

COVER SHEET

S.E.C. Registration Number

A S O 9 5 0 1 2 5 6 1

Company Name

L F M P R O P E R T I E S C O R P O R A T I O N

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

L I B E R T Y B U I L D I N G 8 3 5 A A R N A I Z
A V E N U E L E G A S P I V I L L A G E
M A K A T I C I T Y

Contact Person

MICHAEL JOHN A. TANTOCO JR.

Company's Telephone Number/s

+63288937790

1 2

Month
Of Fiscal Year

3 1

Day

20-IS

FORM TYPE

0 5

Month

2 9

Day

Of Annual Meeting

Secondary License (if Applicable)

M S R D

Department Requiring this
Document

Number/Section

Amended Articles

Total Amount of Borrowings

To be Accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the annual meeting of the stockholders of **LFM PROPERTIES CORPORATION** will be conducted virtually through remote communication on **May 29, 2024 at 2 o'clock in the afternoon**.

The Agenda for the Meeting is as follows:

1. Call to Order
2. Secretary's Certification of Notice and Quorum
3. Approval of the Minutes of the 2023 Annual Stockholders' Meeting
4. Annual Report of the President and the Chairman of the Board
5. Ratification of all Acts and Proceedings of the Board of Directors and Corporate Officers
6. Election of Directors
7. Amendment to Article Sixth of the Articles of Incorporation to increase the number of members to the Board of Directors from seven (7) to nine (9)
8. Subject to the approval by the Securities and Exchange Commission of the pending application to increase the authorized capital stock of the Corporation from Four Hundred Million Pesos (PhP400,000,000.00) to Seven Hundred Million Pesos (PhP700,000,000.00), the (i) amendment to the Article Seventh of the Articles of Incorporation to: (a) increase the authorized capital stock from Seven Hundred Million Pesos (PhP700,000,000.00) to One Billion Seven Hundred Million Pesos (PhP1,700,000,000); and (b) the creation of One Million (1,000,000) Preferred Shares with a par value of One Thousand Pesos (PhP1,000.00).
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

Only stockholders as of May 2, 2024 shall be entitled to notice and to vote at the meeting.

The Minutes of the last Annual Stockholders' Meeting and resolutions of the Board of Directors will be available for inspection during office hours at the principal office of LFM PROPERTIES CORPORATION.

Given the current circumstances, the annual stockholders' meeting will be held through remote communication. Stockholders who intend to participate by remote communication should notify the Company by email on or before May 22, 2024 at 5:00 p.m. Such requests may be sent to **LPCcorporatesecretary@picazolaw.com**.

Should you be unable to attend the meeting, please accomplish the proxy form attached hereto and return the same to us.

The procedures for participation in the Annual Meeting through remote communication and for casting votes are provided for in the Information Statement.

Copies of the Information Statement, Annual Report, and other pertinent documents shall be uploaded to the Company's website as well as the PSE EDGE.

Very truly yours,


MA. ADELINA S. GATDULA
Corporate Secretary

RATIONALE AND EXPLANATION OF AGENDA ITEMS FOR STOCKHOLDER APPROVAL

I. Approval of the Minutes of the 2023 Annual Stockholders' Meeting

At the meeting, Stockholder approval for the minutes of the 2023 Annual Stockholders' Meeting shall be sought.

Copies of the draft minutes will be made available upon request of the Stockholders. Shareholders who wish to request for a copy of the minutes may send an email LPCcorporatesecretary@picazolaw.com.

II. Annual Report of the President and Chairman of the Board

The Chairman of the Board will present to the shareholders a summary of audited financial statements, and the current commercial standing of the company. This Audited Financial Statement is attached to the Definitive IS and shall be made available in LPC's website fifteen (15) days before the 2024 Stockholders' Meeting. The Chairman will also present to the Stockholders highlights and significant events that transpired during the previous year.

Upon the conclusion of the report by the Chairman, there will be an open forum where Stockholders shall be given the opportunity to give their comments and ask questions concerning the report given by the Chairman.

Upon the conclusion of such open forum, the Stockholders will vote for the adoption of a resolution closing the Stockholders' open forum and approving the Annual Report and Audited Financial Statements of the Company for the year ended on December 31, 2023.

III. Ratification of all Acts and Proceedings of the Board of Directors

Stockholder ratification shall be sought for all the acts and resolution of the Board of Directors and corporate officers passed and made since the last Annual Stockholder's Meeting until May 29, 2024.

These acts, include among others, the declaration of dividends, approval of the audit plans of both the external and internal auditor, and approval of the fees paid to such auditors.

The Stockholders will then, through a vote, pass a resolution approving, confirming, ratifying, and adopting, all acts, resolutions, proceedings of the Board of Directors and Corporate Officers for the period including and between the 2023 Annual Stockholders' Meeting until the 2024 Stockholders' Meeting. In the event that the stockholders disapprove the ratification of the acts of the Board of Directors, such will not invalidate previously taken acts which do not require Stockholder approval, but shall be taken by the board under advisement.

IV. Election of Directors

In accordance with the By-Laws, Manual on Corporate Governance, and SEC Rules on the matter – any Stockholder, including minority stockholders, may submit nominations to the Board.

The Stockholders will cast their votes during the meeting for the Election of the Board of Directors for the ensuing year. Upon the conclusion of such voting, the seven (7) nominees with the greatest number of votes shall be deemed as elected as members of the Board of Directors beginning May 29, 2024 until their successors are elected and qualified.

V. Amendment to the Articles of Incorporation

On April 22, 2024 the Board of Directors approved the following amendments to the Articles of Incorporation:

- (a) Increase in the number of members to the Board of Directors from seven (7) to nine (9);
- (b) Subject to the approval by the Securities and Exchange Commission of the pending application for the increase in the authorized capital stock of the Corporation from Four Hundred Million Pesos (PhP400,000,000.00) to Seven Hundred Million Pesos (PhP700,000,000.00), (i) increase the authorized capital stock from Seven Hundred Million Pesos (PhP700,000,000.00) to One Billion Seven Hundred Million Pesos (PhP1,700,000,000); and (ii) the creation of One Million (1,000,000) Preferred Shares with a par value of One Thousand Pesos (PhP1,000.00)

The proposed amendments shall be subject to the approval of the Stockholders during the 2024 Annual Meeting.

VI. Appointment of the External Auditor

The Audit Committee will recommend to the Stockholders the reappointment of SGV & Co. as the external auditors of the Company for the ensuing fiscal year.

The Stockholders shall vote on a resolution on whether SGV and Co. shall serve as the external auditors of the Company for the 2024 fiscal year.

VII. Other Matters

The Chairman will open the floor to for the Stockholders to present any matter, business, or concern, for consideration of the Board and the Stockholders present at the meeting.

Finally, upon the conclusion of the above, the Chairman shall entertain any motion to adjourn the meeting.

PROXY

The undersigned stockholder of LFM PROPERTIES CORPORATION (the "Corporation") hereby constitutes and appoints the Chairman of the Corporation as proxy to represent the undersigned stockholder and to vote a total of _____ (_____) shares registered in the name of the undersigned stockholder in the books of the Corporation at the meeting of the stockholders of the Corporation to be held on May 29, 2024 and any adjournment thereof.

The proxy is authorized to vote on all matters which may properly be taken in the meeting and other matters indicated in the agenda of the said meeting.

This proxy shall be valid only for the meeting stated above, unless earlier withdrawn by the undersigned stockholder by written notice filed with the Corporate Secretary of the Corporation.

SIGNED THIS PROXY this _____ day of _____ 2024.

(Signature over Printed Name of Stockholder)

[Note: The proxy issued by a corporate stockholder should include as an attachment a notarized Secretary's Certificate issued by the Corporate Secretary of such corporate stockholder attesting to Board resolutions authorizing the proxy to act on behalf of the corporate stockholder at the annual stockholders' meeting of LFM Properties Corporation.]

THIS PROXY IS BEING SOLICITED ON BEHALF OF LFM PROPERTIES CORPORATION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
[] Preliminary Information Statement
[X] Definitive Information Statement
2. **LFM Properties Corporation**
Name of Registrant as specified in its charter
3. **Metro Manila**
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number: ASO95012561
5. BIR Tax Identification Code 004656232
6. 3rd Floor, Liberty Building, 835 A. Arnaiz Avenue, Makati City
Address of principal office 1229
Postal Code
7. +63288937790
Registrant's telephone number, including area code
8. Date, time and place of the meeting of security holders
May 29, 2024
2:00 pm
via Videoconferencing using the Zoom platform
9. May 8, 2024
Approximate date on which the Information Statement is first to be sent or given to security holders
10. **In case of Proxy Solicitations:**
Name of Person Filing the Statement/Solicitor: LFM Properties Corporation
Address and Telephone No.: 3rd Floor, Liberty Building, 835 A. Arnaiz Avenue, Makati City;
+63288937790
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA
(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	25,000,000,000

12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes [X] No []

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Name of the Exchange	Shares listed on the Exchange
The Philippine Stock Exchange, Inc.	24,939,823,099 Common Shares

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

Date, time and place of meeting of security holders and mailing address

Date of Meeting	May 29, 2024
Time of Meeting	2:00 o'clock in the Afternoon
Place of Meeting	Videoconference using the Zoom platform
Complete Mailing address of Principal Office	LFM Properties Corporation 3 rd Floor, Liberty Building, 835 A. Arnaiz Avenue, Makati City

LFM Properties Corporation (hereinafter, the "Company") intends to send the notice of Annual Stockholders' Meeting, copies of the definitive information statement, the proxy form and the 2023 Annual Report sometime on May 8, 2024.

This shall be sent through traditional means, and the Company shall not use the alternative mode of distributing and providing notice of the Meeting as provided for in Securities and Exchange Commission Notice dated March 13, 2022.

Item 2. Dissenters' Right of Appraisal

Under Section 80, Title X of the Revised Corporation Code of the Philippines, a stockholder shall have the right to dissent and exercise their appraisal right in the following instances:

- a. In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder 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;
- b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in this Code;
- c. In case of merger or consolidation; and
- d. In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The appraisal right, detailed above, may be exercised as follows, and in accordance with Section 81, Title X, of the Revised Corporation Code of the Philippines:

- a. A stockholder must **VOTE AGAINST** a proposed corporate action. Note, that the *appraisal right* shall not be available to stockholders that do not vote against a particular action.
- b. The dissenting stockholder should make a written demand on the Company for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken. Failure to make the demand within such period shall be deemed a waiver of the appraisal right.
- c. If the proposed corporate action is implemented, the Company shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken excluding any appreciation or depreciation in anticipation of such corporate action.

- d. If, within sixty (60) days form the approval of the corporate action by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company and the third by the two (2) thus chosen.

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: Provided, That no payment shall be made to any dissenting stockholder or unless the Company has unrestricted retained earnings in its books to cover such payment: Provided, further, That upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation

The Company does not reasonably foresee any stockholder exercising their right of appraisal during the Annual Stockholders' Meeting.

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

None of the members of the board of directors or senior management have any substantial interest in the matters to be acted upon by the stockholders in the Annual Stockholders Meeting.

As of March 31, 2024, the board of directors and senior management, as a group, own 50,839,897 common shares which is approximately 0.2% of the outstanding common stock.

None of the Company's directors have manifested any intention of opposing any action intended to be taken by the Company during the scheduled Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

Voting Securities and Principal Holders Thereof

As of April 22, 2024, the Company has Twenty-Five Billion (25,000,000,000) common shares of which 100% is outstanding.

All stockholders of record at the close of business on May 2, 2024 ("Record Date") shall be entitled to notice and to vote at the said meeting, provided that those who shall be attending by proxy, must have had their respective proxies received by the Company not later than May 22, 2024, and validated by the Company at least ten (10) business days before the meeting.

Manner of Voting

For the purpose of electing directors during the scheduled Annual Stockholders' Meeting, each Stockholder shall have the option of cumulating his votes by giving one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal as of Record Date, or he may distribute them on the same principle among as many candidates as he shall see fit, in accordance with Section 23 of the Revised Corporation Code; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company as of Record Date multiplied by the whole number of directors to be elected.

The total number of votes that may be cast by a stockholder of the Company for the election of directors is computed as follows: number of shares held on record as of Record Date x 7 directors.

For all other matters requiring a vote in the Annual Stockholders' Meeting, each share shall be entitled to one vote.

Item 5. Directors and Executive Officers

Security Ownership of Certain Record and Beneficial Owners

As of March 31, 2024, owners of record of more than five percent (5%) of the Company's voting securities, were as follows:

Title of Class	Name, Address of Record Owner, and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	Liberty Flour Mills 7 th Floor, Liberty Building 835 A. Arnaiz Avenue Makati City		Filipino	14,649,999,993	58.6%
Common	Parity Values, Inc. Ground Floor, Liberty Building 835 A. Arnaiz Avenue, Makati City.	William Carlos Uy is the Chairman and President and CEO of Parity Values Inc. John Carlos Uy is a Director and General Manager of Parity Values, Inc. William Ang is a Director and 1 st Vice President and Treasurer of Parity Values, Inc.	Filipino	4,175,964,939	16.7%
Common	PCD Nominee Corp. 37/F The Enterprise Center, Ayala Ave., Makati City	PSE Member Brokers	Filipino	3,399,804,432	13.60%

Background of Directors and Executive Officers

The Articles of Incorporation of the Company provide that the Directors of the Company shall hold office for one (1) year and until their successors are elected and qualified.

The Current Directors of the Company are as follows:

Name of Directors	Age	Citizenship	Position
William Carlos Uy	82	Filipino	Chairman Emeritus
John Carlos Uy	73	Filipino	Chairman
Jose S. Jalandoni	69	Filipino	President and Director
William L. Ang	73	Filipino	Vice President, Treasurer, and Director
Jose Ma. S. Lopez	79	Filipino	Director
David Ng*	62	Filipino	Director
Jose A. Feria Jr.*	76	Filipino	Director

* Independent Director

The following persons, who constitute the final list of candidates presented and approved by the Nominations Committee have been nominated to the Board for the ensuing year, and the following have accepted their nomination:

1. John Carlos Uy
2. Jose S. Jalandoni
3. Jose Ma. S. Lopez
4. William Ang
5. David Ng*
6. Philip S. Huang*

* Independent Director

The Officers and Senior Management of the Company are as follows:

Name	Age	Citizenship	Position
William Carlos Uy	82	Filipino	Chairman Emeritus
John Carlos Uy	74	Filipino	Chairman
Jose S. Jalandoni	69	Filipino	President
William Ang	73	Filipino	Vice President & Treasurer
Ma. Adelina S. Gatdula	61	Filipino	Corporate Secretary
Ma. Lourdes C. Endozo	41	Filipino	Asst. Corporate Secretary

Background of the Current Directors, Senior Management, and New Nominee for the Board of Directors

Following is a brief description of the respective backgrounds of the Company's Directors and Senior Management, who have all been nominated for another term, their respective ages and involvement in other businesses for the past five (5) years:

William Carlos Uy. 82 years old. He serves as the Chairman Emeritus of the Board of Directors of the Company. He is presently the Chairman of the Board of Directors of Liberty Flour Mills, Inc. and President of Parity Values, Inc., with both corporations being non-public stockholders of the Company. He also serves as the: (a) President of UPCC Securities Corporation; (b) Vice Chairman of UPCC Holdings Corporation; and (c) Corporate Treasurer of Malayan Bank.

Jose S. Jalandoni. 69 years old. He was first elected as the Company's President on April 19, 2021. He is currently the Chairman of Valueline Realty Development Corp and Unicomm Ingredients Phils Inc, Chairperson of Kanlaon Farms, Inc., Vice Chairman of Enterprise Car Lease Phils Inc, President of Beechwood Corp and Percom OPC., and Director and Audit Committee Member of Liberty Flour Mills, Inc. He also serves as Corporate Secretary of Kanlaon Development Corporation, Piliwood Bacolod Corp, Jayjay Realty Corporation, JM & Company, Inc., the Assistant Treasurer of JM Profreeze, and the Assistant Corporate Secretary of JM Brenton Industries Corporation. He also serves as Director and Officer in Charge of Agchem Manufacturing Corporation.

William L. Ang. 73 years old. He was first elected as the Company's Vice President and Treasurer on March 1, 2022. He is a Director of Liberty Flour Mills, Inc. and holds the position of First Vice President and Treasurer of Parity Values, Inc. He is also a stockholder and Treasurer of Trade Demands Corporation and a Director of the Securities Clearing Corporation of the Philippines.

Jose Ma. S. Lopez. 79 years old. He serves as the Company's Director. He is presently a Director and Senior Vice President and Treasurer of Liberty Flour Mills, Inc. He is a Director in other corporations including Agchem Manufacturing Corporation and Liberty Commodities Corporation. He is also the Senior Vice President of Lopez Sugar Corporation.

John Carlos Uy. 73 years old. He serves as the Chairman of the Board of Directors of the Company and as Director. He is presently a Director of Liberty Flour Mills, Inc. and Director and the General Manager of Parity Values, Inc., with both corporations being non-public stockholders of the Company.

David Ng, 62 years old. He serves as the Company's Independent Director. He is presently the President of Merlin Mining Corporation, Lucky Jade Corporation and Cotlesloe Trading Corp. He is also the General Manager of New RTC International Co., Inc. and Administrator of Logic Pacific, Inc.

Jose A. Feria Jr., 76 years old. He serves as the Company's Independent Director. He is presently the Senior Partner of Feria Tantoco Daos Law Offices. Atty. Feria holds the Chairman position for the following companies: Assessment Analytichs, Inc., Cyan Management Corporation, Philippine Multi-media Systems, Inc., MG Exeo Network, Inc., Premiere Travel and Tours, Inc., Spencer Food Corp., Vinnel Belvoir Corp. and Padre Burgos Realty, Inc. He also serves as Vice Chairman of Directories Philippines Corp. Moreover, Atty. Feria is a Director of the following companies: Liberty Flour Mills, Inc., EYP.PH Corporation, AeroAsia, Inc., HL&F Management Corp., Macawiwili Gold Mining & Development Corporation, Metropolitan Insurance Corp., Montecito Properties, Inc., Pru-Life Insurance Corp.-UK, Telephilippines Inc. and the Corporate Secretary of All Asian Counter Trade, Inc., Felvisol Development Corp. and Sanara Inc.

**Philip S. Huang, 69 Years Old.* He is nominated to be an Independent Director of the Company. He is a director in Unno Commercial Enterprises, Inc., and Unno Resource Corporation. He also serves as the president for Upson Resources Corporation. He graduated from the De La Salle University in 1977 with a degree in Bachelor of Science in Commence, and holds a Masters In Business Management from the Asian Institute of Management.

****Philip S. Huang is the new nominee to the Board of Directors of the Company.***

Ma. Adelina S. Gatdula, 61 years old. She serves as the Company's Corporate Secretary and is a Partner at Picazo Buyco Tan Fider & Santos Law Offices. She graduated from the University of the Philippines with a degree in A.B. Economics, cum laude, and from the University of the Philippines College of Law. She also serves as Director and/or Corporate Secretary of various Philippine corporations engaged in the real estate business, business process outsourcing, and insurance, among others.

Ma. Lourdes Calpo Endozo, 41 years old. She serves as the Company's Assistant Corporate Secretary. She is a Partner at Picazo Buyco Tan Fider & Santos Law Offices, achieved her Juris Doctor from the University of the Philippines College of Law and has been a member of the Philippine Bar since 2009. Atty. Endozo has been a practicing lawyer for the past 15 years and specializes in the areas of mergers and acquisitions, banking and finance, public utilities and infrastructure, bancassurance, education, retail trade, competition law, and real estate and construction.

All the directors and officers of the Company possess a high degree of integrity and character and are fully capable and able to perform their duties as directors and officers, respectively. None of the directors or officers has been declared bankrupt nor has there been any petition filed by or against any of the directors, nor against any businesses of which they were a part of. None of the directors and officers of the Company have been convicted of any crime, domestic or foreign and there are no criminal proceedings presently pending against any of them. None of the directors and officers of the Company have been temporarily or permanently barred, suspended or otherwise subject to any order limiting their involvement in any type of business.

Independent Directors

The Nominations Committee of the Company, which was constituted in accordance with the Company's Manual on Corporate Governance, pre-screens and shortlists all candidates in accordance with the Manual on Corporate Governance.

In a meeting of the Nominations Committee of the Company on April 22, 2024, Mr. John Carlos Uy nominated Mr. Philip S. Huang and David Ng to be the Company's Independent Directors for the ensuing corporate year.

Other than as stated above, no new persons were named and nominated to be the Company's independent directors for the ensuing corporate year.

Board Committees

The members of the Company's Nomination Committee are: Jose S. Jalandoni, William L. Ang and Jose A. Feria, Jr., with Jose A. Feria, Jr. presiding as Chairman.

The members of the Company's Audit Committee are: Jose A. Feria, Jr., David Ng, and John Carlos Uy, with Jose A. Feria, Jr. presiding as the Chairman.

The members of the Compensation and Remuneration Committee are: David Ng, John Carlos Uy and Jose S. Jalandoni, with David Ng presiding as Chairman.

Security Ownership of Directors and Senior Management

Directors

Title of class	Name of Beneficial Owners	Amount and nature of beneficial ownership		Citizenship	Percent of ownership
Common	William Carlos Uy	139	D	Filipino	<i>Nil</i>
Common	Jose S. Jalandoni	70	D	Filipino	<i>Nil</i>
Common	William Ang	25,738	D	Filipino	<i>Nil</i>
Common	Jose Ma. S. Lopez	50,759,644	D	Filipino	<i>0.2%</i>
Common	John Carlos Uy	25,807	D	Filipino	<i>Nil</i>
Common	Jose A. Feria, Jr.*	2,485	D	Filipino	<i>Nil</i>
Common	David Ng*	26,014	D	Filipino	<i>Nil</i>

**Current Independent Directors of the Corporation*

The above, save for Atty. Jose A. Feria, Jr., are likewise the nominees in the election to the Board of Directors for the 2024 corporate year.

