Done, this **21 MAY 2025** day of May 2025, in **QUEZON CITY**.


MARK ANTHONY C. MIGALLOS
Affiant

21 MAY 2025

SUBSCRIBED AND SWORN to before me this **21 MAY 2025** day of **QUEZON CITY**, affiant personally appeared before me and exhibited to me his Passport ID # P8929073B issued on DFA MANILA.

Doc. No. 17 ;
Page No. 21 ;
Book No. LXXVIII ;
Series of 2025.


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

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RESTITUTO T. LOPEZ**, Filipino, of legal age and with address at LAC Center, 2518 Leiva Street, Sta. Ana, Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **KEPWEALTH PROPERTIES PHILS., INC.** (the "Corporation") and have been an Independent Director since 2019.

2. I am affiliated with the following companies or organizations (including Government- Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Lopez and Co., CPAs	Senior Partner	44
LFC Solutions.net Inc.	Chairman	23
KPMG – Fernandez Santos & Lopez	Vice Chairman and Partner	35
RTL Holdings, Inc.	President and Chairman	25
Spencers Landholdings, Inc.	Chairman	31

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director, officer, and substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not connected/affiliated with any government agency or instrumentality.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance, and other SEC issuances.


8. I shall inform the Corporate Secretary of the Corporation of any changes in the above-mentioned information within five days from its occurrence.

Done, this **26 MAY 2025** day of May 2025, in **QUEZON CITY**


RESTITUTO T. LOPEZ
Affiant

SUBSCRIBED AND SWORN to before me this **26 MAY 2025** day of May 2025 in **QUEZON CITY**, affiant personally appeared before me and exhibited to me his PRC No. 0029515 issued on Professional Regulation Commission.

Doc. No. 418 ;
Page No. 85 ;
Book No. LXXXVIII ;
Series of 2025.


ATTY. BRYAN G. PEKAS
Notary Public for Quezon City
Valid until December 31, 2025
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MCLE Compliance No. VII-0025903; 01-30-2023
Rus. CDA Diamond Finance Bldg. Brgy. SMDP Cebu, Q.C.

**MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS OF**

KEPWEALTH PROPERTY PHILS., INC.

Held via Remote Communication
on 10 July 2024, at 8:00 a.m.

I. ATTENDANCE

STOCKHOLDERS PRESENT/REPRESENTED:

No. of Shares Present and Represented	158,195,560
Total No. of Shares Issued & Outstanding	201,057,609

DIRECTORS PRESENT:

AUGUSTO PABLO A. CORPUS, JR.
RESTITUTO T. LOPEZ
EDMUNDO G. LAS
JOHN F. CATINDIG
MARK ANTHONY C. MIGALLOS

DIRECTOR ABSENT:

ROBERT IVAN F. OLANDAY
IGNACIO SALVADOR R. GIMENEZ, III.

ALSO PRESENT:

ERIC T. DYKIMCHING – Assistant Corporate Secretary

II. PRESIDING OFFICER AND SECRETARY

The President, **MR. AUGUSTO PABLO A. CORPUS, JR.**, acted as Chairman and presided over the meeting, while the Assistant Corporate Secretary, **MR. ERIC T. DYKIMCHING**, recorded the minutes thereof.

III. QUORUM AND CALL TO ORDER

At the request of the Chairman, the Assistant Corporate Secretary certified that: (a) the stockholders of record of the Corporation as of 10 June 2024 have been notified of the Annual Stockholders' Meeting; (b) the stockholders owning 78.68% of the outstanding capital stock of the Corporation were present or represented at the meeting; and (c) there was full compliance with the requirements of Securities and Exchange Commission Memorandum Circular No. 06, Series of 2020. Thereupon, the Chairman declared the presence of a quorum and called the meeting to order.

IV. READING AND APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON 12 JULY 2023

The reading of the minutes of the Annual Stockholders' Meeting held on 12 July 2023 was dispensed with. The Assistant Corporate Secretary then reported that stockholders owning or representing at least 78.68% of the outstanding capital stock have voted to approve the Minutes of the Annual Meeting of the Stockholders held on 12 July 2023.

V. PRESIDENT'S REPORT ON OPERATIONS

The President delivered the annual report to the stockholders of the Corporation to report on the operations and financial performance of the Corporation this past year. A copy of the President's Report is attached as *Annex "A"*.