Officers and Senior Management

Title of class	Name of Beneficial Owners	Position	Amount and nature of beneficial ownership		Citizenship	Percent of ownership
Common	William Carlos Uy	Chairman	139	D	Filipino	<i>Nil</i>
Common	Jose S. Jalandoni	President	70	D	Filipino	<i>Nil</i>
Common	William L. Ang	Vice President and Treasurer	25,738	D	Filipino	<i>Nil</i>
N/A	Ma. Adelina S. Gatdula	Corporate Secretary	0	N/A	Filipino	<i>N/A</i>
N/A	Ma. Lourdes C. Endozo	Assistant Corporate Secretary	0	N/A	Filipino	<i>N/A</i>
N/A	Anna Isabel Chan	Compliance Officer	0	N/A	Filipino	<i>N/A</i>

Attendance of the Directors at Meetings of the Board of Directors

NAME	NUMBER OF MEETINGS WITHIN TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED
William Carlos Uy	12	7
Jose S. Jalandoni	12	10
William Ang	12	11
Jose Ma. S. Lopez	12	10
John Carlos Uy	12	11
David Ng	12	10
Jose A. Feria Jr.	12	9

Attendance in Committee Meetings

Audit Committee

NAME	NUMBER OF MEETINGS WITHIN TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED
Jose A. Feria Jr.	2	1
David Ng	2	2
John Carlos Uy	2	2

Nominations Committee

NAME	NUMBER OF MEETINGS WITHIN TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED
Jose A. Feria Jr.	1	1
Jose S. Jalandoni	1	1
William Ang	1	1

Attendance in Stockholders' Meetings

NAME	NUMBER OF MEETINGS WITHIN TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED
William Carlos Uy	1	1
Jose S. Jalandoni	1	1
William Ang	1	1
Jose Ma. S. Lopez	1	1
John Carlos Uy	1	1
David Ng	1	1
Jose A. Feria Jr.	1	1

*For 2023, the Company only had an Annual Stockholders' Meeting.

Significant Employees

While the Company believes that its employees are a valuable resource, other than the persons named above, the Company does not expect any other person to individually make a significant contribution to the business of the Company.

Family Relations

William Carlos Uy and John Carlos Uy are siblings.

Jose S. Jalandoni and Jose Ma. S. Lopez are first cousins.

Other than the above, the Company is not aware of any family relationships among the directors and officers of the Company.

Certain Relationships and Related Transactions

Purchase of Liberty Building

Liberty Building is an 8-story building located along A. Arnaiz Avenue. This building houses multiple commercial tenants with eight (8) office floors and one (1) basement parking area.

On May 3, 2023, the independent third-party financial adviser advised that the fair price for Liberty Building is about 27% of the value of the total assets of Liberty Flour Mills, Inc.

On May 31, 2023, after being given an opportunity to study the fairness opinion provided by the independent third-party financial adviser, and upon negotiations of the parties, the Board of Directors of the Company approved: (a) the fairness opinion; and (b) the execution of a contract to sell with a tentative execution date of June 2, 2023.

The terms of payment will be a deposit of 22% of the purchase price on or before April 20, 2023, with the balance of the purchase price to be paid in installments all of which must be fully paid on or before November 30, 2024.

The purchase of Liberty Building will add to the Company's property portfolio and operating income.

Involvement in Certain Legal Proceedings

None of the directors or officers have been declared bankrupt nor have there been any petitions filed by or against any of the directors, nor to any businesses of which they were a part of. Neither have any of them been convicted of any crime, domestic or foreign; and there are no criminal proceedings or threatened material litigation presently pending against any of them or any of their properties; or between any of them and the Company which are material to an evaluation of the ability or integrity of any director or officer of the Company as described in Part II, Paragraph (c) of the Securities Regulation Code ("SRC") Rule 12.

None of the directors and officers of the Company have been temporarily or permanently barred, suspended, or otherwise subject of any order limiting any of their involvement in any type of business.

The Company is presently not involved in any material legal proceeding affecting any of its properties.

Voting Trust Holders of 5% or More

The Company does not have knowledge of persons holding more than 5% of common shares under a voting trust or similar agreement.

Changes in Control

No change in control of the Company has occurred since the beginning of the previous fiscal year.

Item 6. Compensation of Directors and Executive Officers

Compensation of Directors and Executive Officers

The Company adopts a performance-based compensation scheme. The aggregate compensation paid to the Company's highest compensated executives amounted Php3.03 million in 2021 and Php2.37 million in 2022. The projected annual compensation for the current year is Php 2.61 Million.

Information as to the aggregate compensation paid or accrued by the Company during the last two (2) fiscal years and to be paid in the ensuing fiscal year to the Company's President and two (2) executive officers, namely, Jose S. Jalandoni and William L. Ang. Jose S. Jalandoni, William L. Ang, and Sergio G. Locsin are the only executives of the Company from in 2022; and for 2023 the only executives are Jose S. Jalandoni and William L. Ang.

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
Jose S. Jalandoni	President	2024*	2.86	1.98	0.88
William L. Ang	Vice President and Treasurer				

**The above is the estimated compensation for the aforementioned officers for the 2024 fiscal year.*

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
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Jose S. Jalandoni	President	2023	2.70	1.89	0.81
Sergio G. Locsin Jr.	Vice President and Treasurer <i>Vice President and Treasurer- Jan 2003 to February 28, 2022</i>				
William L. Ang	Vice President and Treasurer <i>March 1, 2022 to Present</i>				

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
Jesus S. Jalandoni Jr.	President <i>President - March 1, 1997 to April 19, 2021</i>	2022	2.37	1.78	0.59
Sergio G. Locsin Jr.	Vice President and Treasurer				
Jose S. Jalandoni	MIS Manager <i>(April 1997 to April 18, 2021)Promoted to President Effective April 19, 2021</i>				

The amount of compensation for the above-named executive officers as a group for the last three (3) fiscal years are as follows:

Name and Principal Position	Year	Salaries (₱)	Bonus (₱)	Others (₱)	Total (₱)
Total compensation for the above-named three (3) executive officers	2024*	₱1,977,600	₱767,213	₱110,000	₱2,854,813
	2023	₱1,888,800	₱704,096	₱110,000	₱2,702,896
	2022	₱1,781,525	₱541,100	₱50,000	₱2,372,625
	2021	₱2,271,519	₱756,000	-	₱3,027,519
All other officers and directors as a group	2024*	₱1,977,600	₱767,213	₱761,110	₱3,505,923
	2023	₱1,888,800	₱1,065,207	₱350,000	₱3,304,007
	2022	₱1,781,525	₱541,100	₱160,000	₱2,482,625
	2021	₱2,271,519	₱756,000	-	₱3,027,519

* The 2024 figures are only estimates of the compensation to be given to the Executive Officers and members of the Board. The actual compensation given for 2024 may vary from what is provided above.

Aside from the above, the other directors of the Company do not receive any compensation, except for reasonable per diems for attendance during meetings.

There are no special compensatory arrangements between the Company and any of its directors or officers.

Compensation of Directors

The per diems of the directors are based on an attendance per board meeting basis. The amount of aggregate per diem per meeting for the 2022 fiscal year was Php160,000, with the per meeting per diem set at Php5,000.00; while the aggregate per diem for the 2023 fiscal year is Php 350,000, with the per diem per meeting set at Php5,000.00. There are no additional per diems that are given for attendance at committee meetings. Furthermore, there are no other arrangements with regard to the remuneration of the Company's Non-Executive Directors aside from the compensation stated herein.

Apart from the executive directors who are compensated for their holding of executive positions, there are no other agreements between the Company and any member of the Board of Directors under which the latter would be compensated or is to be compensated for any service provided as a director. As such, there are no special compensatory arrangements between the Company and any of its directors or officers.

For the year 2023, the directors of the Corporation received the following per diems and bonuses:

NAME	Per Diem		Bonus	Total
	Board Meetings	Committee Meetings		
WILLIAM CARLOS UY	₱35,000.00	-	₱72,223.00	₱107,223.00
JOSE S. JALANDONI	₱55,000.00	-	₱352,048.00	₱407,048.00
WILLIAM ANG	₱55,000.00	-	₱352,048.00	₱407,048.00
JOHN CARLOS UY	₱55,000.00	-	₱72,222.00	₱127,222.00
JOSE MA. S. LOPEZ	₱50,000.00	-	₱72,222.00	₱122,222.00
JOSE FERIA, JR	₱45,000.00	-	₱72,222.00	₱117,222.00
DAVID NG	₱55,000.00		₱72,222.00	₱127,222.00
Total	₱350,000.00		₱1,065,207	₱1,415,207

For the year 2022 the directors of the Corporation received the following per diems and bonuses:

NAME	Per Diem		Bonus	Total
	Board Meetings	Committee Meetings		
WILLIAM CARLOS UY	₱25,000.00	-	-	₱25,000.00
JOSE S. JALANDONI	₱25,000.00	-	₱298,800	₱323,800.00
WILLIAM ANG	₱25,000.00	-	₱242,300	₱267,300.00
JOHN CARLOS UY	₱25,000.00	-	-	₱25,000.00
JOSE MA. S. LOPEZ	₱20,000.00	-	-	₱20,000.00
JOSE FERIA, JR	₱20,000.00	-	-	₱20,000.00
DAVID NG	₱20,000.00	-	-	₱20,000.00
Total	₱160,000.00	-	₱541,500.00	₱701,500.00

For the year 2021 the directors of the Corporation received the following per diems and bonuses:

NAME	Per Diem		Bonus	Total
	Board Meetings	Committee Meetings		
WILLIAM CARLOS UY	NO PER DIEM GIVEN			
JOSE S. JALANDONI				

WILLIAM ANG	
JOHN CARLOS UY	
JOSE MA. S. LOPEZ	
JOSE FERIA, JR	
DAVID NG	
Total	

Item 7. Independent Public Accountants

Sycip Gorres Velayo & Co (“SGV”) is presently the Company’s independent external auditor. The audit services provided by Sycip Gorres Velayo & Co. for the fiscal year ended 31 December 2023 included the examination of the financial statements of the Company, preparation of the final income tax returns, and other services related to the filing of reports with the Securities and Exchange Commission. Other than the preparation and filing of income tax return, the Company has not engaged SGV for any tax services.

There have been no changes in nor disagreements with accountants on accounting and financial disclosure.

The Audit Committee at the start of the calendar year discusses, evaluates and reviews the nature and scope of the audit including the appointment of external auditor, the audit fees and any question of resignation or dismissal. Further, the Audit Committee reviews the quarterly, half-year and annual financial statements before submission to the Board, focusing particularly on any change in the accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumption, compliance with accounting standards and compliance with tax, legal and stock exchange requirements.

Item 8. Compensation Plans

On 21 December 2022, the Board of Directors of the Company approved a stock purchase plan (the “Plan”) covering 200,000,000 common shares (the “Plan Shares”) from the Company’s unissued capital stock. The Plan will give eligible participants the opportunity to purchase shares of the Company at an affordable price. The Plan is open to all Board members, officers, and employees and shall be effective for one (1) year beginning 22 December 2022 (the “Plan Term”). Plan Shares that are not purchased during the Plan Term shall remain part of the unissued capital stock of the Company. The Plan shall be administered by the Audit Committee.

There are no compensation plans or stock option plans for the year 2023.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

No matter to report.

Item 10. Modification or Exchange of Securities

No matter to report.

Item 11. Financial and Other Information

Please see the attached Annual Report and Audited Financial Statements for the year 2023.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There is no intended merger, consolidation, acquisition or other similar matters.

Item 13. Acquisition or Disposition of Property

Liberty Building is an 8-story building located along A. Arnaiz Avenue. This building houses multiple commercial tenants with eight (8) office floors and one (1) basement parking area.

On March 27, 2023, the Board of Directors of LFM Properties Corporation (“LPC”) approved the purchase of Liberty Building from Liberty Flour Mills, Inc. (hereafter “LFM”). The terms of the sale were subjected to a fairness opinion from an independent third-party adviser. On May 3, 2023, the third-party adviser advised that the fair price for Liberty Building is valued at 27% of LFM’s Assets.

On May 31, 2023, after being given an opportunity to study the fairness opinion provided by the third-party adviser, and upon negotiations of the parties, the Board of Directors of LPC and LFM have resolved that they shall enter into a *Contract to Sell* covering the sale of Liberty Building. The terms of payment will be the deposit of 22% of the purchase price on or before April 20, 2023, the balance of the purchase price will be in installments which must be fully paid on or before November 30, 2024. The Deed of Absolute Sale will be executed and the absolute transfer of Liberty Building to LPC will be made upon the tender of the final installment payment.

The purchase of Liberty Building will add to LPC’s property portfolio and operating income of LPC. The effect on the business, financial condition, and operations of LPC are as follows:

1. The value of Liberty Building is expected to increase over time; hence giving LPC an appreciating asset.
2. Liberty Building is a rental-generating asset which will provide LPC with recurring income.
3. The purchase of Liberty Building expands the real estate portfolio of LPC.

The source of funds for the acquisition will be internally generated funds, and bank borrowings.

The assets and improvements were being used by LFM for commercial purposes to generate income. LPC intends to use Liberty Building for the same purposes.

Item 14. Restatement of Accounts

For 2023 there were no restatement of accounts.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

During the scheduled Annual Stockholders Meeting, the following reports shall be submitted to the stockholders for their approval:

1. The Minutes of the Annual Stockholders Meeting held on 26 July 2023; and
2. The Financial Statements for the fiscal year ended 31 December 2023.

The Minutes of the last Annual Stockholders’ Meeting and resolutions of the Board of Directors will be made available to stockholders upon request.

Summary of the 2023 Annual Stockholders’ Meeting Minutes

Quorum for the 2023 Annual Stockholders’ Meeting

During the last Annual Stockholder’s Meeting held on July 26, 2023, 18,876,804,828 shares representing 75.51% of the outstanding capital stock of the Company were represented either in person or by proxy.

Voting and Vote Tabulation Procedure

The Company's stockholder voting mechanism is provided under the Company's By-Laws, in particular Article II, Section 7, which provides the following:

"Section 7. Manner of Voting - At all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholders or his duly authorized attorney-in-fact. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the secretary..."

During the annual stockholders' meeting held on July 26, 2023, only stockholders of record were entitled to notice and vote at the said meeting. The holders of the common shares of stock of the Company voted on matters scheduled to be taken up during the meeting with each share being entitled to cast one (1) vote. During the 2023 Annual Meeting the stockholders were provided with a link to an online voting platform where the votes could be cast. The Corporate Secretary counted and validated the votes in accordance with the Revised Corporation Code.

Opportunity Given to Stockholders to Ask Questions and a Record of Questions Asked and Answers Given

The stockholders were given the opportunity to ask questions during the meeting. Given the limited agenda for the meeting, no questions were asked.

Matters Discussed and Resolutions Reached and the Record and Voting Results for Each Agenda Item

Ratification of the acts of the Board and of management of the Company for the year 2022-2023

The stockholders approved and ratified all matters previously approved by the Board of Directors as set forth in the minutes of the meetings of the Board of Directors held during the relevant period.

For this agenda item, this was affirmed, approved, and ratified by the affirmative vote of 18,876,804,828 shares representing 100% of the stockholders present in person and/or through proxy.

Election of Directors

The stockholders unanimously elected the following as directors of the Company:

1. Mr. William Carlos Uy
2. Mr. Jose S. Jalandoni
3. Mr. Jose Ma. S. Lopez
4. Mr. John Carlos Uy
5. Mr. William L. Ang
6. Mr. Jose Feria, Jr. (independent director)
7. Mr. David Ng (independent director)

For this agenda item, this was affirmed, approved, and ratified by the affirmative vote of 18,876,804,828 shares representing 100% of the stockholders present in person and/or through proxy.

Amendment of the Articles of Incorporation - Increase in Authorized Capital Stock

The following were the proposed amendments to the Articles of Incorporation:

ARTICLE NO.	FROM	TO
SEVENTH	That the authorized capital stock of said corporation is FOUR HUNDRED MILLION PESOS (P400,000,000),	That the authorized capital stock of the Corporation is Four Hundred Million Pesos (P400,000,000.00),

	Philippine Currency, and said capital stock is divided into (a) THIRTY BILLION (30,000,000,000) common shares with a par value of One Centavo (P0.01) each, and (b) ONE MILLION non-voting, non-convertible preferred shares with a par value of One Hundred Pesos (P100.00) each.	Philippine currency and said capital stock is divided into <u>forty billion (40,000,000,000) common shares with par value of One Centavo (P0.01) each.</u>
SEVENTH	That the authorized capital stock of said corporation is FOUR HUNDRED MILLION PESOS (P400,000,000), Philippine Currency, and said capital stock is divided into FORTY BILLION (40,000,000,000) common shares with a par value of One Centavo (P0.01) each.	That the authorized capital stock of the Corporation is <u>Seven Hundred Million Pesos (P700,000,000.00)</u> Philippine currency and said capital stock is divided into <u>seventy billion (70,000,000,000) common shares</u> with par value of One Centavo (P0.01) each.

For this agenda item, this was affirmed, approved, and ratified by the affirmative vote of 18,876,804,828 shares representing 100% of the stockholders present in person and/or through proxy.

Amendment of the By-Laws - Change in the Regular Meeting date of the Board of Directors

The following was the proposed amendment to the Corporation's By-Laws:

ARTICLE NO.	FROM	TO
ARTICLE III, SECTION 6	Regular Meeting of the Board of Directors shall be held every second Wednesday of each month at such times and places as the Chairman of the Board, or in his absence, the President, or upon the request of a majority of the directors and shall be held at such places as may be designated in the notice.	Regular Meeting of the Board of Directors shall be held every <u>last Wednesday</u> of each month at such times and places as the Chairman of the Board, or in his absence, the President, or upon the request of a majority of the directors and shall be held at such places as may be designated in the notice.

For this agenda item, this was affirmed, approved, and ratified by the affirmative vote of 18,876,804,828 shares representing 100% of the stockholders present in person and/or through proxy.

Declaration of Stock Dividends

At a meeting of the Board of Directors held on March 27, 2023 the declaration of 60% stock dividends corresponding to 15 Billion shares, equivalent to PhP150,000,000.00, was approved.

Of such stock dividends: (a) 5 billion shares shall come from the Company's unissued shares; and (b) 10 billion shares, shall come from the increase in the Company's authorized capital stock. The issuance of the stock dividends shall be subject to the approval of the Securities and Exchange Commission of the increase in the Company's authorized capital stock.

The declaration of stock dividends was affirmed, approved, and ratified by the affirmative vote of 18,876,804,828 shares representing 100% of the stockholders present in person and/or through proxy

Directors and Officers Present During the Meeting

The following directors and officers attended the meeting:

1. Mr. William Carlos Uy (Chairman and Director)
2. Mr. Jose S. Jalandoni (President and Director)

3. Mr. Jose Ma. S. Lopez (Director)
4. Mr. John Carlos Uy (Director)
5. Mr. William L. Ang (Director, Vice President and Treasurer)
6. Mr. Jose Feria, Jr. (Independent Director)
7. Mr. David Ng (Independent Director)
8. Ms. Ma. Adelina S. Gatdula (Corporate Secretary)
9. Ms. Ma. Lourdes C. Endozo (Assistant Corporate Secretary)

Stockholders Present during the Meeting

The voting rights of Stockholders shall be reckoned per share of stock and not per capita.

The following Stockholders were present during the 2023 Annual Meeting:

1. Mr. William Carlos Uy
2. Mr. Jose S. Jalandoni
3. Mr. Jose Ma. S. Lopez
4. Mr. John Carlos Uy
5. Mr. William L. Ang
6. Mr. Jose Feria, Jr.
7. Mr. David Ng
8. Liberty Flour Mills. Inc.
9. Parity Values, Inc.

Item 16. Matters Not Required to be Submitted

There are no matters or actions to be taken up in the meeting that will not require the vote of the stockholders as of record date.

Item 17. Amendment of Charter, Bylaws or Other Documents

On April 22, 2024 the Board of Directors approved the following amendments amendment of the Company's Articles of Incorporation to: (a) increase the number of members of the Board of Directors from seven (7) to nine (9); and (b) subject to the approval by the Securities and Exchange Commission of the pending application for increase of the authorized capital stock of the Corporation from Four Hundred Million Pesos (P400,000,000.00) to Seven Hundred Million Pesos (P700,000,000.00), increase the authorized capital stock from Seven Hundred Million Pesos (PhP700,000,000.00) to One Billion Seven Hundred Million Pesos (PhP1,700,000,000); and (c) create One Million (1,000,000) Preferred Shares with a pr value of One Thousand Pesos (PhP1,000.00) per share, as follows:

ARTICLE NO.	FROM	TO
SIXTH	That the number of directors of said corporation shall be seven (7)...	That the number of directors of said corporation shall be <u>nine (9)</u> ...
SEVENTH	That the authorized capital stock of the Corporation is Seven Hundred Million Pesos (P700,000,000.00) Philippine currency and said capital stock is divided into seventy billion (70,000,000,000) common shares with par value of One Centavo (P0.01) each	That the authorized capital stock of the Corporation is <u>One Billion Seven Hundred Million Pesos (P1,700,000,000.00)</u> Philippine currency and said capital stock is divided into seventy billion (70,000,000,000) common shares with par value of One Centavo (P0.01) each <u>and one million cumulative non-voting convertible redeemable preferred shares (1,000,000) with a par value of One Thousand Pesos (P1,000.00) each (the "Preferred Shares")</u> . <u>The features of the Preferred Shares</u>

		<u>are as follows:</u> 1. <u>Term - the Preferred Shares shall be perpetual and shall not have no fixed maturity or mandatory redemption date.</u> 2. <u>Redemption - The Corporation shall have the option, but not the obligation to redeem the Preferred Shares, in whole or in part, at any time after issue date. The Corporation's exercise of the right to redeem shall be completed by the payment of the redemption price which shall consist of the price at which the shares were issued including any accrued and unpaid dividends, deducting any taxes and customary transfer costs. Provided, that holders of the Preferred Shares shall be given at least thirty (30) days' notice of the Corporation's intention to redeem the Preferred Shares.</u> 3. <u>Conversion - The Preferred Shares shall be convertible at the option of the Corporation at any time after the issue date, provided that holders of Preferred Shares shall be given at least thirty (30) days' notice of the Corporation's intention to convert the redeemable Preferred Shares.</u> 4. <u>Dividends - The Preferred Shares will bear cumulative, non-participating dividends based on the Issue Price, payable quarterly at the rate equivalent to 6 to 7 percent per annum, from the date that such Preferred Shares are issued, with the rate within the discretion of the Corporation.</u> <u>The Corporation shall have full discretion over the declaration and payment of dividends on the Preferred Shares, to the extent permitted by law. Provided, the Board shall not declare any dividends to the Preferred Shares where: (i) the declaration of such dividends would cause the Corporation to</u>
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		<u>breach its financial covenants; and (ii) the unrestricted retained earnings available to the Corporation for distribution as dividends are not sufficient to enable the Corporation to pay the dividends in full on all other classes of its outstanding shares that are scheduled to be paid on or before any dividend payment date and that have an equal right and priority to dividends as the Preferred Shares</u>
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*Please note that the application for the approval of the increase of Authorized Capital from Four Hundred Million Pesos (PhP400,000,000.00) to Seven Hundred Million Pesos (PhP700,000,000.00) is still for approval by the Securities and Exchange Commission.

The purpose of the amendment to the Articles of Incorporation to increase the Authorized Capital is to increase and strengthen the Company's capital base, while the increase in the number of directors is meant to increase participation in Board meetings.

The Company foresees that there will be no significant effect on the Corporation's business. However, the proposed amendments will be increasing the number of seats to the Board of Directors while increasing the authorized capital stock through the creation of cumulative non-voting convertible redeemable preferred shares.

Item 18. Other Proposed Action

1. The acts and proceedings of the board of directors covering the period from July 26, 2023, to April 29, 2024 shall also be discussed and submitted to the stockholders for their ratification to obtain a confirmation of support from the stockholders for all the acts and decisions taken by the board of directors and management during the above-mentioned period.

Copies of the resolutions of the board of directors and the Minutes of their meetings will be available upon request.

The matters acted upon or approved by the Board of Directors, its Committees, and Management include:

- a. Election of the following as officers of the Corporation:
 - i. Chairman Emeritus - Mr. William Carlos Uy
 - ii. Chairman of the Board - Mr. John Carlos Uy
 - iii. President - Mr. Jose S. Jalandoni
 - iv. Vice President - Mr. William L. Ang
 - v. Treasurer - Mr. William L. Ang
 - vi. Corporate Secretary - Ms. Ma. Adelina S. Gatdula
 - vii. Assistant Corporate Secretary - Ms. Ma. Lourdes C. Endozo
 - viii. Compliance Officer - Ms. Anna Isabel Chan
- b. Approval of the minutes of the Board meeting held on 21 June 2023
- c. Sale of Unit 31A and Unit 31B of the Pacific Plaza Condominiums
- d. Designating each of Mr. John Carlos Uy, Mr. Jose S. Jalandoni, and Mr. William L. Ang as authorized representative and signatory for transactions with the Home Development Mutual Fund

- e. Designation of each of Mr. John Carlos Uy, Mr. Jose S. Jalandoni, and Mr. William L. Ang as authorized representative and signatory for all communications and/or transactions with Malayan Insurance Company, Inc. for Policy No. F0099349
- f. Grant of authority to open an account and transact with Astra Securities Corporation and/or such other stock brokers/trading participants registered with the Philippine Stock Exchange, Inc., and designating any two (2) of Mr. John Carlos Uy, Mr. Jose S. Jalandoni, and Mr. William L. Ang as authorized signatories
- g. Approval of the minutes of the organizational and regular Board meetings held on 26 July 2023, and of the special Board meeting held on 23 August 2023
- h. Grant of authority to apply for and secure certified true copies of Real Property tax Declarations No. F03104380 and F03104381 from the local government of Makati City, and designating Mr. Joey Canonse as authorized representative to apply for and receive such copies
- i. Designation of Mr. Eriel Casapao as authorized signatory to certifications on tenancy/occupancy, the existence of any claims, liens, or encumbrances, and/or pending cases or proceedings, in respect of the Liberty Plaza Building or relevant part thereof
- j. Designation of each of Mr. William L. Ang and Mr. Gerardo V. Belarmino as authorized representative to sign for and accept the release of Transfer Certificate of Title No. 006-2012001272 from Rizal Commercial Banking Corporation
- k. Approval of the minutes of the Board meeting held on 27 September 2023
- l. Approval of the minutes of the Board meeting held on 23 October 2023
- m. Confirmation of the treatment of fractional shares arising from the declaration of stock dividends during the regular meeting of the Board of Directors held on 27 March 2023, and which was ratified by the stockholders on 26 July 2023
- n. Approval of the minutes of the Board meeting held on 24 November 2023
- o. Authority to execute an undertaking in favor of BDO Unibank, Inc. in consideration of the increase in the credit facility granted to the Corporation from Three Hundred Million Pesos (Php300,000,000.00) to One Billion One Hundred Million Pesos (Php1,100,000,000.00)
- p. Grant of authority to submit disclosures to the Philippine Stock Exchange, Inc. in respect of the increase in the Corporation's authorized capital stock and the related declaration and distribution of stock dividends, following approval of the increase in authorized capital stock by the Securities and Exchange Commission
- q. Approval of the minutes of the Board meeting held on 20 December 2023
- r. Grant of authority to acquire a parcel of land from Parity Values, Inc. and designating Mr. Jose S. Jalandoni as authorized representative and signatory
- s. Approval of the minutes of the Board meeting held on 31 January 2024
- t. Approval of the minutes of the Board meeting held on 28 February 2024
- u. Approval of the audited financial statements of the Corporation for the year ended 31 December 2023, and designating Mr. Jose S. Jalandoni and Mr. William L. Ang as authorized signatories thereto
- v. Amendment of the Articles of Incorporation to increase the number of directors from seven (7) to nine (9)
- w. Amendment of the Articles of Incorporation to further increase the authorized capital stock of the Corporation from Seven Hundred Million Pesos (Php700,000,000.00) to One Billion Seven Hundred Million Pesos (Php1,700,000,000.00) divided into seventy billion (70,000,000,000) common shares with a par value of Php0.01 per common share and one million (1,000,000) preferred shares with a par value of Php1,000.00 per preferred share, subject to the approval of the Securities and Exchange Commission of the pending application to increase the Corporation's authorized capital stock from Four Hundred Million Pesos (Php400,000,000.00) to Seven Hundred Million Pesos (Php700,000,000.00)
- x. Approval of the Minutes of the Board meetings held on 20 March 2024 and 22 April 2024

2. Approval of the Minutes of the 2023 Annual Stockholders' Meeting

The following matters were approved during the Annual Stockholders' Meeting held on 26 July 2023:

- i. Ratification of the Acts of the Board of Directors and Management for the year 2022-2023;
 - ii. Election of the following stockholders as Directors of the Company:
 1. William Carlos Uy
 2. Jose S. Jalandoni
 3. Jose Ma. S. Lopez
 4. John Carlos Uy
 5. William L. Ang
 6. Jose Feria, Jr. (Independent Director)
 7. David Ng (Independent Director)
 - iii. Amendment to the Articles of Incorporation to Reclassify 1,000,000 Preferred Shares to 10,000,000,000 Common Shares (at the rate of 10,000 common shares for every one (1) preferred share)
 - iv. Amendment to the Articles of Incorporation to Increase the Authorized Capital Stock to Seven Hundred Million (Php700,000,000.00) Divided into Seventy Billion (70,000,000,000) Common Shares with a Par Value of One Centavo (Php0.01) Per Common Share
 - v. Amendment to the By-Laws to Change the Regular Meeting Date of the Board of Directors to the Last Wednesday of Each Month
 - vi. Declaration of Stock Dividends in the Amount of One Hundred Fifty Million Pesos (Php150,000,000.00)
 - vii. Appointment of Sycip Gorres Velayo & Co. as External Auditor for the Ensuing Fiscal Year
3. Election of the following incumbent members of the Board of Directors including the independent directors for the ensuing year:
 1. Jose S. Jalandoni
 2. Jose Ma. S. Lopez
 3. John Carlos Uy
 4. William L. Ang
 5. David Ng (Independent Director)
 6. Philip S. Huang (Independent Director)
 4. Election and Appointment of the external auditor.
 5. The Stockholders will be asked to approve the engagement of Sycip Gores Velayo & Co as the Company's external auditor for the ensuing fiscal year.

Item 19. Voting Procedures

Vote required for approval

All matters subject to vote, except in cases where the law provides otherwise, shall be decided by the affirmative vote of the issued and outstanding capital stock entitled to vote and represented at the annual stockholders' meeting. The representation of the stockholders during the meeting shall either be in person (through remote communication), through proxy, or voting in absentia.

For election of directors, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit.

Method by which votes will be cast and counted

A stockholder may vote through proxy in writing, signed by the stockholder concerned, and in the form provided for in this Information Statement. The proxy issued by a corporate stockholder must be supported by a notarized Secretary's Certificate signed by the Corporate Secretary of the corporate stockholder. Such proxies may be sent electronically to LPCCorporatesecretary@picazolaw.com, or mailed to the office of the Company.

A stockholder may vote electronically in absentia using the online web address that will be provided to him/her during the meeting. A stockholder that casts his vote in absentia shall be deemed present for the purpose of determining a quorum.

Opportunity to ask questions

Before a matter is put to vote by the Chairman of the Board, the Stockholders shall be given an opportunity to ask questions and raise concerns regarding the matters that are up for vote. Such questions shall be recorded and taken note of by the Corporate Secretary.

Participation of the Stockholders via Remote Communication and Voting In Absentia

Before a stockholder can participate via remote communication and/or vote in absentia, the stockholder must first register and be authenticated. The procedure for authentication, participation through remote communication and voting in absentia is attached as ANNEX "A".

Item 20. Participation of Stockholders by Remote Communication

Stockholders will be allowed to participate in the meeting via remote communication and voting in absentia. The Procedures that stockholders must follow for authentication and registration are contained in Annex "A".

Item 21: Acceptance of Stockholder Proposals on Agenda Items

Stockholders of record as of the record date owning at least 5% or the total outstanding capital stock of the Company may submit proposals on items for inclusion in the agenda on or before May 22, 2024.

PART II.

INFORMATION REQUIRED IN A PROXY FORM

(This form shall be prepared in accordance with paragraph (5) of SRC Rule 20)

Item 1. Identification

The solicitation is being made by the Company for the purpose of obtaining the necessary quorum for the Annual Stockholders' Meeting and having the matters subject of said meeting approved and/or ratified by the stockholders, namely: (1) approval of minutes of the previous meeting; (2) ratification of the acts and proceedings of the Board of Directors and Corporate Officers; (3) Appointment of an External Auditor; (4) Election of Directors; (5) Amendment of the Articles of Incorporation to increase the number of directors from seven (7) to nine (9), (6) Subject to the approval by the Securities and Exchange Commission of the pending application to increase the authorized capital stock of the Corporation from Four Hundred Million Pesos (PhP400,000,000.00) to Seven Hundred Million Pesos (PhP700,000,000.00), the (i) amendment to the Article Seventh of the Articles of Incorporation to: (a) increase the authorized capital stock from Seven Hundred Million Pesos (PhP700,000,000.00) to One Billion Seven Hundred Million Pesos (PhP1,700,000,000); and (b) create One Million (1,000,000) Preferred Shares with a par value of One Thousand Pesos (PhP1,000.00); (7) Other matters; and (8) Adjournment.

The Chairman of the Company, Mr. John Carlos Uy will be constituted as the true and lawful attorney of a stockholder of record of the Company to vote in the name, place and stead of the said stockholder at the Annual Stockholders' Meeting on May 29, 2024.

Item 2. Instruction

The Proxy Form shall be accomplished in accordance with the instructions set out in the Proxy Form, by means of marking the appropriate box for an action in an item. In the case of election of directors of the Company, a stockholder may withhold authority to vote for any of the nominees by lining through or striking out the name/s of the nominee/s. In which case, the total votes of the stockholder shall be divided equally among the remaining nominees.

If this Proxy is returned without a choice having been made in any or all of the above items, the proxy is authorized to vote all the stockholder's shares at the proxy's discretion. In which case, the proxy shall vote for the approval of all the matters and for the election of all the nominees mentioned in the Proxy Form.

In addition, the proxy is granted discretionary powers as to other matters incidental to the conduct of the meeting.

The Proxy Form shall be validated by means of cross-checking the signature of the stockholders against the signature cards with the Company's stock transfer agent. In the event the Proxy Form needs further validation, verification shall be made with the stockholder concerned itself.

The validation must have been confirmed by the Company at least seven (7) days prior to the date of the meeting.

The matters to be taken up in the meeting are as follows:

1. Approval of the Minutes of the 2023 Annual Stockholders' Meeting
2. Ratification of all Acts and Proceedings of the Board of Directors and Corporate Officers
3. Election of the following nominated persons as members of the Board of Directors of the Company:
 - a. WILLIAM ANG
 - b. DAVID NG (Independent Director)
 - c. JOSE S. JALANDONI

- d. JOSE MA. S. LOPEZ
- e. PHILIP S. HUANG (Independent Director)
- f. JOHN CARLOS UY

A stockholder may withhold authority to vote for any of the nominees by lining through or striking out the name/s of the nominee/s. In which case, the total votes of the stockholder shall be divided equally among the remaining nominees.

- 4. Amendment of Article Sixth of the Articles of Incorporation to increase the number of members of the Board of Directors from seven (7) to nine (9);
- 5. Amendment of Article Seventh of the Articles of Incorporation to: (a) increase the authorized capital stock from Seven Hundred Million Pesos (PhP700,000,000.00) to One Billion Seven Hundred Million Pesos (PhP1,700,000,000); and (b) create One Million (1,000,000) Preferred Shares with a par value of One Thousand Pesos (PhP1,000.00) per share.
- 6. Appointment of the External Auditors
- 7. Other Matters
- 8. Adjournment

Item 3. Revocability of Proxy

The person giving the proxy has the right to revoke the proxy by personal appearance or execution of a proxy at a later date, subject to the pertinent requirements of the law and SEC Circular Number 5, Series of 1996.

Item 4. Persons Making the Solicitation

The solicitation is being made by the Company for the purpose of obtaining the necessary quorum for the annual stockholders meeting and having the matters subject of said meeting approved and/or ratified by the stockholders, namely: (1) approval of minutes of the previous meeting; (2) ratification of the acts and proceedings of the Board of Directors and Corporate Officers; (3) Appointment of an External Auditor; (4) Election of Directors; (5) Amendment of the Articles of Incorporation to increase the number of directors from seven (7) to nine (9), (6) Amendment of Article Seventh of the Articles of Incorporation to: (a) increase the authorized capital stock from Seven Hundred Million Pesos (PhP700,000,000.00) to One Billion Seven Hundred Million Pesos (PhP1,700,000,000); and (b) create One Million (1,000,000) Preferred Shares with a par value of One Thousand Pesos (PhP1,000.00) per share, (7) Other matters; and (8) Adjournment.

None of the Company's directors have manifested any intention of opposing any action intended to be taken by the Company during the scheduled Annual Stockholders' Meeting.

All costs of solicitation for proxies including the costs of engaging messengerial and courier services shall be borne by the Company. Except for the costs incidental to the preparation and sending out of notices and proxies, the Company has not paid nor engaged any other employee or solicitor to undertake the solicitation of proxies. The cost of solicitation, which is approximately PhP30,000.00 will be borne by the Company.

Item 5. Interest of Certain Persons in Matters to be Acted Upon

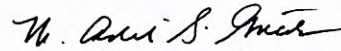
None of the members of the board of directors or senior management have any substantial interest in the matters to be acted upon by the stockholders in the Annual Stockholders Meeting.

As of March 31, 2024, the board of directors and senior management, as a group, own 50,839,897 common shares which is approximately 0.2% of the outstanding common stock.

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 on May 6, 2024.



MA. ADELINA S. GATDULA
Corporate Secretary

A copy of SEC Form 17-A may be provided free of charge
to any stockholder upon written request to the Company

ANNEX "A"

PROCEDURE FOR PARTICIPATION IN THE 2024 ANNUAL STOCKHOLDERS' MEETING OF LFM PROPERTIES CORPORATION THROUGH REMOTE COMMUNICATION AND VOTING IN ABSENTIA

The 2024 Annual Meeting will be held via remote communication and voting *in absentia* - no physical attendance at the meeting shall be allowed.

Stockholders who intend to participate in the meeting should send their intention as well as the registration requirements, provided below, to LPCCorporatesecretary@picazolaw.com. Upon receipt of a stockholder's email, the corporate secretary shall verify the identity of the stockholders following the procedure below. If the registration and verification is successful, the corporate secretary shall send, via electronic mail, access to the website links for the broadcast of the Annual Meeting and the voting portal.

The 2024 Annual Meeting shall be broadcast via Zoom, with voting shall done using Microsoft Forms. In the interest of information security, the link for the meeting shall not be made public and shall be sent privately to Stockholders who have successfully registered.

Procedure for Participation via Remote Communication and Voting *in Absentia*

The following procedure shall be observed for the participation and voting for the 2024 Annual Stockholder's Meeting of the Company:

1. Stockholders as of May 2, 2024, are entitled to participate and vote at the 2024 Annual Stockholder's Meeting. If the stockholder intends to participate through such means, he/she **must register and submit the requirements for registration** via electronic mail on or before May 22, 2024, at 5:00 p.m. to the following email address: LPCCorporatesecretary@picazolaw.com.
2. The requirements for registration for individual stockholder are as follows:
 - a. A recent photo of the stockholder, with the face fully visible;
 - b. A scanned copy of the front and back portions of the Stockholder's valid government issued ID;
 - c. Valid and active email address; and
 - d. Valid and active contact number.
3. The requirements for registration for stockholders with joint accounts is as follows:
 - a. The requirements contained in number 2 above; and
 - b. A scanned copy of an authorization letter signed by all the stockholders, identifying who among them is authorized to participate and cast a vote for their account.
4. The requirements for registration for stockholders under broker accounts is as follows:
 - a. The requirements contained in number 2 above; and
 - b. A broker's certification on the Stockholder's number of shareholdings.
5. The requirements for the registration of corporate stockholders is as follows:
 - a. Secretary's certificate which shall provide the following: (a) name of the representative; and (b) that the representative is authorized to participate in the 2024 Annual Stockholders' Meeting and vote for and on behalf of the corporation;
 - b. A recent photo of the authorized representative, with the face fully visible;
 - c. A scanned copy of the front and back portions of the authorized representative's valid government issued ID;
 - d. Valid and active e-mail address of the authorized representative; and
 - e. Valid and active contact details of the Stockholder's authorized representative.
6. Once a Stockholder has successfully registered and verified, the Corporate Secretary shall send an email to such Stockholder's indicated valid active email address containing the following on or before May 22, 2024:

- a. The link which will be used to broadcast the meeting, and
 - b. The link where votes will be cast.
7. The meeting will be broadcast via Zoom and the voting shall be conducted through the use of Microsoft Forms.
8. The *In Absentia* voting shall be open beginning May 22, 2024, at 9:00 a.m. and shall close on May 28, 2024, at 5:00 p.m.
9. Stockholders who have notified the company of their intention to participate in the annual meeting via remote communication and those that have voted *in absentia* shall be counted for purposes of determining a quorum.
10. Each stockholder participating in the annual meeting via remote communication must identify him/her/itself using the name of the registered stockholder as appearing in the stock and transfer book of the Company.
11. To ensure the quality of the presentation of the Annual Report of the President and Chairman, all participants of the meeting should be on mute. Stockholders who are not on mute may be placed on mute by the meeting administrator. Once the open floor begins, the participants may unmute their devices to ask their questions. Alternatively, questions may be asked through the chat box of the video conferencing platform.
12. **The meeting shall be recorded.**

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **DAVID NG.**, Filipino, of legal age, and a resident of 10 Banaba Circle, South Forbes Park, Makati City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of LPC Properties Corporation (LPC);
2. I am currently affiliated with the following companies or organizations:

COMPANY/ ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Sandalfold Estate Development Corporation	Corporate Secretary	15 Years
New RTC International Co., Inc.	General Manager	28 Years
Dollkit Trading Corp.	President	12 Years
Mindaire Trading Corp	President	11 Years

3. I possess all the qualifications and none of the disqualifications to serve as an independent director for LPC, as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations;
4. I am related to the following director/officer/ substantial shareholder of LPC other than the relationship provided for under Rule 38.2.3 of the Securities Regulation Code.

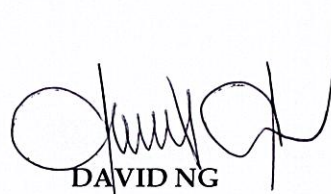
NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative proceeding;
6. 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; and
7. I shall inform the Corporate Secretary of LPC of any changes in the abovementioned information within five (5) days from its occurrence.

22 APR 2024

Makati City

Done this ____ day of _____ at _____.


DAVID NG
Affiant

22 APR 2024 Makati City

SUBSCRIBED AND SWORN to before me this ____ day of ____ at ____ City,
affiant personally appeared before me and exhibited to me his/her TIN 119-867-317
issued at ____ on ____ as competent evidence of his/her
identity.

Doc. No. 436 ;
Page No. 89 ;
Book No. T ;
Series of 2024.


DAR AMBER R. CORONEL
Notary Public for Makati City
Appointment No. M-145
Until December 31, 2024
Roll Number 80707
IBP No. 387024 - 1.02.24 - Makati City
PTR No. 10075544 - 1.02.2024 - Makati
Admitted to the Philippine Bar in May 2022
8th Floor DPC Place
2322 Chino Rocas Avenue, Makati City

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **PHILIP S. HUANG.**, Filipino, of legal age, and a resident of 15 Zalameda Street, Brgy. Ugong Norte, Quezon City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of LFM Properties Corporation (LPC);
2. I am currently affiliated with the following companies or organizations:

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Unno Commercial Enterprises, Inc.	Director	1980-Present
Unno Resource Corporation	Director	1990-Present
Upson Resources Corporation	President	1990-Present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director for LPC, as provided for in Section 38 of the Securities Regulation Code and its implementing Rules and Regulations;
4. I am related to the following director/officer/ substantial shareholder of LFM other than the relationship provided for under Rule 38.2.3 of the Securities Regulation Code.

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative proceeding;
6. 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.
7. I shall inform the Corporate Secretary of LPC of any changes in the abovementioned information within five (5) days from its occurrence.

Done this 23 APR 2024 day of 2024, at Makati City.

PHILIP S. HUANG

Affiant

Makati City

SUBSCRIBED AND SWORN to before me this 23 APR 2024 day of 2024 at Makati City, affiant personally appeared before me and exhibited to me his/her Driver's License N09-76-014340 issued at Manila expiring on 2033/06/13 as competent evidence of his/her identity.

Doc. No. ; 209
Page No. ; 43
Book No. ; II
Series of 2024.

RICHMOND PETER L. ALANAN
Notary Public for Makati City
Appointment No. M-262
Until February 31, 2025
JUL 13, 2023

IBF No. 10224 - Makati
PTR No. 10224 - Makati
Admitted to the Bar on May 2022
8000 LPC Place
2322 Chino Road, Avenue, Makati City

MANAGEMENT REPORT
OF
LFM PROPERTIES CORPORATION

AUDITED FINANCIAL STATEMENTS

The Company's audited Financial Statements for the year ended December 31, 2023 follows this Management Report.

CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING DISCLOSURE

There have been neither changes in nor disagreements with accountants on accounting and financial disclosure.

The Company paid P700,000 excluding of VAT and OPE for the audit.