VI. RATIFICATION OF ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES & MANAGEMENT

The Chairman submitted for the approval and ratification of the stockholders all acts and resolutions of the Board of Directors, Board Committees and Management which were duly adopted in the ordinary course of business from 12 July 2023 until 09 July 2024.

The Assistant Corporate Secretary then reported that stockholders owning or representing at least 78.68% of the outstanding capital stock have voted to approve the following resolution:

"RESOLVED, That, all acts and resolutions of the Board of Directors, Board Committees, and Management adopted in the ordinary course of business since the last Annual Stockholders' Meeting held on 12 July 2023 until 09 July 2024 be approved."

VII. APPOINTMENT OF EXTERNAL AUDITOR FOR THE FISCAL YEAR ENDING 31 DECEMBER 2024

The Assistant Corporate Secretary reported that stockholders owning or representing at least 78.68% of the outstanding capital stock have voted to approve the following resolution:

"RESOLVED, That the appointment of R.S. Bernaldo and Associates as the external auditors of the Corporation's financial statements for the year ending 31 December 2024 be approved."

VIII. ELECTION OF DIRECTORS

The Assistant Corporate Secretary explained that on behalf of the Corporate Governance Committee and in accordance with the Corporation's Amended By-Laws and Corporate Governance Manual, the final list of nominees for the members of the Board of Directors are as follows:

RESTITUTO T. LOPEZ (Independent Director)
MARK ANTHONY C. MIGALLOS (Independent Director)
EDMUNDO G. LAS
AUGUSTO PABLO A. CORPUS, JR.

ROBERT IVAN F. OLANDAY
IGNACIO SALVADOR GIMENEZ, III
JOHN F. CATINDIG

The Assistant Corporate Secretary reported that each nominee received votes equivalent to at least 78.68% of the shares present/represented in the meeting. Thereafter, the Chairman declared the foregoing nominees as duly elected Directors who shall serve as such until their successors shall have been duly elected and qualified.

IX. OTHER MATTERS

A. QUERIES FROM STOCKHOLDERS

The Assistant Corporate Secretary stated that the Corporation received the following queries from the stockholders via email prior to the meeting:

1. What measures are being taken to improve operational efficiency and reduce cost?

The Chairman explained that improving operational efficiency and reducing costs are at the forefront of the Corporation's strategic initiatives. The Corporation has implemented more stringent cost control measures and optimized resource allocation to ensure that it is getting the best value for its expenditures. The Chairman further explained that this includes negotiating better terms with suppliers, reducing unnecessary overhead, and leveraging technology to streamline operations. The Chairman added that the Corporation's focus on operational excellence has already led to a reduction in Cost of Sales to 39.3 million in 2023, which demonstrates its commitment to efficiency.

Finally, the Chairman stated that the Corporation is continuously monitoring and adjusting its strategies to respond to changing market conditions effectively.

2. What specific steps are being taken to prevent further tenant turnover, and how are you attracting new tenants?

The Chairman explained that the Corporation recognizes the impact that tenant turnover has had on its financial performance, particularly in the second half of 2023. To address this, the Corporation has implemented several key initiatives. First, the Corporation is enhancing its client-centric approach by working closely with current and prospective tenants to better understand and meet their needs. The Chairman added that this includes offering more flexible lease terms and creating a more attractive pricing structure. Second, the Corporation has increased its marketing efforts to attract new tenants, highlighting the benefits of its properties and the improvements it has made.

Furthermore, the Chairman explained that the Corporation is focusing on upgrading its facilities to make them more appealing in the current market environment. The Chairman reported that such efforts are already showing positive results, as evidenced by the ten (10) new lease contracts that the Corporation secured in 2023 and the fifteen (15) new lease contracts so far in 2024.

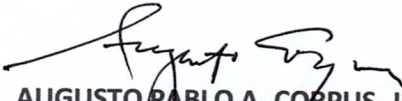
X. **ADJOURNMENT**

There being no further business to transact, and upon motion made and duly seconded, the meeting was adjourned.