In the selection of auditors, the audit committee give nominations to the Board which, the Board along with the stockholders select and approve during the annual stockholders' meeting.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

The selected financial information of the Company set forth below are derived from the audited financial statements submitted by Sycip Gorres Velayo & Co. for 2023:

Income Statement Data

For the Year December 31
(in Thousands of Pesos)

	2023	2022	2021
Rental Income	P194,837	P230,739	P223,738
Direct Cost	85,240	77,299	77,700
Gross Profit	109,597	153,440	146,038
Operating Expense	32,238	25,418	25,915
Income before other income (charges) and income tax	77,359	128,022	120,123
Other Income (Charges)	5,599	(169,912)	48,414
Income (Loss) before income tax	82,958	(41,890)	168,537
Provision for income tax	31,331	4,091	18,608
Net Income (Loss)	P51,627	P(45,981)	P149,929

BALANCE SHEET DATA

As of December 31 (in Thousands of Pesos)			
	2023	2022	2021
ASSETS			
Current Assets			
Cash	₱34,536	₱43,064	₱46,759
Receivables	12,713	29,339	5,428
Financial assets at fair value through profit or loss (FVTPL)	27,066	121,714	180,449
Accrued rent - current portion	1,880	1,813	1,203
Prepaid Expenses and other current assets	47,220	3,263	5,934
Total Current Assets	123,415	199,193	239,773
Noncurrent Assets			
Investment properties	1,767,247	814,183	856,158
Financial assets at fair value through other comprehensive income (FVOCI)	126,594	116,911	56,719
Accrued rent - net of current portion	8,199	7,830	77,405
Net retirement plan asset	3,025	6,587	13,076
Property and equipment	946	2,061	2,112
Deposit	-	130,000	-
Other noncurrent assets	81,559	20,258	22,574
Total noncurrent Assets	1,987,570	1,097,830	1,128,044
TOTAL ASSETS	2,110,985	1,297,023	1,367,817
LIABILITIES AND EQUITY			
Current Liabilities			
Current portion of notes payable	₱590,195	₱323,610	₱136,656
Accounts payable and other current liabilities	40,266	35,389	35,160
Current portion of payable to a related party	851,200.00	-	-
Current portion of deposits on long-term leases	26,000	34,667	12,726
Current portion of unearned rental income	6,475	4,723	4,654
Income tax payable	7,494	5,196	1,163
Total Current Liabilities	1,521,630	403,585	190,359
Noncurrent Liabilities			
Deposits on long-term leases - net of current portion	17,354	8,101	18,604
Deferred tax liabilities – net	1,770	2,715	,914
Unearned rental income - net of current portion	1,338	786	8,355
Notes payable - net of current portion	-	307,191	443,801
Payable to a related party	-	37,730	37,730
Other noncurrent liability	116,116	142,730	162,176
Total Noncurrent Liabilities	136,578	499,253	692,580
Total Liabilities	1,658,208	902,838	882,939
Equity			
Capital stock	300,000	250,000	250,000
Stock dividend distributable	100,000	-	-
Other compents of equity:			
Fair value changes on financial assets at FVOCI	(127,581)	(137,263)	(97,456)

Accumulated remeasurement gains on defined benefit plan	5,950	8,668	13,572
Retained Earnings	174,408	272,780	318,762
Total Equity	452,777	394,185	484,878
	₱	₱	₱
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,110,985	1,297,023	1,367,817

1st Quarter of 2024

Results of Operations

The Company generated total gross revenues of ₱65 million for the first quarter ended March 31, 2024, an increase of 57% from ₱41.5 million total gross revenues for the first quarter ended March 31, 2023 this is primarily due to the rental income generated from Liberty building acquired from its parent company. Also, the company bounces back after losing rental income from a major tenant who terminated their rental contract last year.

Cost of rental services amounted to ₱26.6 million versus to ₱20.7 million last year, with an increase of 28% or ₱5.8 million primarily due to several factors: to ₱1.6 million depreciation due to the acquisition of Liberty building along Arnaiz avenue, ₱1.5 million increase in outside services and ₱2.2 increase in repairs and maintenance.

General and administrative expenses amounted to ₱9.6 million, an increase of 72% versus last year's of ₱5.6 million. The increase is primarily due to ₱4.3 million increase in taxes licenses from documentary stamp taxes paid for the availment and renewal of loans and ₱1.1 million commission paid for securing new tenants.

Other income (expenses) net amounted to (₱13.3) million, up by ₱17.5 million or 57% from same period last year. The increase was mainly due to ₱13.6 million increase in fair value changes of financial assets as of March 31, 2024, Increase in gain on sale financial assets FVTPL amounting ₱7.3 million offset by increased of ₱3.4 million Interest expense due to availment of loan during the period ended March 31, 2024.

Financial Condition

Total Assets of the Company as of March 31, 2024 stood at ₱2.378 billion, an increase of 13% or ₱267.2 million from ₱2.111 billion as of December 31, 2023, an increase is primarily due to ₱280 million deposit to vendor as of March 31, 2024.

Cash and cash equivalents reported a slight decreased of 3% or ₱1.1 million.

The slight decrease in Receivables by ₱0.6 million or 5% is due collection efficiency.

Other Current Assets increased by 24% or ₱11.2 million. The increase is due unutilized input taxes related to the acquisition of investment properties.

The decrease in Investment Properties - net by ₱4.8 million was primarily due to depreciation of existing Investment Properties offset by ₱7.3 million additions to investment properties.

Total Liabilities of the Company as of March 31, 2024 amounted to ₱1.913 billion increased by 15% or ₱255 million from 2023 of ₱1.658 billion. The increase is primarily due to availment of loan for the deposit to vendor.

Total Equity stood at ₱465.1 million as of March 31, 2024, versus ₱452.8 million as of December 31, 2023. The Company generated net income of ₱11.4 million during the three months ended March 31, 2024 or 166% increase from same period last year, primarily because of rental income

generated from Liberty building acquired from its parent company. Also, the company bounces back after losing rental income from a major tenant who terminated their rental contract last year.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable - The decrease in account is mainly attributed to enhanced collection efficiency.

Financial Assets at FVPL - The decrease is a result of selling marketable of securities during the first quarter and mark to market adjustment at March 31, 2024.

Other current assets - The increase is attributable to deferred input VAT - current portion associated with the acquisition of investment property from the parent company.

Deposits- The increase is due Rdeposit to vendor.

Accounts payable and other current liabilities - The increase is due payables to contractors as of March 31, 2024.

Income tax payable - The increase is due to higher recognition of income tax payable the first quarter of 2024.

Notes payable - The increase is due to availment of loan for the deposit to vendor and payment of liability to related party.

Deposits on longterm lease - The increase is due to collection of deposit from new tenants.

Retained earnings - The increase is due primarily net income posted during the first quarter.

2023

Results of Operations

The Company generated total gross revenues of P194.8 million for the year ended December 31, 2023, 16% decreased from P230.7 million total gross revenues for the year ended December 31, 2022. This is primarily due to the pretermination of rental lease contract of one of the major tenants of the Company that leases the entire office spaces in Liberty Plaza Building. As of December 31, 2023, the occupancy rate on the said building stood at approximately 79%, which increased to 93% as of March 31, 2024.

Cost of rental services amounted to P85.2 million versus to P77.3million last year, with 10% increase or P7.9 million. The increase is primarily due to heightened expenditures on communication, light and water, outside services and other operating cost.

General and administrative expenses amounted to P32.2 million, 27% higher than last year's P25.4 million or P6.8 million. The increase is primarily due to several factors: P1.5million increase in personnel cost, P1.4million increase in documentary stamp taxes related to an additional loan obtained during the year, and P3.7 million increase in commission payments, with the majority attributed to the sale of two (2) condominium units.

Other income (expenses) net amounted to P5.6 million, up by P175.5million from same period last year. The increase was mainly due to P88.6 million gain on sale of two (2) condominium units, to P16.8 million increase in fair value changes of financial assets as of December 31, 2023, and loss on pretermination of lease contract of P85.4 million. The interest expense however increased by P15.7 million due to additional loan obtained during the year.

Financial Condition

Total Assets of the Company as of December 31, 2023 stood at P2.111 billion, an increase of 63% or P814 million from P1.297 billion as of December 31, 2022. The increase is primarily due to investment property acquired from the parent company

Cash and cash equivalents decreased by 20% or P8.5 million.

The decrease in Receivables by P16.6 million or 57% is primarily attributed to enhanced collection efficiency.

Other Current Assets increased by 1347% or P44 million. The significant increase is primarily attributable to deferred input VAT - current portion associated with the acquisition of investment property from the parent company.

The increase in Investment Properties of P953 million is primarily attributed to acquisition of investment property from the parent company net of depreciation of existing investment properties.

Total Liabilities of the Company as of December 31, 2023 amounted to P1.658 billion increased by 84% or P755.4 million from 2022 of P902.8 million. The increase is primarily attributable the following factors: P851.2 million payable to related party related to the acquisition of investment property, P2.9 million increase on Deposits on longterm leases received from new tenants and P2.3 million increase in income tax payable which has been offset by payments toward other liabilities such as P37.7million payable to related party associated with the acquisition of Airrights, P18.4million payment of payable in relation to acquisition of Nuvali lot million and P40.5 million payments of company's notes payable net of availments.

Total Equity stood at P452.8 million as of December 31, 2023, versus P394.2 million as of December 31, 2022. The Company generated net income of P51.6 million for the year ended December 31, 2023.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable - The decrease in account is mainly attributed to enhanced collection efficiency.

Financial Assets at FVPL - The decrease is a result of selling marketable of securities during the year and mark to market adjustment at December 31, 2023.

Other current assets - The increase is attributable to deferred input VAT - current portion associated with the acquisition of investment property from the parent company.

Investment properties - The increase is primarily attributable to the acquisition of investment property from parent company.

Property and Equipment - The decrease is due to depreciation of existing property and equipment of the company.

Net retirement assets- The decrease is due to mark to market adjustment at December 31, 2023 of marketable securities under retirement plan account.

Deposit amounting to P130 million has been applied as initial payment to the acquisition of investment property from parent company.

Financial assets at fair value through other comprehensive income (FVOCI) - The increase is due to mark to market adjustment at December 31, 2023.

Other noncurrent assets - The increase is primarily due to the non current portion of input VAT associated with the acquisition of the investment property from parent company

Notes payable - The decrease is due to P40.5 million payments of company's notes payable net of availments.

Income tax payable - The increase is due to higher recognition of income tax payable the year 2023.

Unearned rental income current and non current - The increase is due to advance payment of rental fee received from new tenants.

Deferred tax Liability - The decrease is primarily due to the reduction of deferred tax liability pertaining to net retirement plan assets.

Retained earnings - The decrease is due primarily to the declaration of stock dividends.

2022

Results of Operations

The Company generated total gross revenues of P230.7 million for the year ended December 31, 2022, a slight increase of 3% from P223.7 million total gross revenues for the year ended December 31, 2021 this is due to a higher rent discount/rent concession given last year.

As a result of the COVID-19 pandemic, the Company provided rent concessions to its tenants in the form of deferment of payments, two-month rent-free periods and discounts in 2022 and 2021. Certain lease agreements were also pre-terminated. The Company accounted for the deferment of payment, rent-free periods and discounts provided as not a lease modification since there were no substantive changes to the terms and conditions of the lease; while the shortening of lease period were treated as lease modifications. The rent concessions resulted to a reduction in rental income amounting to P2.7 million and P5.5 million in 2022 and 2021, respectively Lease termination resulted in a decrease in accrued rent amounting to P84.7 million and P2.9 million in 2022 and 2021, respectively, and rental income amounting to Pnil and P2.4 million in 2022 and 2021, respectively.

Cost of rental services amounted to P77.3 million versus to P77.7 million last year, with a very minimal decrease of P0.4 million.

General and administrative expenses amounted to P25.4 million, 2% lower than last year's P25.9 million or P0.5 million.

Other income (expenses) net amounted to P(169.9) million, down by P218.3 million or 451% from same period last year. The decrease was mainly due to P141.3 million decrease in fair value changes of financial assets as of December 31, 2022 and loss on pretermination of lease contract of P85.4 million. Interest expense however, decreased by P2.8 million due to partial payment of loan principal.

Financial Condition

Total Assets of the Company as of December 31, 2022 stood at P1.297 billion, a decrease of 5% or P71 million from P1.368 billion as of December 31, 2021.

Cash and cash equivalents decreased by 8% or P3.7 million was mainly due uncollected receivables.

The increase in Receivables by P24 million or 441% was mainly due to uncollected receivable of as of December 31, 2022 from one of the major tenants of the company which was collected during the first week of April 2023.

Other Current Assets decreased by 45% or P2.7 million. The decrease is due to utilization of input VAT P2.6 million during the year.

The decrease in Investment Properties - net by P42 million was primarily due to depreciation of existing Investment Properties.

Total Liabilities of the Company as of December 31, 2022 amounted to P902.8 million increased by 2% or P19.9 million from 2021 of P882.9 million. The increase is primarily due to increase of company's notes payable amounting to P50 million net of payments, Deposits on longterm leases increased by P3.9 received from new tenants, offset by decreased in deferred tax income tax liability of P19.2 from accrued rent, P19.5million payment of payable in relation to acquisition of Nuvali lot and increase in income tax payable of P4.0 million.

Total Equity stood at P394.2 million as of December 31, 2022, versus P484.9 million as of December 31, 2021. The Company generated net loss of P46.0 million for the year ended December 31, 2022 primarily because of fair value changes of financial assets at fair value through profit and loss amounting to P58.8 million and P85.4 loss on pretermination of lease contract of one of the company's major tenants.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable - The increase in account is mainly due to uncollected receivable of as of December 31, 2022 from one of the major tenants of the company.

Financial Assets at FVPL - The decrease is due to mark to market adjustment at December 31, 2022.

Accrued Rent - The decrease is primarily due to pretermination of lease contract of one of the major tenants of the Company

Deposit - This is the deposit related to the acquisition of the land and building from a related party.

Financial assets at fair value through other comprehensive income (FVOCI) - The decrease is due to mark to market adjustment at December 31, 2022.

Notes payable - The increase is due to availment of additional loan for the deposit of the acquisition of land and building from a related party.

Income tax payable - The decrease is due to higher recognition of income tax payable the year 2022.

Deposits on longterm lease - The increase is due to collection of deposit from new tenants.

Unearned rental income current and non current - The decrease is due to pretermination of lease contract during the year.

Deferred tax Liability - The decrease is primarily due to pretermination of lease contract of one of the major tenants of the company.

Retained earnings - The decrease is due primarily of fair value changes of financial assets at fair value through profit and loss amounting to P58.8 million P85.4 loss on pretermination of lease contract of one of the company's major tenants

2021

Results of Operations

The Company generated total gross revenues of P223.7 million for the year ended December 31, 2021, a slight decrease of 3% from P229.9 million total gross revenues for the year ended December 31, 2020.

As a result of the COVID-19 pandemic, the Company provided rent concessions to its tenants in the form of deferment of payments, two-month rent-free periods and discounts in 2021 and 2020. Certain lease agreements were also pre-terminated. The Company accounted for the deferment of payment, rent-free periods and discounts provided as not a lease modification since there were no substantive changes to the terms and conditions of the lease; while the shortening of lease period were treated as lease modifications. The rent concessions resulted to a reduction in rental income amounting to P5.5 million and P4.1 million in 2021 and 2020, respectively. Lease termination resulted in a decrease in accrued rent amounting to P2.9 million and P0.3 million in 2021 and 2020, respectively, and rental income amounting to P2.4 million and P1.0 million in 2021 and 2020, respectively.

Cost of rental services amounted to P77.7 million versus to P106.2 million last year, a decrease of P28.5million is primarily due to real estate tax in 2019 that was paid in 2020.

General and administrative expenses amounted to P25.9 million, 4% lower than last year's P27.1 million a slight decrease of P1.2 million was primarily due to decrease in professional fees paid during the year.

Other income (charges) net amounted to P48.4 million, up by P24.8 million or 105% from same period last year. The increase was mainly due to P25.5 million increase in fair value changes of financial assets as of December 31, 2021, increase of dividend income from the investment in stock of P0.5million, interest expense decreased by P4.1 million due to decrease in interest rate. The company, however, recognized a loss on loan modification amounting to P5.0 million.

Financial Condition

Total Assets of the Company as of December 31, 2021 stood at P1.368 billion, an increase of 23% or P259 million from P1.109 billion as of December 31, 2020. The increase is primarily due to the cost of Nuvali Lot acquired by the Company during the year amounting to P214 million including deferred input VAT.

Cash of the Company as of December 31, 2021 is P46.8 million versus P39.7 million last year a slight increase of P7 million.

The decrease in Receivables by 75% or P16.1 million was mainly attributable to the collection of receivables from broker of amounting to P13.5 million

Other Current Assets increased by 346% or P4.6 million was due P2.6 million balance of input value-added tax after offsetting the output value-added tax and P2.2million deferred input tax from the acquisition of Nuvali Lot.

The increase in Investment Properties - net by P149 million was to the cost of Nuvali Lot acquired by the Company during the year net of depreciation of the existing Investment Properties.

Total Liabilities of the Company as of December 31, 2021 amounted to P882.9 million increased by 18% or P135.2 million from 2020 of P747.7 million. The increase is primarily due to the liability recognized by the company relative to the acquisition of Nuvali Lot.

Total Equity stood at P484.9 million as of December 31, 2021, versus P361.5 million as of December 31, 2020. The Company generated Net Income of P149.9 million during the twelve months ended December 31, 2021.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable - The decreases of 75% is due to high collections as of December 31, 2021.

Financial Assets at FVPL - The increase of 120% is due to mark to market adjustment at December 31, 2021.

Accrued Rent - The increase is primarily due to adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement per PAS 17 on Lease.

Other current Assets - The increase is due to unused input VAT and deferred input VAT from the acquisition of the Nuvali lot.

Financial assets at fair value through other comprehensive income (FVOCI) - The decrease is due to mark to market adjustment at December 31, 2021.

Investment properties - the increase is due to Nuvali Lot acquired by the Company during the year.

Other Noncurrent assets - Increase is due to non current portion of deferred input VAT from the acquisition of the Nuvali lot.

Accounts payable and other current liabilities - Increase is primarily due to the liability recognized by the company relative to the acquisition of Nuvali Lot

Deposits on longterm lease - The increase is due to collection of deposit from new tenants.

Payable to related party - The decrease is due to payment to related party on the acquisition of Air rights.

Deferred tax Liability - The increase is due is primarily due to increase in accrued rent and accrued retirement.

Retained earnings - The increase is due to income posted during the year and ₱82.5 million fair value changes of financial assets at fair value through profit and loss.

Summary of 2023 and 2024 Forecasted Financial Statements

The company has prepared financial projections for the years ending December 31, 2024 and 2025. The Company anticipates reaching breakeven in its operation due to increased interest costs stemming from a substantial loan.

As the forecast is based on assumptions about circumstances and events that have not yet occurred and are subject to significant uncertainties beyond the Company's control, there can be no assurance that the forecast will be realized. Actual results may be materially different from those shown in the forecast. Under no circumstances should the inclusion of the forecasted financial statements be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions, or that the Company will achieve or is likely to achieve the particular results.

BUSINESS OF THE COMPANY

LFM Properties Corporation ("Company" or "LPC") is a real estate company incorporated with the Philippine Securities and Exchange Commission ("SEC") on December 18, 1995 under its original name, Alfaro Land Holdings Corporation, and was given the SEC Registration Number/Company Reg. No. ASO95-012561. It changed its corporate name to its current name, LFM Properties Corporation, on November 12, 1996, which was approved by the SEC on January 9, 1997.

On October 4, 2005, the SEC approved the Articles and Plan of Merger executed on April 28, 2005 by and between LPC, the surviving corporation, and the following as absorbed corporations namely: LFM Land Corporation and Valero Land Corporation. In the said Merger, the entire assets and liabilities of LFM Land Corporation and Valero Land Corporation were transferred to and absorbed by LPC. Other than the aforementioned merger, the Company has not been involved in any material reclassification, merger, consolidation, purchase, or sale of significant amount of assets not in the ordinary course of business.

There is currently no bankruptcy, receivership or any other similar proceedings involving the Company.

DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The Articles of Incorporation of the Company provide that the Directors of the Company shall hold office for one (1) year and until their successors are elected and qualified.

The current Directors of the Company are as follows:

Name of Directors	Age	Citizenship	Position
William Carlos Uy	82	Filipino	Chairman Emeritus
John Carlos Uy	73	Filipino	Chairman
Jose S. Jalandoni	69	Filipino	President and Director
William L. Ang	73	Filipino	Vice President and Treasurer
Jose Ma. S. Lopez	79	Filipino	Director
David Ng*	62	Filipino	Director
Jose A. Feria Jr.*	76	Filipino	Director

* Independent Director

The Officers and Senior Management of the Company are as follows:

Name	Age	Citizenship	Position
William Carlos Uy	82	Filipino	Chairman Emeritus
John Carlos Uy	73	Filipino	Chairman
Jose S. Jalandoni	69	Filipino	President
William L. Ang	73	Filipino	Vice President & Treasurer
Ma. Adelina S. Gatdula	61	Filipino	Corporate Secretary
Ma. Lourdes C. Endozo	42	Filipino	Ass. Corporate Secretary

Following is a brief description of the respective backgrounds of the Company's Directors and Senior Management, who have all been nominated for another term, their respective ages and involvement in other businesses for the past five (5) years:

Background of the Current Directors, Senior Management, and New Nominee for the Board of Directors

Following is a brief description of the respective backgrounds of the Company's Directors and Senior Management, who have all been nominated for another term, their respective ages and involvement in other businesses for the past five (5) years:

William Carlos Uy. 82 years old. He serves as the Chairman Emeritus of the Board of Directors of the Company. He is presently the Chairman of the Board of Directors of Liberty Flour Mills, Inc. and President of Parity Values, Inc., with both corporations being non-public stockholders of the Company. He also serves as the: (a) President of UPCC Securities Corporation; (b) Vice Chairman of UPCC Holdings Corporation; and (c) Corporate Treasurer of Malayan Bank.

Jose S. Jalandoni. 69 years old. He was first elected as the Company's President on April 19, 2021. He is currently the Chairman of Valueline Realty Development Corp and Unicomm Ingredients Phils Inc, Chairperson of Kanlaon Farms, Inc., Vice Chairman of Enterprise Car Lease Phils Inc, President of Beechwood Corp and Percom OPC., and Director and Audit Committee Member of Liberty Flour Mills, Inc. He also serves as Corporate Secretary of Kanlaon Development Corporation, Piliwood Bacolod Corp, Jayjay Realty Corporation, JM & Company, Inc., the Assistant Treasurer of JM Profreeze, and the Assistant Corporate Secretary of JM Brenton Industries Corporation. He also serves as Director and Officer in Charge of Agchem Manufacturing Corporation.

William L. Ang. 73 years old. He was first elected as the Company's Vice President and Treasurer on March 1, 2022. He is a Director of Liberty Flour Mills, Inc. and holds the position of First Vice President and Treasurer of Parity Values, Inc. He is also a stockholder and Treasurer of Trade Demands Corporation and a Director of the Securities Clearing Corporation of the Philippines.

Jose Ma. S. Lopez. 79 years old. He serves as the Company's Director. He is presently a Director and Senior Vice President and Treasurer of Liberty Flour Mills, Inc. He is a Director in other corporations including Agchem Manufacturing Corporation and Liberty Commodities Corporation. He is also the Senior Vice President of Lopez Sugar Corporation.

John Carlos Uy. 73 years old. He serves as the Chairman of the Board of Directors of the Company and as Director. He is presently a Director of Liberty Flour Mills, Inc. and Director and the General Manager of Parity Values, Inc., with both corporations being non-public stockholders of the Company.

David Ng, 62 years old. He serves as the Company's Independent Director. He is presently the President of Merlin Mining Corporation, Lucky Jade Corporation and Cotlesloe Trading Corp. He is also the General Manager of New RTC International Co., Inc. and Administrator of Logic Pacific, Inc.

Jose A. Feria Jr., 76 years old. He serves as the Company's Independent Director. He is presently the Senior Partner of Feria Tantoco Daos Law Offices. Atty. Feria holds the Chairman position for the following companies: Assessment Analytichs, Inc., Cyan Management Corporation, Philippine Multimedia Systems, Inc., MG Exeo Network, Inc., Premiere Travel and Tours, Inc., Spencer Food Corp., Vinnel Belvoir Corp. and Padre Burgos Realty, Inc. He also serves as Vice Chairman of Directories

Philippines Corp. Moreover, Atty. Feria is a Director of the following companies: Liberty Flour Mills, Inc., EYP.PH Corporation, AeroAsia, Inc., HL&F Management Corp., Macawiwili Gold Mining & Development Corporation, Metropolitan Insurance Corp., Montecito Properties, Inc., Pru-Life Insurance Corp.-UK, Telephilippines Inc. and the Corporate Secretary of All Asian Counter Trade, Inc., Felvisol Development Corp. and Sanara Inc.

**Philip S. Huang, 69 Years Old. He is nominated to be an Independent Director of the Company. He is a director in Unno Commercial Enterprises, Inc., and Unno Resource Corporation. He also serves as the president for Upson Resources Corporation. He graduated from the De La Salle University in 1977 with a degree in Bachelor of Science in Commence, and holds a Masters In Business Management from the Asian Institute of Management.*

****Philip S. Huang is the new nominee to the Board of Directors of the Company.***

Ma. Adelina S. Gatdula, 61 years old. She serves as the Company's Corporate Secretary and is a Partner at Picazo Buyco Tan Fider & Santos Law Offices. She graduated from the University of the Philippines with a degree in A.B. Economics, cum laude, and from the University of the Philippines College of Law. She also serves as Director and/or Corporate Secretary of various Philippine corporations engaged in the real estate business, business process outsourcing, and insurance, among others.

Ma. Lourdes Calpo Endozo, 41 years old. She serves as the Company's Assistant Corporate Secretary. She is a Partner at Picazo Buyco Tan Fider & Santos Law Offices, achieved her Juris Doctor from the University of the Philippines College of Law and has been a member of the Philippine Bar since 2009. Atty. Endozo has been a practicing lawyer for the past 15 years and specializes in the areas of mergers and acquisitions, banking and finance, public utilities and infrastructure, bancassurance, education, retail trade, competition law, and real estate and construction.

All the directors and officers of the Company possess a high degree of integrity and character and are fully capable and able to perform their duties as directors and officers, respectively. None of the directors or officers has been declared bankrupt nor has there been any petition filed by or against any of the directors, nor to any businesses of which they were a part of. Nor have any of them been convicted of any crime, domestic or foreign and there are no criminal proceedings presently pending against any of them. Nor have any of them been temporarily or permanently barred, suspended or otherwise limiting any of their involvement in any type of business.

For the training of directors, given that the Company was listed on November of 2022 there was lack of material time to comply with continuing education recommendation. However, the Directors, as directors of Liberty Flour Mills, Inc., for the calendar year 2022, attended a training held on February 8, 2022, by the *Center for Global Best Practices* in their SEC accredited webinar "*Best Practices of Effective Boards*".

Independent Directors

The Nominations Committee of the Company, which was constituted in accordance with the Company's Manual on Corporate Governance, pre-screens and shortlists all candidates in accordance with the Manual on Corporate Governance.

The members of the Company's Nomination Committee are: Jose S. Jalandoni, William L. Ang and Jose A. Feria Jr., with Jose S. Jalandoni presiding as Chairman.

The members of the Company's Audit Committee are: Jose A. Feria, Jr., David Ng, and John Carlos Uy, with Jose A. Feria Jr. presiding as the Chairman.

The members of the Compensation and Remuneration Committee are: David Ng, John Carlos Uy and Jose S. Jalandoni, with David Ng presiding as Chairman.

Significant Employees

Other than the persons named above, the Company does not expect any other person to make a significant contribution to the business of the Company.

Family Relationships

William Carlos Uy and John Carlos Uy are brothers.

Jose S. Jalandoni, and Jose Ma. S. Lopez are first cousins.

Other than the above, the Company is not aware of any family relationships among the directors, senior management or persons nominated or chosen by the Company to become directors or senior managers.

SECURITY HOLDERS

As of March 31, 2024, there are 481 holders of common shares of stocks of the Company.

The top 20 stockholders of the Company as of March 31, 2024 are as follows:

	Name of Stockholder	Number of Shares held	Percentage
1.)	LIBERTY FLOUR MILLS, INC.	14,649,999,993	58.60%
2.)	PARITY VALUES INC.	4,175,964,939	16.70%
3.)	PCD NOMINEE CORPORATION	3,370,283,096	13.48%
4.)	BACSAY MANAGEMENT CORPORATION	385,692,198	01.54%
5.)	SEBRING MANAGEMENT CORPORATION	215,425,038	00.86%
6.)	E.K.I. TOURIST DEVELOPMENT CORPORATION	197,029,845	00.79%
7.)	L & J AGRICULTURAL INC.	166,831,029	00.67%
8.)	JOSE MORENO JR.	64,051,113	00.26%
9.)	EDUARDO S. LOPEZ JR.	63,167,292	00.25%
10.)	AMELIA KALAW PULMONES	63,039,297	00.25%
11.)	CARVINA FARMS INC.	53,124,480	00.21%
12.)	PAULA K. FERIA	50,860,728	00.20%
13.)	ERWIN M. FAJARDO	48,116,253	00.19%
14.)	REGINA KALAW	43,340,004	00.17%
15.)	JOSE MA. S. LOPEZ	43,088,086	00.17%
16.)	NORMA YU GALAN	36,207,405	00.14%
17.)	ERIC FAJARDO	36,003,924	00.14%
18.)	MARIA TERESA V. JAVELLANA	35,155,017	00.14%
19.)	FELIX R. MARAMBA III	33,667,446	00.13%
20.)	MA. CRISTINA V. QUIROS	32,798,736	00.13%

MARKET FOR COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Stock Information

The shares of the Company consist of preferred and common shares. The common shares are presently listed and traded in the Philippine Stock Exchange. The high and low sales prices for the shares of the Company for each quarter within the last two fiscal years are as follows:

	High	Low	Close on Last Applicable

2024			Trading Day of the Quarter
First Quarter	0.1350	0.0870	0.06
2023	High	Low	
First Quarter	0.1350	0.0870	0.104
Second Quarter	0.1010	0.0550	0.08
Third Quarter	0.0860	0.0550	0.07
Fourth Quarter	0.0700	0.0510	0.06
2022	High	Low	
First Quarter*	No data Available	No data Available	No data Available
Second Quarter*	No data Available	No data Available	No data Available
Third Quarter*	No data Available	No data Available	No data Available
Fourth Quarter	0.7500	0.1100	0.1300

* NOTE: THE UNAVAILABILITY OF TRADING DATA IS DUE TO LPC'S LISTING BEING NOVEMBER 2022

Market Information (Latest Practicable Trading Date)	
Date	May 6, 2024*
Open	0.06
High	0.062
Low	0.06
Close	0.062
Volume	850,000
% Change	5.08%

* May 6, 2024 is the latest date with trading activity to the filing of the Information Statement

Dividends

Dividend Policy and Rationale for Dividend Declaration

The Company's By-laws provide that dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Company's Board of Directors may determine and in accordance with law and applicable rules and regulations. Furthermore, whether dividends will be declared is dependent on the performance of the Company, its cash position, presence of retained earnings, and whether such retained earnings are foreseen to be used for business purposes.

Cash Dividends

No Cash Dividends is paid during the fiscal year.

Stock Dividends

On March 27, 2023, the BOD has approved the declaration of stock dividends in the total amount of P150,000,000 corresponding to 15,000,000,000 common shares, of which 5,000,000,000 common shares shall be issued from the Company's authorized and unissued capital stock while 10,000,000,000 common shares shall be issued from the increase in the Company's authorized capital stock. The stock dividend declaration was ratified during the Annual Stockholders' Meeting held last July 26, 2023.

Fractional shares resulting from the stock dividend will be rounded to the next zero.

Below is the schedule of Retained Earnings available for Dividend Declaration:

Below is the schedule of Retained Earnings available for Dividend Declaration:

	Amount
Unappropriated retained earnings, beginning of reporting period	P205,216,993
Less: Category B: Items that are directly debited to unappropriated retained earnings	
Dividend declaration during the reporting period	(150,000,000)
Unappropriated retained earnings, as adjusted	55,216,993
Add: Net income for the current year	51,627,115
Add: Category C.1: Unrealized income recognized in the profit or loss during the reporting period	
Unrealized fair value loss (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	42,006,396
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period	
Realized fair value income (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	29,400,277
Add: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(163,029)
Total retained earnings, end of the reporting period available for dividend	P178,087,752

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

The Company has not sold any securities, whether unregistered or exempt or any issuance constituting an exempt transaction under the Revised Securities Act (RSA) or the Securities Regulation Code (SRC), during the past three (3) years.

COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The Company continues to abide by the duly adopted Manual on Corporate Governance of the Company (the “Manual”) and the Code of Corporate Governance promulgated by the Securities and Exchange Commission. Pursuant thereto, the Company appointed Mr. Gabriel Marasigan, as the Compliance Officer of the Company to ensure the Company’s adherence to corporate principles and best practices and monitor compliance with the provisions and requirements of the Manual. In May 31, 2023, the BOD approved the appointment of Ms. Anna Isabel Chan as the new compliance officer of the Company.

In addition to the Audit Committee composed of Jose A. Feria, Jr as Chairman, David Ng and John Carlos Uy as members, the Company also constituted its Nomination Committee and appointed Jose S. Jalandoni as its Chairman with William L. Ang and Jose A. Feria, Jr. as members. The Company also created its Compensation and Remuneration Committee composed of David Ng as Chairman and John Carlos Uy and Jose S. Jalandoni as members.

There have been no deviations for the past year from the Company’s Manual of Corporate Governance.

For the calendar year 2023 Jose S. Jalandoni, David Ng, Jose Ma. S. Lopez, William L. Ang, and Lourdes J. Chan attended *Anti-Money Laundering Act Compliance in the Age of the Digital World* provided by the Institute of Corporate Directors on October 17, 2023; while Sandra Judy Uy, Daniel R. Maramba, Jose A. Feria Jr., and John Carlos Uy attended *Strategic Thinking for Board of Directors and Leaders* provided by the Center for Global Best Practices held on November 17, 2023.

The Company continuously reviews and evaluates its Manual to ensure that the Company's practices are compliant with leading practices on good corporate governance.

Appraisals and Performance Report for the Board and the Criteria and Procedure for their Assessment

The Company acknowledges that a paramount concern for good corporate governance and an essential condition for the current and future success of the Company is the need to be governed by a competent Board of Directors and top management. One mechanism to ensure competent and responsible leadership is to create a mechanism where the performance of the Board and top management is assessed.

Under the Code of Corporate Governance of LFM, the various board committees of LFM evaluate and assess each individual director. This being the case the Executive, Audit, Nomination, Remuneration, or Risk Oversight Committee may evaluate and assess each individual director. Provided, that in the event that a director is part of one committee, then another committee shall be tasked to perform his/her evaluation and assessment.

The assessment criteria includes, among others, the participation and engagement of a Board Member in the meeting of the Board of Directors, the amount of times such director is present, whether or not such member is habitually tardy or punctual, their contribution to the committees to which they belong, and other criteria that the committee conducting the assessment deems as appropriate.

Furthermore, at all meetings of the Board of directors, each director is free to voice out their suggestions to improve the manner of governance or express their concerns regarding matters that should be addressed.

Summary of the 2023 Annual Stockholders' Meeting Minutes

Quorum for the 2023 Annual Stockholders' Meeting

During the last Annual Stockholder's Meeting held on May 25, 2022, 18,876,804,828 shares representing 75.51% of the outstanding capital stock of the Company were represented either in person or by proxy.

Voting and Vote Tabulation Procedure

The Company's stockholder voting mechanism is provided under the Company's By-Laws. During the annual stockholders' meeting held on 25 May 2022, only stockholders of record were entitled to notice and vote at the said meeting. The holders of the common shares of stock of the Company voted on matters scheduled to be taken up during the meeting with each share being entitled to cast one (1) vote. During the 2023 Annual Meeting the stockholders were provided with a link to an online voting platform where the votes could be cast. The Corporate Secretary counted and validated the votes in accordance with the Revised Corporation Code.

Opportunity Given to Stockholders to Ask Questions and a Record of Questions Asked and Answers Given

The stockholders were given the opportunity to ask questions during the meeting. Given the limited agenda for the meeting, no questions were asked.

Matters Discussed and Resolutions Reached and the Record and Voting Results for Each Agenda Item

Ratification of the acts of the Board and of management of the Company for the year 2022-2023

The stockholders approved and ratified all matters previously approved by the Board of Directors as set forth in the minutes of the meetings of the Board of Directors held during the relevant period.

For this agenda item, this was affirmed, approved, and ratified by the affirmative vote of 18,876,804,828 shares representing 100% of the stockholders present in person and/or through proxy.

Election of Directors

The stockholders unanimously elected the following as directors of the Company:

1. Mr. William Carlos Uy
2. Mr. Jose S. Jalandoni
3. Mr. Jose Ma. S. Lopez
4. Mr. John Carlos Uy
5. Mr. William L. Ang
6. Mr. Jose Feria, Jr. (independent director)
7. Mr. David Ng (independent director)

For this agenda item, this was affirmed, approved, and ratified by the affirmative vote of 18,876,804,828 shares representing 100% of the stockholders present in person and/or through proxy.

Amendment of the Articles of Incorporation - Increase in Authorized Capital Stock

The following were the proposed amendments to the Articles of Incorporation:

ARTICLE NO.	FROM	TO
SEVENTH	That the authorized capital stock of said corporation is FOUR HUNDRED MILLION PESOS (P400,000,000), Philippine Currency, and said capital stock is divided into (a) THIRTY BILLION (30,000,000,000) common shares with a par value of One Centavo (P0.01) each, and (b) ONE MILLION non-voting, non-convertible preferred shares with a par value of One Hundred Pesos (P100.00) each.	That the authorized capital stock of the Corporation is Four Hundred Million Pesos (P400,000,000.00), Philippine currency and said capital stock is divided into <u>forty billion (40,000,000,000) common shares with par value of One Centavo (P0.01) each.</u>
SEVENTH	That the authorized capital stock of said corporation is FOUR HUNDRED MILLION PESOS (P400,000,000), Philippine Currency, and said capital stock is divided into FORTY BILLION (40,000,000,000) common shares with a par value of One Centavo (P0.01) each.	That the authorized capital stock of the Corporation is <u>Seven Hundred Million Pesos (P700,000,000.00)</u> Philippine currency and said capital stock is divided into <u>seventy billion (70,000,000,000) common shares with par value of One Centavo (P0.01) each.</u>

For this agenda item, this was affirmed, approved, and ratified by the affirmative vote of 18,876,804,828 shares representing 100% of the stockholders present in person and/or through proxy.

Amendment of the By-Laws - Change in the Regular Meeting date of the Board of Directors

The following was the proposed amendment to the Corporation's By-Laws:

ARTICLE NO.	FROM	TO
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ARTICLE III, SECTION 6	Regular Meeting of the Board of Directors shall be held every second Wednesday of each month at such times and places as the Chairman of the Board, or in his absence, the President, or upon the request of a majority of the directors and shall be held at such places as may be designated in the notice.	Regular Meeting of the Board of Directors shall be held every <u>last Wednesday</u> of each month at such times and places as the Chairman of the Board, or in his absence, the President, or upon the request of a majority of the directors and shall be held at such places as may be designated in the notice.
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For this agenda item, this was affirmed, approved, and ratified by the affirmative vote of 18,876,804,828 shares representing 100% of the stockholders present in person and/or through proxy.

Declaration of Stock Dividends

At a meeting of the Board of Directors held on March 27, 2023 the declaration of 60% stock dividends corresponding to 15 Billion shares, equivalent to PhP150,000,000.00, was approved.

Of such stock dividends: (a) 5 billion shares shall come from the Company's unissued shares; and (b) 10 billion shares, shall come from the increase in the Company's authorized capital stock. The issuance of the stock dividends shall be subject to the approval of the Securities and Exchange Commission of the increase in the Company's authorized capital stock.

The declaration of stock dividends was affirmed, approved, and ratified by the affirmative vote of 18,876,804,828 shares representing 100% of the stockholders present in person and/or through proxy

Directors and Officers Present During the Meeting

The following directors and officers attended the meeting:

1. Mr. William Carlos Uy (Chairman and Director)
2. Mr. Jose S. Jalandoni (President and Director)
3. Mr. Jose Ma. S. Lopez (Director)
4. Mr. John Carlos Uy (Director)
5. Mr. William L. Ang (Director, Vice President and Treasurer)
6. Mr. Jose Feria, Jr. (Independent Director)
7. Mr. David Ng (Independent Director)
8. Ms. Ma. Adelina S. Gatdula (Corporate Secretary)
9. Ms. Ma. Lourdes C. Endozo (Assistant Corporate Secretary)

Stockholders Present during the Meeting

The voting rights of Stockholders shall be reckoned per share of stock and not per capita.

The following Stockholders were present during the 2023 Annual Meeting:

1. Mr. William Carlos Uy
2. Mr. Jose S. Jalandoni
3. Mr. Jose Ma. S. Lopez
4. Mr. John Carlos Uy
5. Mr. William L. Ang
6. Mr. Jose Feria, Jr.
7. Mr. David Ng
8. Liberty Flour Mills. Inc.
9. Parity Values, Inc.

Appraisals and Performance Report for the Board and the Criteria and Procedure for their Assessment

The Company acknowledges that a paramount concern for good corporate governance and an essential condition for the current and future success of the Company is the need to be governed by a competent Board of Directors and top management. One mechanism to ensure competent and

responsible leadership is to create a mechanism where the performance of the Board and top management is assessed.

Under the Code of Corporate Governance of LFM, the various board committees of LFM evaluate and assess each individual director. This being the case the Executive, Audit, Nomination, Remuneration, or Risk Oversight Committee may evaluate and assess each individual director. Provided, that in the event that a director is part of one committee, then another committee shall be tasked to perform his/her evaluation and assessment.

The assessment criteria includes, among others, the participation and engagement of a Board Member in the meeting of the Board of Directors, the amount of times such director is present, whether or not such member is habitually tardy or punctual, their contribution to the committees to which they belong, and other criteria that the committee conducting the assessment deems as appropriate.

Furthermore, at all meetings of the Board of directors, each director is free to voice out their suggestions to improve the manner of governance or express their concerns regarding matters that should be addressed.

Directors Disclosures on Self-Dealing and Related Party Transactions

Directorships

The following directors are also directors of the Company's parent, Liberty Flour Mills, Inc.: William Carlos Uy, Jose S. Jalandoni, William L. Ang, Jose Ma. S. Lopez, John Carlos Uy, David Ng, Jose A. Feria Jr.

Also, William Carlos Uy serves as LFM's Chairman; while Jose Ma. S. Lopez serves as LFM's SVP-Finance and Treasurer.

Purchase of Liberty Building

The Company, and its parent, Liberty Flour Mills, Inc. entered into a contract to sell for the sale and purchase of Liberty Building; which is an 8-storey building located along A. Arnaiz Avenue.

This building houses multiple commercial tenants with eight (8) office floors and one (1) basement parking area.

On May 3, 2023 the independent third-party financial adviser advised that the fair price for LFM Building is about 27% of the value of LFM's Total Assets.

On May 31, 2023, after being given an opportunity to study the fairness opinion provided by the independent third-party financial adviser, and upon negotiations of the Parties, the Board of Directors of the Company approved: (a) the fairness opinion; and (b) the execution of a contract to sell with an execution date of June 2, 2023. The terms of payment will be deposit of 22% of the

Purchase Price on or before April 20, 2023, the balance of the purchase price will be in installments which must be fully paid on or before November 30, 2024, with the purchase price valued at 27% of LFM'S total assets.

Since the previous disclosure made in the 2023 Definitive Information Statement, the Company entered into a Contract to Sell for the purchase of land and building with LFM on November 9, 2023 for a consideration of P980.00 million (exclusive of VAT) payable on installment basis which must be fully paid on or before November 30, 2024. The Deed of Absolute Sale will be executed and the absolute transfer of Liberty building to the Company will be made upon the tender of the installment payment.

All of the above transactions are at arm's length and above board.

Disagreement of Directors and Executive Officers

There has been no substantial and/or material disagreement between the Board of Directors and the Executive Officers that relate to the Company's operations, management, policies, or practices.

UPON WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A FREE OF CHARGE. SUCH WRITTEN REQUEST SHOULD BE DIRECTED TO MICHAEL JOHN A. TANTOCO JR., 8TH FLOOR, DPC PLACE, 2322 CHINO ROCES AVENUE, MAKATI CITY.

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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

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Form Type

A	A	F	S
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

finance@lfmproperty.com

Company's Telephone Number

8893-7790/8893-7792

Mobile Number

—

No. of Stockholders

439

Annual Meeting (Month / Day)

July 26

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

William L. Ang

Email Address

williamlimang@gmail.com

Telephone Number/s

(02) 8893-7790

Mobile Number

—

CONTACT PERSON'S ADDRESS

3rd Floor Liberty Building, 835 A. Arnaiz Avenue, Makati City

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

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



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LFM Properties Corporation (the Company), a subsidiary of Liberty Flour Mills, Inc., which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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



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

Fair Value of Investment Properties

The Company operates mixed-use office buildings, vacant commercial land and condominium units located in Luzon. The Company accounts for its investment properties using the cost model and discloses the fair value as required under PAS 40, *Investment Property*. As at December 31, 2023, the carrying value and fair value of investment properties amounted to ₱1,767.25 million and ₱5,369.43 million, respectively. Management determined the fair value of the investment properties based on the valuations carried out by an external valuer using income and market data approaches.