CERTIFIED CORRECT:


ERIC T. DYKIMCHING
Assistant Corporate Secretary

ATTESTED BY:


AUGUSTO PABLO A. CORPUS, JR.
Presiding Officer

PRESIDENT'S REPORT ON OPERATIONS

"As we reflect on the year 2023, it has been a journey marked with challenges and opportunities, demonstrating our resilience and determination in navigating the evolving real estate landscape. Despite facing setbacks in our financial performance compared to the previous year, we at KPPI remain steadfast and optimistic about the future.

Throughout the year, we encountered various hurdles that impacted our net income and revenue streams. The net loss of 1.39 million in 2023, compared to the 0.47 million loss in 2022, reflects the challenges we faced. Factors such as market fluctuations, increased operational costs, and external economic conditions influenced these outcomes. Additionally, the second half of 2023 saw significant tenant turnover at Kepwealth Center Cebu (KCC), with 16 tenants either downsizing or vacating their spaces due to the continued trend of work-from-home arrangements. However, this move-out was mitigated by securing 10 new lease contracts, demonstrating our proactive efforts to stabilize occupancy rates.

Amidst these challenges, there are notable highlights that underscore our commitment to progress and sustainable growth. Our prudent financial management strategies led to a reduction in Cost of Sales to 39.3 million, demonstrating our efficiency in operations. Moreover, we strategically placed investible funds in higher-yielding investment instruments, resulting in an increase in Other Income to 11.3 million, compared to 7.7 million in 2022.

Additionally, our focus on operational excellence and strategic planning enabled us to address the surge in Other Expenses to 23.5 million, a necessary investment in our future growth initiatives. Furthermore, our efforts in maximizing tax credits to 3.7 million, from 1.4 million in 2022, exemplify our commitment to prudent fiscal management and capital utilization.

As we move into 2024, we acknowledge the challenges of the first six months of this year and remain determined to enhance our financial performance, operational efficiency, and strategic positioning in the market. Revenue and Other Income for the first six months of 2024 was 29.9 million compared to 31.2 million in 2023. While cost of sales and operating expenses in 2024 for the same period was 30.3 million compared to 31 million in 2023.

This led to a loss before tax of 343 thousand for the period compared to an income of 198 thousand in 2023. However, due to tax credits, we have a net income of 890 thousand in the first six months of 2024 compared to 716 thousand in 2023.

The rest of 2024 seems brighter, with 10 new tenants in the first six months compared to only 2 tenants that moved out. Furthermore, 5 new tenants are scheduled to move in from July to October 2024, including a 5-year contract with a tenant who will occupy about 72% of the leasable area in our One San Miguel Condominium units. These new tenants are projected to add over 7.5 million pesos in total revenue and reduce our Condominium Dues Expense by over 1.6 million for 2024. These positive developments reflect our proactive efforts in securing and retaining tenants, and we are confident that

these programs will continue to significantly enhance our occupancy rates and revenue streams as we move forward.

We will carry over our strategic initiatives from last year, as they have proven effective and continue to be relevant in driving KPPI towards sustainable growth:

1. **Enhancing Operational Efficiency:** By streamlining our operations, optimizing resources through effective planning, and implementing robust cost control measures, we aim to improve our competitiveness and profitability.
2. **Client-Centric Approach:** We will continue to prioritize our clients and tenants by closely working with them to offer leasable spaces and facilities that meet their evolving business needs and budget constraints. Strengthening relationships and cultivating loyalty remain paramount in our highly competitive landscape.
3. **Talent Development and Engagement:** Our employees and agents are the driving force behind our achievements. We are committed to nurturing a culture of innovation and continuous learning, providing opportunities for growth, and fostering a supportive work environment.
4. **Market Expansion and Diversification:** Actively exploring opportunities to broaden our market presence, identify changes in market preferences, and forge strategic partnerships with our tenants and affiliates will enable us to capitalize on undeveloped opportunities and protect our long-term sustainability.

Your continued support and trust are invaluable to us at KPPI, and we are grateful for your unwavering commitment to our shared vision. Together, we will overcome challenges, seize opportunities, and shape a promising future for KPPI.

Thank you for your ongoing support and confidence in KPPI. Together, we will forge a path of sustainable growth and success.

I would like to express my utmost appreciation to the Board of Directors for their guidance and strategic foresight. I also extend my sincere gratitude to our dedicated employees and agents for their hard work and unwavering commitment.

Thank you, once again, for your ongoing support and confidence in KPPI."