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

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

Audit Response

We evaluated the competence, capabilities and qualifications of the external appraiser by considering their qualifications, experience and reporting responsibilities. We involved our internal specialist in the evaluation of the methodology and assumptions used in the valuation of the investment properties. We assessed the methodology adopted by referencing common valuation models and inspected the relevant information supporting the sales and listings of comparable properties. We also inquired from the external appraiser the basis of adjustments made to the sales price.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.



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

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

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

Management is responsible for the preparation and fair presentation of the 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 has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

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

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

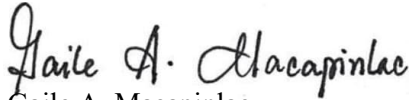
Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 25 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of LFM Properties Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



The engagement partner on the audit resulting in this independent auditor's report is Gaile A. Macapinlac.

SYCIP GORRES VELAYO & CO.



Gaile A. Macapinlac

Partner

CPA Certificate No. 98838

Tax Identification No. 205-947-572

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-126-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10079961, January 6, 2024, Makati City

April 12, 2024



LFM PROPERTIES CORPORATION

(A Subsidiary of Liberty Flour Mills, Inc.)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash (Notes 4 and 21)	₱34,535,667	₱43,063,573
Receivables (Notes 5 and 21)	12,713,273	29,338,711
Financial assets at fair value through profit or loss (FVTPL) (Notes 6 and 21)	27,065,842	121,713,643
Accrued rent - current portion (Note 13)	1,880,088	1,813,322
Prepaid expenses and other current assets (Notes 7 and 9)	47,219,833	3,263,344
Total Current Assets	123,414,703	199,192,593
Noncurrent Assets		
Investment properties (Notes 9 and 12)	1,767,246,832	814,182,586
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 8 and 21)	126,594,399	116,911,541
Accrued rent - net of current portion (Note 13)	8,199,396	7,830,463
Net retirement plan asset (Note 18)	3,024,514	6,587,047
Property and equipment (Note 10)	945,812	2,060,738
Deposit (Notes 9 and 20)	—	130,000,000
Other noncurrent assets (Notes 7, 9 and 10)	81,559,117	20,257,791
Total Noncurrent Assets	1,987,570,070	1,097,830,166
TOTAL ASSETS	₱2,110,984,773	₱1,297,022,759
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of notes payable (Notes 11 and 21)	₱590,195,077	₱323,609,473
Accounts payable and other current liabilities (Notes 9, 12 and 21)	40,266,306	35,389,267
Payable to a related party (Notes 9, 20 and 21)	851,200,000	—
Current portion:		
Deposits on long-term leases (Note 13)	25,999,964	34,666,893
Unearned rental income (Note 13)	6,474,814	4,722,712
Income tax payable	7,493,599	5,196,280
Total Current Liabilities	1,521,629,760	403,584,625
Noncurrent Liabilities		
Deposits on long-term leases - net of current portion (Note 13)	17,354,188	8,101,480
Deferred tax liabilities - net (Note 19)	1,769,678	2,714,415
Unearned rental income - net of current portion (Note 13)	1,338,485	785,885
Notes payable - net of current portion (Notes 11 and 21)	—	307,191,309
Payable to a related party (Notes 9, 20 and 21)	—	37,730,000
Other noncurrent liability (Notes 9, 12 and 21)	116,115,824	142,729,767
Total Noncurrent Liabilities	136,578,175	499,252,856
Total Liabilities	1,658,207,935	902,837,481
Equity		
Capital stock (Note 14)	300,000,000	250,000,000
Stock dividend distributable (Note 14)	100,000,000	—
Other components of equity:		
Fair value changes on financial assets at FVOCI (Note 8)	(127,580,616)	(137,263,474)
Accumulated remeasurement gains on defined benefit plan (Note 18)	5,949,704	8,668,117
Retained earnings	174,407,750	272,780,635
Total Equity	452,776,838	394,185,278
TOTAL LIABILITIES AND EQUITY	₱2,110,984,773	₱1,297,022,759

See accompanying Notes to Financial Statements.



LFM PROPERTIES CORPORATION**(A Subsidiary of Liberty Flour Mills, Inc.)****STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31		
	2023	2022	2021
RENTAL INCOME (Notes 9 and 13)	₱194,836,591	₱230,739,119	₱223,737,958
DIRECT COSTS (Notes 9 and 15)	85,239,642	77,299,074	77,700,259
GROSS PROFIT	109,596,949	153,440,045	146,037,699
OPERATING EXPENSES (Notes 10, 16, 17, 18 and 20)	32,238,055	25,418,019	25,914,768
INCOME BEFORE OTHER INCOME (CHARGES) AND INCOME TAX	77,358,894	128,022,026	120,122,931
OTHER INCOME (CHARGES)			
Gain on sale of investment properties	88,637,478	—	—
Interest expense (Notes 9, 11 and 13)	(43,620,441)	(27,890,956)	(30,684,544)
Fair value changes of financial assets at FVTPL (Note 6)	(42,006,396)	(58,797,005)	82,498,404
Gain on sale of financial assets at FVTPL (Note 6)	728,239	502,046	—
Dividend income (Note 6)	394,390	1,068,560	1,103,406
Interest income (Notes 4 and 5)	19,309	29,711	77,949
Loss on pretermination of lease contract (Notes 13 and 24)	—	(85,402,721)	—
Other income (expense) – net (Note 11)	1,446,392	578,134	(4,581,278)
	5,598,971	(169,912,231)	48,413,937
INCOME (LOSS) BEFORE INCOME TAX	82,957,865	(41,890,205)	168,536,868
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 19)			
Current	31,369,350	21,656,566	16,711,331
Deferred	(38,600)	(17,565,104)	1,896,491
	31,330,750	4,091,462	18,607,822
NET INCOME (LOSS)	51,627,115	(45,981,667)	149,929,046
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Net fair value changes on financial assets at FVOCI (Note 8)	9,682,858	(39,807,304)	(33,352,066)
Remeasurement gain (loss) on defined benefit plans (Note 18)	(3,624,550)	(6,537,877)	8,483,192
Income tax effect	906,137	1,634,469	(1,640,189)
	6,964,445	(44,710,712)	(26,509,063)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱58,591,560	(₱90,692,379)	₱123,419,983
BASIC/DILUTED EARNINGS (LOSS) PER SHARE (Note 14)	₱0.00207	(₱0.00184)	₱0.0060

See accompanying Notes to Financial Statements.



LFM PROPERTIES CORPORATION

(A Subsidiary of Liberty Flour Mills, Inc.)

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

			Other Components of Equity			
	Capital Stock	Stock Dividends	Fair Value	Accumulated		
	(Note 14)	Distributable	Changes	Remeasurement	Retained	Total
		(Note 14)	on Financial	Gains on	Earnings	
			assets	Defined		
			at FVOCI	Benefit Plan		
			(Note 8)	(Note 18)		
Balances at January 1, 2023	₱250,000,000	₱—	(₱137,263,474)	₱8,668,117	₱272,780,635	₱394,185,278
Net income	—	—	—	—	51,627,115	51,627,115
Other comprehensive income (loss)	—	—	9,682,858	(2,718,413)	—	6,964,445
Stock dividend declaration (Note 14)	50,000,000	100,000,000	—	—	(150,000,000)	—
Balances at December 31, 2023	₱300,000,000	₱100,000,000	(₱127,580,616)	₱5,949,704	₱174,407,750	₱452,776,838
Balances at January 1, 2022	₱250,000,000	₱—	(₱97,456,170)	₱13,571,525	₱318,762,302	₱484,877,657
Net loss	—	—	—	—	(45,981,667)	(45,981,667)
Other comprehensive loss	—	—	(39,807,304)	(4,903,408)	—	(44,710,712)
Balances at December 31, 2022	₱250,000,000	₱—	(₱137,263,474)	₱8,668,117	₱272,780,635	₱394,185,278
Balances at January 1, 2021	₱250,000,000	₱—	(₱64,104,104)	₱6,728,522	₱168,833,256	₱361,457,674
Net income	—	—	—	—	149,929,046	149,929,046
Other comprehensive income (loss)	—	—	(33,352,066)	6,843,003	—	(26,509,063)
Balances at December 31, 2021	₱250,000,000	₱—	(₱97,456,170)	₱13,571,525	₱318,762,302	₱484,877,657

See accompanying Notes to Financial Statements.



LFM PROPERTIES CORPORATION**(A Subsidiary of Liberty Flour Mills, Inc.)****STATEMENTS OF CASH FLOWS**

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	₱82,957,865	(₱41,890,205)	₱168,536,868
Adjustments to reconcile income (loss) before income tax to net cash flows:			
Gain on sale of investment properties	(88,637,478)	—	—
Depreciation and amortization (Notes 9 and 10)	44,368,720	43,663,071	43,068,510
Interest expense (Notes 11 and 13)	43,620,441	27,890,956	30,684,544
Fair value changes of financial assets at fair value through profit or loss (Note 6)	42,006,396	58,797,005	(82,498,404)
Gain on sale of financial assets at FVTPL (Note 6)	(728,239)	(502,046)	—
Dividend income (Note 6)	(394,390)	(1,068,560)	(1,103,406)
Movement in net retirement plan asset (Note 18)	(62,017)	(48,438)	663,219
Interest income (Notes 4 and 5)	(19,309)	(29,711)	(77,949)
Loss on pretermination of lease contract (Notes 13 and 24)	—	85,402,721	—
Loss on loan modification (Note 11)	—	—	4,981,822
Working capital changes:			
Decrease (increase) in:			
Receivables	16,625,438	(23,910,863)	16,124,179
Accrued rent	(435,699)	(15,723,884)	(19,561,284)
Prepaid expenses and other current assets	(16,263,638)	2,670,927	(2,398,764)
Increase (decrease) in:			
Accounts payable and other current liabilities	(1,447,976)	1,334,261	(642,462)
Deposits on long-term leases	(167,764)	10,100,297	(492,032)
Unearned rental income	2,304,702	(8,216,358)	(1,585,588)
Net cash flows generated from operations	123,727,052	138,469,173	155,699,253
Income tax paid	(29,072,031)	(17,623,787)	(16,760,761)
Interest received	19,309	29,711	77,949
Net cash provided by operating activities	94,674,330	120,875,097	139,016,441
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment properties (Notes 9 and 23)	(106,910,033)	—	(31,555,521)
Property and equipment (Note 10)	(56,243)	(1,227,679)	(2,152,176)
Proceeds from sale of:			
Investment properties	89,285,714	—	—
Financial assets at FVTPL (Note 6)	62,686,239	7,937,066	—
Purchase of financial assets at FVTPL (Note 6)	(9,316,595)	(7,496,677)	(16,013,514)
Dividends received (Note 6)	394,390	1,068,560	1,103,406
Deposit (Note 20)	—	(130,000,000)	—
Decrease in other noncurrent assets	—	110,474	272,768
Net cash provided by (used in) investing activities	36,083,472	(129,608,256)	(48,345,037)

(Forward)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment of bank loans (Note 11)	₱113,000,000	₱187,000,000	₱—
Payments of:			
Notes payable (Note 11)	(153,470,588)	(136,470,588)	—
Interest (Note 11)	(42,703,263)	(27,109,639)	(27,235,028)
Payable to a related party (Note 9)	(37,730,000)	—	(52,000,000)
Other noncurrent liability (Note 9)	(18,381,857)	(18,381,857)	—
Debt issue cost (Note 11)	—	—	(4,350,000)
Net cash provided by (used in) financing activities	(139,285,708)	5,037,916	(83,585,028)
NET INCREASE (DECREASE) IN CASH	(8,527,906)	(3,695,243)	7,086,376
CASH AT BEGINNING OF YEAR	43,063,573	46,758,816	39,672,440
CASH AT END OF YEAR (Note 4)	₱34,535,667	₱43,063,573	₱46,758,816

See accompanying Notes to Financial Statements.



LFM PROPERTIES CORPORATION

(A Subsidiary of Liberty Flour Mills, Inc.)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

LFM Properties Corporation (the Company) is a subsidiary of Liberty Flour Mills, Inc. (LFMI), a corporation duly organized and existing under the laws of the Republic of the Philippines. The Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 18, 1995. The Company is engaged in the business of leasing out real estate properties such as office spaces and condominium units. The Company's registered office address is 3rd Floor, Liberty Building, A. Arnaiz Avenue, Makati City.

On November 25, 2020, the Board of Directors (BOD) of LFMI approved the declaration of property dividends consisting of up to 10.35 billion shares of the Company.

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

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

Status of Operations

The Company reported negative working capital amounting to ₱1,398,215,057 and ₱204,392,032 as at December 31, 2023 and 2022, respectively. Management intends to implement the following action plans to address the negative working capital and funding requirements: (1) conversion of payable to Parent Company to equity, (2) settlement of current maturing obligations through generated operating cashflows and utilization of unused credit facilities, (3) subsequently secured a waiver from the bank resulting in deferment of loan principal payment after year 2024 following the original payment terms (see Note 11), (4) possible negotiation for long-term loan maturity, and (5) possible disposal of certain assets and investments.

The accompanying financial statements were authorized and approved for issue by the Company's BOD on April 12, 2024.

2. Material Accounting Policy Information

Basis of Preparation

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



Seasonality of Operations

The Company generates regular income based on contractual arrangements covering a period of one to five years. There are no revenues received seasonally, cyclically or occasionally within the financial year. Hence, the Company's operation is not seasonal.

Statement of Compliance

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

▪ Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to the Practice Statement provide non-mandatory guidance.

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

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

▪ Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).



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

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as “Pillar Two legislation” and “Pillar Two income taxes”, respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred effectivity

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

Fair Value Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.



The principal or the most advantageous market must be accessible to the Company.

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

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

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

“Day 1” Difference

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



Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVOCI, and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement. For purposes of subsequent measurement, financial assets are classified in four categories:

- *Financial assets at amortized cost (debt instruments).* This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:
 - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
 - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's cash, receivables and refundable deposits (under "Other noncurrent assets" account) are included in this category as at December 31, 2023 and 2022.



- *Financial assets at fair value through other comprehensive income (FVOCI) (debt instruments).* The Company measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Company has no debt instruments at FVOCI as at December 31, 2023 and 2022.

- *Financial assets designated at FVOCI (equity instruments).* Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss in the statement of comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company's quoted investment is classified as equity instrument designated at FVOCI as at December 31, 2023 and 2022.

- *Financial assets at FVTPL.* Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

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

The Company's investments in quoted equity securities are classified as equity instrument designated at FVTPL as at December 31, 2023 and 2022.



Impairment of financial assets. The Company recognizes an Expected Credit Loss (ECL) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and refundable deposits, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash since initial recognition.

For receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities consist only of loans and borrowings. As at December 31, 2023 and 2022, the Company's loans and borrowings consisting of notes payable, accounts payable and other current liabilities, deposits on long-term leases and payable to a related party. The Company has no financial liabilities at FVTPL or derivatives designated as hedging instruments in an effective hedge and no freestanding embedded derivatives as at December 31, 2023 and 2022.

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



Derecognition of Financial Assets and Financial Liabilities

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

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

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

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

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

Exchange or Modification of Financial Liabilities

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

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

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



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

Prepaid Expenses

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

Value-added Tax (VAT)

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

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

Investment Properties

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

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

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

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

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

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

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



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

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

Property and Equipment

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

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

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

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

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

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

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

Impairment of Nonfinancial Assets

At each reporting date, the Company assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU)'s fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate



cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies, or other available fair value indicators.

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

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

Equity

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

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

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

Basic/Diluted Earnings per Share

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

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

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

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. Revenue is recognized when the Company satisfies a performance obligation by transferring a promised goods or service to the customer, which is when the customer obtains control of the goods or service. A performance obligation may be satisfied at a point in time or over time. The amount of



revenue recognized is the amount allocated to the satisfied performance obligation. The Company's contracts with customers consist of only one performance obligation which is satisfied over time (straight-line basis over the lease terms). The Company has concluded that it is acting as principal in all of its revenue arrangements.

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

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

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

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

Direct Costs and Operating Expenses

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

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

Borrowing Costs

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

Retirement Benefits Cost

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

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.



Defined benefit costs comprise the following:

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

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

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Taxes

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

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

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

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



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

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

Provisions and Contingencies

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

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

Segment Reporting

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

Events after the Reporting Period

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

3. Significant Accounting Judgments and Estimates

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

In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from these estimates, and such estimates will be adjusted accordingly when the effects become determinable.

Judgments

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



Estimates

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

There is no change in the estimated useful lives of investment properties as at December 31, 2023 and 2022.

The carrying value of investment properties, excluding land, amounted to ₱554,037,544 and ₱512,373,298 as at December 31, 2023 and 2022, respectively (see Note 9).

Fair value of investment properties. The Company is required to disclose for each class of investment properties the fair value of that class of assets in a way that permits it to be compared with the corresponding carrying amount in the statements of financial position, which requires the use of accounting judgment and estimates. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these investment properties would affect the disclosures made by management. The fair values of the Company's investment properties are set out in Note 21.

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

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

The Company has considered the impact of COVID-19 pandemic and assessed that the investment properties are not impaired. As at December 31, 2023 and 2022, no other impairment indicators were identified for the Company's investment properties.

The carrying value of investment properties amounted to ₱1,767,246,832 and ₱814,182,586 as at December 31, 2023 and 2022, respectively (see Note 9).

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



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

The discount rate is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. Net retirement plan asset amounted to ₱3,024,514 and ₱6,587,047 as at December 31, 2023 and 2022, respectively (see Note 18).

Recognition of deferred tax assets. The Company reviews the carrying amounts of deferred income tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. While future taxable profit can be estimated, the actual outcome may be different. Deferred tax assets recognized amounted to ₱1,506,322 and ₱1,343,293 as at December 31, 2023 and 2022, respectively (see Note 19).

The Company did not recognize deferred tax asset on fair value loss on financial assets at FVTPL amounting to ₱6,090,000 as at December 31, 2023 and 2022 as management believes that there is no expected sufficient capital gain against which the fair value loss can be offset to realize the benefit of such deferred tax asset (see Note 19).

4. Cash

	2023	2022
Cash on hand	₱13,500	₱13,500
Cash in banks	34,522,167	43,050,073
	₱34,535,667	₱43,063,573

Cash in banks earn interest at the respective bank deposit rates. Interest income earned on cash in banks amounted to ₱19,309, ₱10,874 and ₱33,098 in 2023, 2022, and 2021, respectively.

5. Receivables

	2023	2022
Rent receivable (see Note 13)	₱8,086,685	₱25,988,029
Receivable from a broker	5,619,569	4,303,908
Advances to officers and employees and others	56,700	96,455
	13,762,954	30,388,392
Less allowance for expected credit losses (see Note 16)	1,049,681	1,049,681
	₱12,713,273	₱29,338,711

Rent receivable arises from leasing the Company's investment properties. These are interest-bearing with average credit term of 30 days. Interest income earned amounted to nil, ₱18,837 and ₱44,851 in 2023, 2022 and 2021, respectively.



Receivable from a broker represents the Company's deposit to its agent of marketable securities, including unremitted proceeds from disposal of investments, which are liquidated through acquisition of additional investments for the Company. Interest income earned amounted to nil in 2023, 2022 and 2021.

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

Provision for expected credit losses on rent receivable amounted to ₱1,049,681 in 2021 (nil in 2023 and 2022) (see Note 21).

6. Financial Assets at Fair Value through Profit or Loss

Financial assets at FVTPL pertain to quoted equity securities held for trading purposes and are composed of the following:

	2023	2022	2021
Balance at beginning of year	₱121,713,643	₱180,448,991	₱81,937,073
Acquisitions	9,316,595	7,496,677	16,013,514
Fair value gain (loss) recognized in profit or loss	(42,006,396)	(58,797,005)	82,498,404
Disposals	(61,958,000)	(7,435,020)	—
	₱27,065,842	₱121,713,643	₱180,448,991

Financial assets at FVTPL includes equity securities with cost and carrying value amounting to ₱40,600,000 as at December 31, 2023 and 2022.

Realized gain on sale of financial assets at FVTPL amounted to ₱728,239 and ₱502,046 in 2023 and 2022, respectively (nil in 2021).

Dividend income earned from financial assets at FVTPL amounted to ₱394,390, ₱1,068,560 and ₱1,103,406 in 2023, 2022 and 2021, respectively.

7. Prepaid Expenses and Other Current Assets

	2023	2022
Deferred input VAT (see Note 9)	₱108,769,030	₱19,823,960
Input VAT - net	15,752,345	—
Prepaid expenses	1,536,076	975,676
	126,057,451	20,799,636
Less: noncurrent portion of deferred input VAT	78,837,618	17,536,292
	₱47,219,833	₱3,263,344



8. Financial Assets at Fair Value through Other Comprehensive Income

The Company's financial assets at FVOCI consist of quoted equity securities amounting to ₱126,594,399 and ₱116,911,541 as at December 31, 2023 and 2022, respectively.

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

	2023	2022
Beginning balance	(₱137,263,474)	(₱97,456,170)
Fair value gain (loss) recognized in other comprehensive income	9,682,858	(39,807,304)
Ending balance	(₱127,580,616)	(₱137,263,474)

9. Investment Properties

	2023			
	Land	Building and Building Improvements	Condominium Units	Total
Costs:				
Beginning balances	₱301,809,288	₱933,335,345	₱11,419,656	₱1,246,564,289
Additions	911,400,000	85,510,033	—	996,910,033
Disposals	—	—	(11,419,656)	(11,419,656)
Ending balances	1,213,209,288	1,018,845,378	—	2,232,054,666
Accumulated depreciation and amortization:				
Beginning balances	—	421,673,646	10,708,057	432,381,703
Depreciation and amortization (see Note 15)	—	43,134,188	63,363	43,197,551
Disposals	—	—	(10,771,420)	(10,771,420)
Ending balances	—	464,807,834	—	464,807,834
Net book values	₱1,213,209,288	₱554,037,544	₱—	₱1,767,246,832

	2022			
	Land	Building and Building Improvements	Condominium Units	Total
Costs:				
Beginning balances	₱301,400,793	₱933,335,345	₱11,419,656	₱1,246,155,794
Additions	408,495	—	—	408,495
Ending balances	301,809,288	933,335,345	11,419,656	1,246,564,289
Accumulated depreciation and amortization:				
Beginning balances	—	379,366,631	10,631,003	389,997,634
Depreciation and amortization (see Note 15)	—	42,307,015	77,054	42,384,069
Ending balances	—	421,673,646	10,708,057	432,381,703
Net book values	₱301,809,288	₱511,661,699	₱711,599	₱814,182,586

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

Rental income from investment properties recognized in the statements of comprehensive income amounted to ₱194,836,591, ₱230,739,119 and ₱223,737,958 in 2023, 2022 and 2021, respectively, while directly related costs amounted to ₱85,239,642, ₱77,299,074 and ₱77,700,259 in 2023, 2022 and 2021, respectively (see Notes 13 and 15).



The aggregate fair value of investment properties amounting to ₱5,369,425,000 and ₱3,709,280,000 as at December 31, 2023 and 2022, respectively, are determined based on valuation performed by a qualified and independent appraiser in 2023 and 2021, and prevailing market value of recently acquired property in 2023 and 2021. The key assumptions used for valuation reports include growth rate and discount rate of 5% and 10.8%-11%, respectively. The valuation undertaken considered the highest and best use of the properties and established estimated value by processes involving comparison (Level 3). Management has determined that the fair value of investment properties did not significantly change from the last valuation date.

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

2023 and 2022		
	Valuation technique	Significant unobservable input
Land, condominium units and buildings and building improvements, and building equipment	Income Approach	Future free cashflow projections discounted using a rate based on the level of risk of the business and opportunity cost of capital
Land	Market Data	Adjusted sales price of Comparable properties

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

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

Land and building and building improvements owned by the Company with an aggregate carrying value of ₱427,551,024 and ₱44,094,958 as at December 31, 2023 and 2022, respectively, served as collateral to secure the loans obtained from banks (see Note 11).

Development Rights

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

In December 2020, the parties executed an agreement for the determination of the consideration amounting to ₱99,700,000. The initial payment amounting to ₱9,970,000 was paid on the date of execution of the agreement while the remaining balance in the amount of ₱89,730,000, subject to 5.25% interest, shall be paid through a single payment or partial payments, as the Company may deem necessary, within a period of 5 years, from the execution of the agreement and no later than December 14, 2025. Accordingly, the Company recognized an asset as part of land under “Investment properties” account amounting to ₱99,700,000 and a liability presented as “Payable to a related party” with outstanding balance amounting to nil and ₱37,730,000 as at December 31, 2023 and 2022 (see Note 20).



Acquisition of Land and Building

- a. In December 2021, the Company entered into a Contract to Sell for the purchase of land for a consideration of ₱214,455,000 (exclusive of VAT) payable on monthly installment basis until year 2026. Payments made in 2023 and 2022 amounted to ₱18,381,857 (exclusive of VAT). As at December 31, 2023 and 2022, the corresponding unpaid purchase price, net of VAT, were recorded at present value using the discount rate of 4.25% amounting to ₱125,193,475 and ₱142,434,110, respectively. Current and noncurrent portion of the liability amounting to ₱26,613,943 and ₱116,115,824, respectively, inclusive of VAT, are presented as part of Accounts payable” under “Accounts payable and other current liabilities” and “Other noncurrent liability” accounts, respectively, in the 2023 statement of financial position (see Note 12). While current and noncurrent portion of the liability amounting to ₱19,446,458 and ₱142,729,767, respectively, inclusive of VAT, are presented as part of Accounts payable” under “Accounts payable and other current liabilities” and “Other noncurrent liability” accounts, respectively, in the 2022 statement of financial position (see Note 12). Total discount of liability amounted to ₱20,942,290 and ₱22,083,512 as at December 31, 2023 and 2022, respectively. Accretion of interest expense recognized in statement of comprehensive income amounted to ₱1,141,222 for the year ended December 31, 2023. While accretion of interest expense capitalized as part of investment property amounted to ₱408,495 for the year ended December 31, 2022.

The related deferred input VAT amounting to ₱14,389,931 and ₱17,536,292, net of current portion of ₱3,146,361 and ₱2,205,823, as at December 31, 2023 and 2022, respectively, is recognized as part of “Other noncurrent assets” account in the statements of financial position (see Note 7). This deferred input VAT will be claimed against output VAT upon payment of the related liability.

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

Year	2023	2022
2023	₱—	₱18,381,857
2024	26,219,677	26,219,677
2025	65,408,775	65,408,775
2026	54,507,313	54,507,313
	₱146,135,765	₱164,517,622

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

On November 9, 2023, the Company entered into a Contract to Sell with its Parent Company for the purchase of land and building for a consideration of ₱980,000,000 (exclusive of VAT) payable on installment basis. Total payments made as at December 31, 2023 amounting to ₱220,000,000 (exclusive of VAT) includes the aforementioned deposit in 2022 amounting to | ₱130,000,000 (exclusive of VAT). Accordingly, the Company recognized additions to land and building amounting to ₱911,400,000 and ₱68,600,000, respectively. Pursuant to the terms of the Contract to Sell, the unpaid consideration amounting to ₱760,000,000 (exclusive of VAT) shall be paid on before November 30, 2024 in such manner and proportion to be agreed by the contracting parties, by way of cash payment and/or through the Company’s issuance of unlisted



preferred shares in favor of the Parent Company. Outstanding liability amounting to ₱851,200,000 (inclusive of VAT) as at December 31, 2023 is presented as “Payable to a related party” in the 2023 statement of financial position.

The related deferred input VAT amounting to ₱91,200,000 as at December 31, 2023 is recognized as part of “Prepaid Expenses and Other Current Assets” and “Other noncurrent assets” accounts in the statement of financial position amounting to ₱26,752,313 and ₱64,447,687, respectively (see Note 7). This deferred input VAT will be claimed against output VAT upon payment of the related liability.

10. Property and Equipment

	2023			
	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Costs:				
Beginning balances	₱6,464,850	₱200,000	₱839,842	₱7,504,692
Additions	56,243	–	–	56,243
Ending balances	6,521,093	200,000	839,842	7,560,935
Accumulated depreciation and amortization:				
Beginning balances	4,404,112	200,000	839,842	5,443,954
Depreciation and amortization (see Note 16)	1,171,169	–	–	1,171,169
Ending balances	5,575,281	200,000	839,842	6,615,123
Net book values	₱945,812	₱–	₱–	₱945,812

	2022			
	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Costs:				
Beginning balances	₱5,237,171	₱200,000	₱839,842	₱6,277,013
Additions	1,227,679	–	–	1,227,679
Ending balances	6,464,850	200,000	839,842	7,504,692
Accumulated depreciation and amortization:				
Beginning balances	3,125,110	200,000	839,842	4,164,952
Depreciation and amortization (see Note 16)	1,279,002	–	–	1,279,002
Ending balances	4,404,112	200,000	839,842	5,443,954
Net book values	₱2,060,738	₱–	₱–	₱2,060,738

Cost of fully amortized computer software included under “Other noncurrent assets” still in use amounted to ₱4,739,541 as at December 31, 2023 and 2022. Amortization of computer software amounted to nil in 2023 and 2022 and ₱99,099 in 2021 (see Note 16).



11. Notes Payable

Notes payable consists of:

	2023	2022
Principal	₱590,058,824	₱630,529,412
Add: unamortized premium, net of debt issue cost	136,253	271,370
	590,195,077	630,800,782
Less current portion	(590,195,077)	(323,609,473)
Noncurrent portion	₱-	₱307,191,309

On various dates, the Company availed short-term loans in 2023 and 2022 (with interest ranging from 6.2% to 6.75%) totaling ₱113,000,000 and (with interest ranging from 4.7% to 5.95%) totaling ₱187,000,000, respectively. On November 24, 2023, the Company rolled over the ₱170,000,000 short-term loans availed in 2022.

On February 18, 2021, the Company converted its ₱580,000,000 short-term promissory note to term loans with maturity of 5 years, payable in equal quarterly installments starting on February 19, 2022. As at December 31, 2023 and 2022, total payments of notes payable amounted to ₱153,470,588 and ₱136,470,588, respectively.

Long-term loans are secured by a real estate mortgage on certain land and building and building improvements owned by the Company (see Note 9).

The details of the term loans follow:

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

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

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

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

Based on the Company's assessment, the modifications in the contractual cash flows of the loan are not substantial and therefore did not result in the derecognition of the affected financial liabilities. Accordingly, the Company recognized a loss on loan modification amounting to ₱4,981,822 under "Other income (expense)" account in the 2021 statement of comprehensive income.



Debt Covenants

The 2021 term loan agreement contains, among others, covenants that require the Company to comply with specified financial ratios which are current ratio (minimum of 1.0), debt-to-equity ratio (maximum of 2.33) and debt service coverage ratio (minimum of 1.25). Based on the 2023 amended loan agreement, the Company is required to comply with covenants such as debt-to-equity ratio (maximum of 2.33) and debt service coverage ratio (minimum of 1.25) in 2023. On December 15, 2023, the Company was able to secure a waiver from the bank for debt service coverage ratio. As at December 31, 2023, the Company did not meet the required debt to equity ratio. Consequently, total outstanding balance of long-term loan was classified as current liabilities in the 2023 statement of financial position. On April 5, 2024, the Company secured from the bank a one-time waiver of debt-to-equity financial covenant for the year ended December 31, 2023 (see Note 24).

As at December 31, 2022, the Company has complied with debt to equity ratio. On December 21, 2022, the Company was able to secure a waiver from the bank for current ratio and debt service coverage ratio.

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

	2023	2022
Within one year	₱419,470,588	₱323,470,588
Beyond one year but less than five years	170,588,236	307,058,824
	₱590,058,824	₱630,529,412

Total interest expense on notes payable charged to statements of comprehensive income amounted to ₱41,725,676, ₱26,552,647 and ₱29,214,581 (including loan premium amortization, net of debt issue cost amortization, amounting to ₱135,117, ₱185,144 and ₱175,308, respectively) in 2023, 2022 and 2021, respectively.

12. Accounts Payable and Other Current Liabilities

	2023	2022
Accounts payable	₱29,408,231	₱21,934,882
Construction bond	7,040,369	6,001,007
Accrued expenses:		
Interest payable	1,830,682	2,673,152
Professional fees	700,000	950,000
Others	861,222	1,629,236
Withholding taxes payable	366,742	553,570
Due to a related party (see Note 20)	59,060	61,246
Deferred Output VAT	–	1,042,371
Output VAT - net	–	543,803
	₱40,266,306	₱35,389,267

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



Accrued expenses are payable within 12 months from reporting period.

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

13. Leases

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

The lease contracts provide for the payment by the lessee of a security deposit. These are shown under “Deposits on long-term leases” account in the statements of financial position and are recorded at their present values which amounted to ₱43,354,152 and ₱42,768,373 as at December 31, 2023 and 2022, respectively. Accretion of interest, included in “Interest expense” in the statements of comprehensive income, amounted to ₱753,543, ₱1,338,309 and ₱1,469,963 in 2023, 2022 and 2021, respectively.

Unearned rental income, which includes advance rental and excess of the principal amount of the long-term deposits over its present value and are amortized on a straight-line basis over the lease term, amounted to ₱7,813,299 and ₱5,508,597 as at December 31, 2023 and 2022, respectively.

Accrued rent, which represents the excess of rental income recognized using the straight-line method over the rental income based on the terms of the lease agreements, amounted to ₱10,079,484, and ₱9,643,785 as at December 31, 2023 and 2022, respectively.

On March 29, 2023, the Company entered into a Memorandum of Agreement with Sunshine Star Holdings, Inc. (SSHI) for the pretermination of the lease contract effective October 31, 2022, to formalize the parties’ mutual understanding as to the necessary steps that will be undertaken as a result of the pretermination. SSHI has notified the Company of its pretermination plan in November 2022 due to significant negative impact of the COVID 19 pandemic to the former’s business. As at December 31, 2022, the parties had agreed in principle the pretermination of the lease contract but negotiations on certain terms of the final settlement are still being finalized, allowing both parties to reach an optimum solution to mitigate the impact to both parties’ business operations. Accordingly, appropriate adjustments have been reflected in the 2022 financial statements. As a result of the pretermination of lease contract with a lessee during the year, accrued rent receivable, security deposits and unearned rental income amounting to ₱84,687,354, ₱8,282,125 and (₱7,566,758), respectively, were derecognized resulting to pretermination loss - net of ₱85,402,721 shown separately in the 2022 statement of comprehensive income (see Note 5).

As a result of the COVID-19 pandemic, the Company provided rent concessions to its tenants in the form of deferment of payments, two-month rent-free periods and discounts in 2022 and 2021. Certain lease agreements were also pre-terminated. The Company accounted for the deferment of payment, rent-free periods and discounts provided as “not a lease modification” since there were no substantive changes to the terms and conditions of the lease, while the shortening of lease period were treated as lease modifications. The rent concessions resulted to a reduction in rental income amounting to nil, ₱2,655,475 and ₱5,476,437 in 2023, 2022 and 2021, respectively. Lease termination resulted in a decrease in accrued rent amounting to nil, ₱84,687,354 and ₱2,930,778 in 2023, 2022 and 2021, respectively, and rental income amounting to nil, ₱2,220,836 and ₱2,383,241 in 2023, 2022 and 2021, respectively.



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

	2023	2022	2021
Year 1	₱172,151,475	₱95,340,812	₱158,319,743
Year 2	114,772,545	40,898,019	144,388,794
Year 3	54,139,194	30,790,233	141,520,108
Year 4	17,971,824	26,684,756	143,705,533
Year 5	11,198,188	9,844,652	147,580,396
More than 5 years	823,656	823,656	379,604,597
	₱371,056,882	₱204,382,128	₱1,115,119,171

14. Equity

Capital Stock

As at December 31, 2023 and 2022, the Company's capital stock consists of:

	Number of Shares	Amount
Authorized		
Common stock - ₱0.01 par value	30,000,000,000	₱300,000,000
Preferred stock - ₱100 par value	1,000,000	100,000,000
	30,001,000,000	₱400,000,000
Issued and outstanding -		
Common stock - ₱0.01 par value	25,000,000,000	₱250,000,000

The preferred stock are non-voting and non-convertible to common stock. Other features of the preferred stock shall be at the discretion of the Company's BOD at the time of such issuance.

Declaration of Stock Dividends

On March 27, 2023, the BOD has approved the declaration of stock dividends in the total amount of ₱150,000,000 corresponding to 15,000,000,000 common shares, of which 5,000,000,000 common shares shall be issued from the Company's authorized and unissued capital stock while 10,000,000,000 common shares shall be issued from the increase in the Company's authorized capital stock. The stock dividend declaration was ratified during the Annual Stockholders' Meeting held last July 26, 2023.

Amendment of the Articles of Incorporation

On March 27, 2023, the BOD has approved the amendment of the Articles of Incorporation (AOI), subject to the approval of the SEC. The amendment includes reclassifying one million (1,000,000) preferred shares with a par value of ₱100 per share to ten billion (10,000,000,000) common shares with a par value of ₱0.01 per share. It also includes increasing authorized capital stock to seven hundred million pesos (₱700,000,000) which will increase the common shares to seventy billion (70,000,000,000) with a par value of ₱0.01 per share. On November 9, 2023, the Company filed its application for the amendment of the AOI covering the reclassification of preferred shares to common shares. The said application was approved by the SEC on November 15, 2023. However, the Company's application for the increase in authorized capital stock is still pending approval by the SEC as at April 12, 2024.



Basic/Diluted Earnings (Loss) Per Share

As at December 31, 2023, 2022 and 2021, the computation of basic/diluted earnings per share follows:

	2023	2022	2021
Net income (loss)	₱51,627,115	(₱45,981,667)	₱149,929,046
Divided by weighted average number of shares	25,000,000,000	25,000,000,000	25,000,000,000
Basic/diluted earnings (loss) per share	₱0.0021	(₱0.0018)	₱0.0060

15. Direct Costs

	2023	2022	2021
Depreciation and amortization (see Note 9)	₱43,197,551	₱42,384,069	₱42,478,563
Real estate tax	21,089,511	21,089,511	20,892,774
Outside services	9,922,300	7,738,300	7,224,300
Communication, light and water	5,884,285	1,548,484	1,520,526
Repairs and maintenance	3,624,693	3,178,679	4,213,205
Insurance and others	1,521,302	1,360,031	1,370,891
	₱85,239,642	₱77,299,074	₱77,700,259

16. Operating Expenses

	2023	2022	2021
Personnel costs (see Note 17)	₱14,481,362	₱13,003,010	₱13,480,192
Taxes and licenses	6,161,046	3,839,249	3,914,531
Commission	3,972,546	240,420	250,500
Professional fees	2,095,476	2,996,121	3,820,757
Depreciation and amortization (see Note 10)	1,171,169	1,279,002	589,947
Association dues	824,823	1,574,606	884,152
Repairs and maintenance	623,762	364,444	536,043
Rent (see Note 20)	526,684	516,619	503,494
Communication, light and water	369,310	174,688	175,242
Entertainment, amusement and recreation	158,026	162,339	127,175
Provision for expected credit losses (see Note 5)	—	—	1,049,681
Miscellaneous	1,853,851	1,267,521	583,054
	₱32,238,055	₱25,418,019	₱25,914,768



17. Personnel Costs

	2023	2022	2021
Salaries and wages	₱12,922,338	₱12,055,825	₱11,999,506
Retirement benefits cost (income) (see Note 18)	(62,017)	(48,438)	663,219
Others	1,621,041	995,623	817,467
	₱14,481,362	₱13,003,010	₱13,480,192



18. Retirement Benefits Cost

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

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

The following tables summarize the components of the net benefit expense recognized in the statement of comprehensive income and the funded status and amounts recognized in the statement of financial position for the plan. Changes in net retirement asset as at December 31, 2023 and 2022 are as follows:

	Net Retirement Cost (Income) in Profit or Loss in the Statement of Comprehensive Income				Remeasurements in Other Comprehensive Income							
	Balance at Beginning of Period	Current Service Cost	Net Interest	Subtotal	Actuarial Loss (Gain) Excluding Amount included in Net Interest	Actuarial Changes Arising from Changes in Financial Assumptions	Actuarial Changes Arising from Experience	Actuarial Changes Arising from in demographic assumptions	Effect of Asset Ceiling	Subtotal	Benefits paid	Balance at End of Period
December 31, 2023												
Present value of defined benefit obligation	₱7,940,238	₱412,250	₱571,697	₱983,947	₱–	₱644,930	(₱112,227)	₱–	₱–	₱532,703	₱–	₱9,456,888
Fair value of plan assets	(22,543,905)	–	(1,623,161)	(1,623,161)	11,015,385	–	–	–	–	11,015,385	–	(13,151,681)
Asset ceiling	8,016,620	–	577,197	577,197	–	–	–	–	(7,923,538)	(7,923,538)	–	670,279
Net defined benefit asset	(₱6,587,047)	₱412,250	(₱474,267)	(₱62,017)	₱11,015,385	₱644,930	(₱112,227)	₱–	(₱7,923,538)	₱3,624,550	₱–	(₱3,024,514)
December 31, 2022												
Present value of defined benefit obligation	₱9,003,951	₱568,749	₱451,998	₱1,020,747	₱–	(₱1,380,580)	₱859,981	₱–	₱–	(₱520,599)	(₱1,563,861)	₱7,940,238
Fair value of plan assets	(34,679,888)	–	(1,701,677)	(1,701,677)	12,273,799	–	–	–	–	12,273,799	1,563,861	(22,543,905)
Asset ceiling	12,599,451	–	632,492	632,492	–	–	–	–	(5,215,323)	(5,215,323)	–	8,016,620
Net defined benefit asset	(₱13,076,486)	₱568,749	(₱617,187)	(₱48,438)	₱12,273,799	(₱1,380,580)	₱859,981	₱–	(₱5,215,323)	₱6,537,877	₱–	(₱6,587,047)



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

Major categories of plan assets as at December 31 follow:

	2023	2022
Cash in banks	₱441,293	₱326,336
Investments in equity securities	12,710,388	22,217,569
	₱13,151,681	₱22,543,905

The carrying amount of the plan assets represents their fair values as at December 31, 2023 and 2022.

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

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

	2023	2022
Beginning balance	₱8,668,117	₱13,571,525
Remeasurement in other comprehensive income:		
Actuarial gain (loss) on defined benefit obligation	(532,703)	520,599
Remeasurement gain on plan assets	(11,015,385)	(12,273,799)
Effect of asset ceiling	7,923,538	5,215,323
	(3,624,550)	(6,537,877)
Income tax effect	906,137	1,634,469
	(2,718,413)	(4,903,408)
Ending balance	₱5,949,704	₱8,668,117

The latest actuarial valuation of the plan is as at December 31, 2023. The principal actuarial assumptions used to determine retirement benefits cost at the beginning of the year were as follows:

	2023	2022
Discount rate	6.09%	7.20%
Salary increase rate	5.00%	5.00%

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

		2023	
		Increase (decrease)	
		in DBO in % in ₱	
Discount rate	+100 bps	(6.2%)	(₱585,158)
	-100 bps	7.1%	670,145
Salary increase rate	+100 bps	7.1%	670,752
	-100 bps	(6.3%)	(596,142)



		2022	
		Increase (decrease) in DBO in % in ₱	
Discount rate	+100 bps	(6.4%)	(₱505,886)
	-100 bps	7.3%	580,191
Salary increase rate	+100 bps	7.4%	587,239
	-100 bps	(6.6%)	(520,406)

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

The average duration of the defined benefit obligation at the end of the period is 6.8 and 6.4 years as at December 31, 2023 and 2022, respectively.

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

	2023	2022
Year 1	₱1,612,880	₱1,523,615
Year 2	3,131,380	101,116
Year 3	771,509	3,074,216
Year 4	58,973	758,306
Year 5	71,573	58,869
Year 6 - 10	2,300,921	2,220,463

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

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

19. Income Taxes

The provision for current income tax represents regular corporate income tax.

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

	2023	2022	2021
Provision for (benefit from) income tax at statutory tax rate	₱20,739,466	(₱10,472,551)	₱42,134,217
Additions to (reductions in) income tax resulting from:			
Gain on sale and fair value changes of financial assets at FVTPL	10,319,539	14,527,453	(20,580,774)
Nondeductible expenses	687,184	707,488	1,615,015

(Forward)



	2023	2022	2021
Rental income from deposits on long-term lease	(P278,236)	(P401,070)	(P443,327)
Dividend income exempt from tax	(98,597)	(267,140)	(275,851)
Interest expense on notes payable - premium amortization	(33,779)	(46,286)	(43,827)
Interest income subjected to final tax	(4,827)	(2,718)	(8,275)
Impact of CREATE Act	—	—	(3,789,356)
	P31,330,750	P4,091,462	P18,607,822

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

	2023	2022
Deferred tax liabilities:		
Accrued rent	(P2,519,871)	(P2,410,945)
Net retirement plan asset	(756,129)	(1,646,763)
	(3,276,000)	(4,057,708)
Deferred tax assets:		
Advance rental	1,243,902	1,036,759
Provisions for expected credit losses and others	262,420	306,534
	1,506,322	1,343,293
Net deferred tax liabilities	(P1,769,678)	(P2,714,415)

As at December 31, 2023 and 2022, the Company did not recognize deferred tax asset on fair value loss on financial assets at FVTPL amounting to P40,600,000 as management believes that there is no expected sufficient capital gain against which the fair value loss can be offset to realize the benefit of such deferred tax asset.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact to the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.



As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Bill was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. Accordingly, current and deferred taxes as at and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Company was subjected to lower RCIT rate of 25% or MCIT rate of 1% effective July 1, 2020.

As at December 31, 2021, the CREATE Act's retrospective 5% income tax rate reduction resulted in a prorated current income tax (CIT) rate of the Company for CY2020 of 27.50%. This resulted in lower provision for current income tax for the year ended December 31, 2020 amounting to ₱13,265,708 or a reduction of ₱1,207,080 in CIT and income tax payable, and a reduction of ₱3,062,885 in provision for deferred income tax due to remeasurement of net deferred tax liabilities. The impact of CREATE Act on the CIT and deferred income tax for the year ended December 31, 2020 have been adjusted in the 2021 financial statements.

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

Consequently, the Company computed for MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

20. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Company, including holding companies, and fellow subsidiaries are related entities of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related entities. Receivables from and payables to related parties are normally settled in cash.

The Company's transactions with its related parties follow:

	Amount/Volume			Outstanding Balance Receivable (Payable)		Terms and Conditions
	2023	2022	2021	2023	2022	
Parent						
Liberty Flour Mills, Inc.						
Land and building acquisition (see Note 9)	₱980,000,000	₱–	₱–	(₱851,200,000)	₱–	On demand; Unsecured
Rent expense	526,684	516,619	503,494	(59,060)	(61,246)	On demand; Unsecured
Deposit (see Note 9)	(130,000,00)	130,000,000	–	–	130,000,000	On demand; Unsecured
<i>(Forward)</i>						



*Affiliate**

Parity Values, Inc.

Development rights (see Note 9)	37,730,000	P= P52,000,000	P=	(P37,730,000)	Within 5 years; 5.25% interest per annum
Deposit			P=	P130,000,000	
Due to a related party (Note 12)			(P59,060)	(P53,295)	
Payable to a related party (Note 9)**			(P851,200,000)	(P37,730,000)	

*Parent Company's stockholder

Rental expense

Rental expense for office space covers a period of one year and is renewable upon mutual agreement unless terminated by the parties concerned.

Key Management Personnel

Compensation of key management personnel follows:

	2023	2022	2021
Short-term employee benefits	P2,702,896	P2,282,925	P2,970,725
Post-employment benefits and others	612,532	1,175,871	207,966
	P3,315,428	P3,458,796	P3,178,691

Retirement Fund

The Company has no transaction with the retirement fund as at December 31, 2023 and 2022.

21. Financial Risk Management Objectives and Policies

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

Credit Risk

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

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



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

	2023	2022
Cash in banks*	₱34,522,167	₱43,050,073
Receivables**	13,706,254	30,291,937
Refundable deposits***	2,701,019	2,701,019
Total credit risk exposure	₱50,929,440	₱76,043,029

*excluding cash on hand amounting to ₱13,500 in 2023 and 2022.

**excluding advances to officers and employees and advances to others amounting to ₱56,700 and ₱96,455 in 2023 and 2022, respectively.

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

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

	2023			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	
Low	₱42,842,754	₱7,037,005	₱—	₱49,879,759
Moderate	—	1,049,681	—	1,049,681
High	—	—	—	—
Gross carrying amount	42,842,754	8,086,686	—	50,929,440
ECL	—	1,049,681	—	1,049,681
Carrying amount	₱42,842,754	₱7,037,005	₱—	₱49,879,759

	2022			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	
Low	₱50,055,000	₱24,546,748	₱—	₱74,601,748
Moderate	—	1,441,281	—	1,441,281
High	—	—	—	—
Gross carrying amount	50,055,000	25,988,029	—	76,043,029
ECL	—	1,049,681	—	1,049,681
Carrying Amount	₱50,055,000	₱24,938,348	₱—	₱74,993,348

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

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

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

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



Set out below is the information about the credit risk exposure on the Company's rent receivables using a provision matrix as at December 31:

	2023				
	Current	1-30 days	31-90 days	More than 90 days	Total
Rent receivables -					
Expected credit loss rate	—	—	—	47.91%	
Estimated total gross carrying amount at default	₱698,664	₱6,122,943	₱108,538	₱1,156,541	₱8,086,686
Expected credit loss	—	—	—	1,049,681	1,049,681
	2022				
	Current	1-30 days	31-90 days	More than 90 days	Total
Rent receivables -					
Expected credit loss rate	—	—	—	64.20%	
Estimated total gross carrying amount at default	₱9,981,376	₱3,286,060	₱11,085,674	₱1,634,919	₱25,988,029
Expected credit loss	—	—	—	1,049,681	1,049,681

In 2021, provision for expected credit losses is recognized for rent receivables subjected to impairment (nil in 2023 and 2022).

Equity Price Risk

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

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

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

	2023	
	Increase (Decrease) in Market Price	Increase (Decrease) in Profit or Loss/Equity
Financial assets at FVTPL	13% (13%)	₱10,684,885 (10,684,855)
Financial assets at FVOCI	18% (18%)	22,786,992 (22,786,992)



	2022	
	Increase (Decrease) in Market Price	Increase (Decrease) in Profit or Loss/Equity
Financial assets at FVTPL	46% (46%)	₱37,680,565 (37,680,565)
Financial assets at FVOCI	56% (56%)	65,470,463 (65,470,463)

Liquidity Risk

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

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

	2023			
	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Financial Assets at amortized cost:				
Cash	₱34,535,667	₱—	₱—	₱34,535,667
Receivables	12,071,335	1,634,919	—	13,706,254
Other noncurrent assets	—	—	2,701,019	2,701,019
Financial assets at FVTPL	27,065,842	—	—	27,065,842
Financial assets at FVOCI	—	—	126,594,399	126,594,399
	73,672,844	1,634,919	129,295,418	204,603,181
Financial Liabilities				
Notes payable, including interest	—	591,889,506	—	591,889,506
Accounts payable and other current liabilities				
Accounts payable	10,135,798	22,024,529	—	32,160,327
Accrued expense, excluding accrued interest	1,561,222	—	—	1,561,222
Construction bond	7,040,369	—	—	7,040,369
Due to related parties	59,060	—	—	59,060
Payable to a related party	—	—	851,200,000	851,200,000
Due to related parties	59,060	—	—	—
Deposits on long-term leases	—	26,824,888	20,162,073	46,986,961
Other noncurrent liabilities	—	—	134,306,019	134,306,019
	18,796,449	640,738,923	1,005,668,092	1,665,203,464
Net Financial Assets (Liabilities)	₱54,876,395	(₱639,104,004)	(₱876,372,674)	(₱1,460,600,283)

	2022			
	Less than 3 Months	3 to 12 Months	1 to 5 Years	Total
Financial Assets at amortized cost:				
Cash	₱43,063,573	₱—	₱—	₱43,063,573
Receivables	28,657,018	1,634,919	—	30,291,937
Other noncurrent assets	—	—	2,701,019	2,701,019
Financial assets at FVTPL	121,713,643	—	—	121,713,643
Financial assets at FVOCI	—	—	116,911,541	116,911,541
	193,434,234	1,634,919	119,612,560	314,681,713
Financial Liabilities:				
Notes payable, including interest	—	326,143,740	307,058,824	633,202,564
Accounts payable and other current liabilities				
Accounts payable	7,635,344	15,440,760	—	23,076,104
Accrued expense, excluding accrued interest	2,579,236	—	—	2,579,236
Construction bond	6,001,007	—	—	6,001,007
Due to a related party	61,246	—	—	61,246
Payable to a related party	—	—	37,730,000	37,730,000
Deposits on long-term leases	—	34,937,485	9,314,667	44,252,152
Other noncurrent liabilities	—	—	163,672,057	163,672,057
	16,276,833	376,521,985	517,775,548	910,574,366
Net Financial Assets (Liabilities)	₱177,321,039	(₱375,050,704)	(₱398,162,988)	(₱595,892,653)



Fair Value

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

	Carrying Value		Fair Value	
	2023	2022	2023	2022
Financial Assets				
Financial assets at FVTPL	₱27,065,842	₱121,713,643	₱27,065,842	₱121,713,643
Financial assets at FVOCI	126,594,399	116,911,541	126,594,399	116,911,541

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

The fair value of deposits on long-term leases is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities. As at December 31, 2023 and 2022, the carrying values deposits on long-term leases were not materially different from their calculated fair values.

Fair Value Hierarchy

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

	2023			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:				
Financial assets at FVTPL	₱27,065,842	₱27,065,842	₱—	₱—
Financial assets at FVOCI	126,594,399	126,594,399	—	—
Nonfinancial assets for which fair values are disclosed				
Investment properties	5,369,425,000	—	—	5,369,425,000
	2022			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value:				
Financial assets at FVTPL	₱121,713,643	₱121,713,643	₱—	₱—
Financial assets at FVOCI	116,911,541	116,911,541	—	—
Nonfinancial assets for which fair values are disclosed				
Investment properties	3,709,280,000	—	—	3,709,280,000

Financial assets at FVTPL and financial assets at FVOCI are carried at their fair values based on quoted market prices as at December 31, 2023 and 2022.

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

In 2023 and 2022, there were no reclassifications of financial instruments from and into Levels 1, 2 and 3.



22. Capital Management Policies

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes in 2023 and 2022.

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

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

	2023	2022
Capital stock	₱300,000,000	₱250,000,000
Stock dividend distributable	100,000,000	—
Retained earnings	174,407,750	272,780,635
	₱574,407,750	₱522,780,635

23. Supplemental Disclosure of Cash Flow Information

- In 2023, noncash investing activity pertains to acquisition of land and building from the Parent Company in 2023 amounting to ₱890,000,000 which consists of the unpaid consideration amounting to ₱760,000,000 and ₱130,000,000 deposit paid in 2022.
- In 2022, noncash investing activity pertains to interest accretion amounting to ₱408,495 capitalized as part of cost of land.
- In 2021, noncash investing activity pertains to land acquisition with unpaid purchase price amounting to ₱160,407,472 (see Note 9).
- The changes in liabilities arising from financing activities follows:

2023					
	January 1	Cash flows	Loan Premium	Interest expense	December 31
Notes payable	₱630,800,782	(₱40,470,588)	₱—	(₱135,117)	₱590,195,077
Other noncurrent liability	146,135,765	(18,381,857)	—	—	127,753,908
Payable to a related party	37,730,000	(37,730,000)	—	—	—
Interest payable	2,673,152	(42,703,263)	—	41,860,793	1,830,682
Total liabilities	₱817,339,699	(₱139,285,708)	₱—	₱41,725,676	₱719,779,667

2022					
	January 1	Cash flows	Loan Premium	Interest expense	December 31
Notes payable	₱580,456,514	₱50,529,412	₱—	(₱185,144)	₱630,800,782
Other noncurrent liability	164,517,622	(18,381,857)	—	—	146,135,765
Payable to a related party	37,730,000	—	—	—	37,730,000
Interest payable	3,045,000	(27,109,639)	—	26,737,791	2,673,152
Total liabilities	₱785,749,136	₱5,037,916	₱—	₱26,552,647	₱817,339,699



	2021				
	January 1	Cash flows	Loan Premium	Interest expense	December 31
Notes payable	₱580,000,000	(₱4,350,000)	₱4,981,822	(₱175,308)	₱580,456,514
Payable to a related party	89,730,000	(52,000,000)	—	—	37,730,000
Interest payable	890,139	(27,235,028)	—	29,389,889	3,045,000
Total liabilities	₱670,620,139	(₱83,585,028)	₱4,981,822	₱29,214,581	₱621,231,514

24. Events After the Reporting Period

- On April 5, 2024, the Company secured from the bank a one-time waiver of debt-to-equity financial covenant for the year ended December 31, 2023 (see Note 11).
- On March 20, 2024, the BOD has approved further amendment of the AOI to: (1) increase the number of directors, and (2) increase the authorized capital stock to include an additional ₱1.5billion worth of preferred shares.

25. Supplementary Information Required Under Revenue Regulations 15-2010

RR 15-2010

The Company reported and/or paid the following types of taxes in 2023:

- Value-added Tax (VAT)

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

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

	Net Sales/Receipts	Output VAT
Vatable net sales/receipts:		
Rental income	₱186,830,449	₱22,419,654
Common area service income	7,357,232	882,868
Others	115,850,183	13,902,022
Zero-rated rental income	6,171,552	—
Total	316,209,416	37,204,544
Application of input VAT		38,589,512
VAT payments		(1,384,968)
Balance at December 31		₱-

Zero-rated rental income pertains to those rendered to persons or entities whose exemptions are provided under special laws or international agreements to which the Philippines is a signatory.



b. Input VAT

Balance at January 1	₱—
Current year's domestic purchases/payments of importations	—
Capital goods not subjected to amortization	31,285,423
Capital goods subjected to amortization	3,883,953
Goods lodged under cost of goods sold and other accounts	146,931
Services lodged under cost of goods sold	2,368,956
Services lodged under other accounts	904,249
	38,589,512
Application against output VAT	22,837,167
Balance at December 31	₱15,752,345

c. Other Taxes and Licenses

Real estate taxes	₱21,089,511
License and permits fees	4,104,731
Documentary stamp tax	2,056,315
	₱27,250,557

d. Withholding Taxes

Withholding taxes on compensation and benefits	₱1,754,279
Expanded withholding taxes	2,095,223

e. Tax Assessments

The Company has no outstanding tax assessment with the BIR nor pending tax cases in any courts/bodies outside of the Bureau of Internal Revenue as at December 31, 2023.

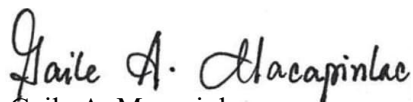


**INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION
OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION**

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of LFM Properties Corporation (the Company), as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 12, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic financial statements. This has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Gaile A. Macapinlac

Partner

CPA Certificate No. 98838

Tax Identification No. 205-947-572

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-126-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10079961, January 6, 2024, Makati City

April 12, 2024

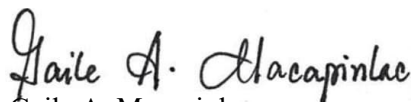


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
LFM Properties Corporation
3rd Floor, Liberty Building
B. Arnaiz Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of LFM Properties Corporation (the Company), as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April 12, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Gaile A. Macapinlac

Partner

CPA Certificate No. 98838

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April 12, 2024

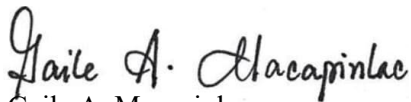


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of LFM Properties Corporation (the Company) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon April 12, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Gaile A. Macapinlac

Partner

CPA Certificate No. 98838

Tax Identification No. 205-947-572

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-126-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10079961, January 6, 2024, Makati City

April 12, 2024



LFM Properties Corporation
(A Subsidiary of Liberty Flour Mills, Inc.)

INDEX TO THE SUPPLEMENTARY SCHEDULES
December 31, 2023

- Annex A: Reconciliation of Retained Earnings Available for Dividend Declaration
- Annex B: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered
- Annex C: Supplementary Schedules Required by Annex 68-J
- Schedule A. Financial Assets
 - Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
 - Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
 - Schedule D. Long-term Debt
 - Schedule E. Indebtedness to Related Parties
 - Schedule F. Guarantees of Securities of Other Issuers
 - Schedule G. Capital Stock

LFM PROPERTIES CORPORATION**(A Subsidiary of Liberty Flour Mills, Inc.)****ANNEX A: RECONCILIATION OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION****DECEMBER 31, 2023**

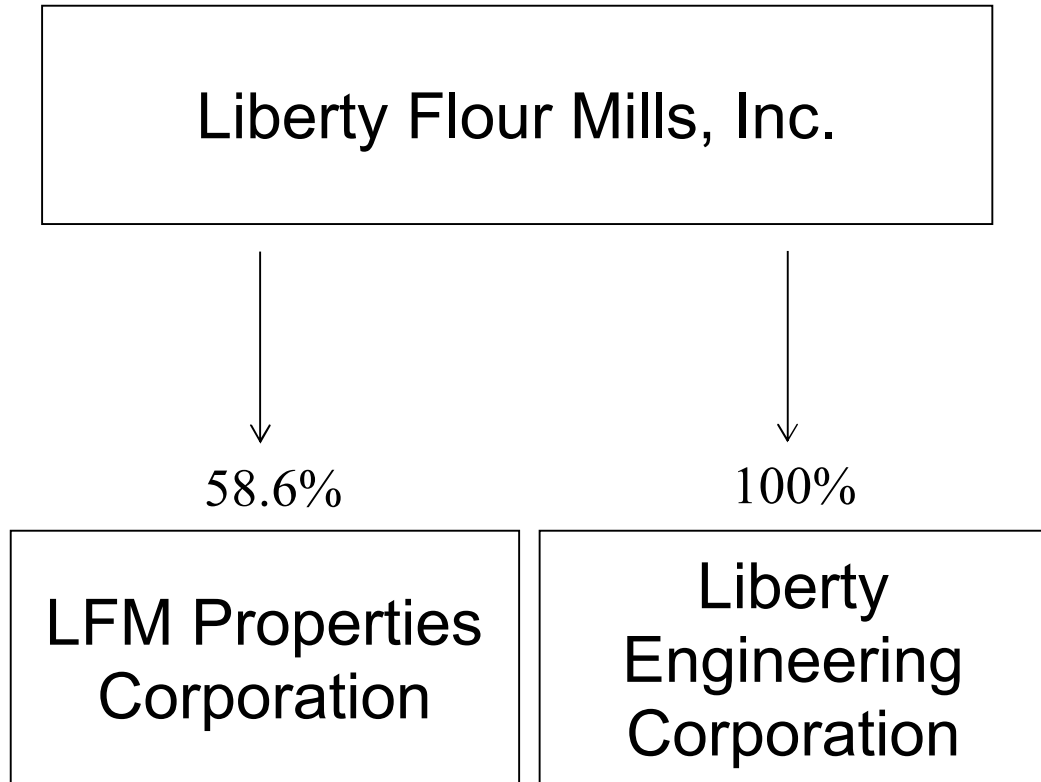
	Amount
Unappropriated retained earnings, beginning	₱205,216,993
Add: Net income closed to retained earnings	51,627,115
Unrealized fair value loss (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	42,006,396
Unrealized fair value income (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL) in prior year realized in current year	29,400,277
Net movement of deferred tax asset	(163,029)
Net income, as adjusted	122,870,759
Less: Stock dividend declaration	(150,000,000)
Total retained earnings, end of the reporting period available for dividend	₱178,087,752

LFM PROPERTIES CORPORATION

(A Subsidiary of Liberty Flour Mills, Inc.)

ANNEX B: MAP OF THE RELATIONSHIP OF THE COMPANIES WITHIN THE GROUP

DECEMBER 31, 2023



LFM PROPERTIES CORPORATION

(A Subsidiary of Liberty Flour Mills, Inc.)

ANNEX C: SCHEDULE A. FINANCIAL ASSETS

DECEMBER 31, 2023

	Name of Issuing Entity and Association of each issue	Number of Shares or Principal Amount of Bonds and Notes	Amount shown in the Statement of Financial Position	Value based on Market Quotation at End of Reporting Period	Income Received and Accrued
<i>Financial Assets at Amortized Cost</i>					
Cash	N/A	N/A	₱46,063,573	N/A	₱ 10,874
Receivables:					
Rent receivable	N/A	N/A	24,938,348	N/A	18,837
Receivable from a broker			4,303,908		
Other noncurrent assets					
Refundable deposits	N/A	N/A	2,701,019	N/A	–
			78,006,848		29,711
<i>Financial Assets at FVTPL</i>					
Equity investments	AC Energy Philippines Inc.	4,006,757	17,549,596	17,549,596	180,270
Equity investments	ACE Enexor, Inc	300,000	1,470,000	1,470,000	–
Equity investments	Security Bank Corp.	35,000.00	2,502,500	2,502,500	105,000
Equity investments	Philex Mining Corp.	1,000,000.00	3,210,000	3,210,000	20,000
Equity investments	PXP Energy Corp.	150,000.00	592,500	592,500	–
Equity investments	Cebu Landmasters, Inc.	223,000	550,810	550,810	40,140
Equity investments	SFA Semicon Philippines Corp.	400,000	884,000	884,000	26,480
Equity investments	Lepanto Cons. Mining Co. "A"	3,545,455	283,636	283,636	–
Equity investments	Universal Rightfield Prop Holdings, Inc.	600,000	22,800	22,800	–
		10,260,212	27,065,842	27,065,842	371,890
<i>Financial Assets at FVOCI</i>					
Equity investments	PBCOM	8,965,609	126,594,399	126,594,399	–
			126,594,399	126,594,399	–
Total Financial Assets			₱231,667,089	₱153,660,241	₱1,098,271

LFM PROPERTIES CORPORATION

(A Subsidiary of Liberty Flour Mills, Inc.)

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

December 31, 2023

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

LFM PROPERTIES CORPORATION

(A Subsidiary of Liberty Flour Mills, Inc.)

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

December 31, 2023

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

LFM PROPERTIES CORPORATION**(A Subsidiary of Liberty Flour Mills, Inc.)****ANNEX C: SCHEDULE D. LONG - TERM DEBT****December 31, 2023**

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under Caption	Amount shown under Caption “Notes
		“Current portion of notes payable” in	payable – net of current portion” in
		related Statement of Financial	related Statement of Financial
		Position	Position
Five-year secured term loan	₱290,000,000	₱153,529,412	₱ –
Five-year secured term loan	290,000,000	153,529,412	–
Total	₱580,000,000	₱307,058,824	₱–

LFM PROPERTIES CORPORATION

(A Subsidiary of Liberty Flour Mills, Inc.)

ANNEX C: SCHEDULE E. INDEBTEDNESS TO RELATED PARTIES

December 31, 2023

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

LFM PROPERTIES CORPORATION

(A Subsidiary of Liberty Flour Mills, Inc.)

ANNEX C: SCHEDULE F. Guarantees of Securities of Other Issuers

December 31, 2023

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

LFM PROPERTIES CORPORATION

(A Subsidiary of Liberty Flour Mills, Inc.)

ANNEX C: SCHEDULE G. CAPITAL STOCK

DECEMBER 31, 2023

Title of Issue	Number of shares authorized	Number of Shares outstanding	Number of shares reserved	Number of shares held by related parties	Directors and officers	Others
Common	40,000,000,000	25,000,000,000	–	18,825,964,932	10	–

LFM PROPERTIES CORPORATION**(A Subsidiary of Liberty Flour Mills, Inc.)****SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS (Annex 68-E)****DECEMBER 30, 2023, 2022 and 2021**

	Formula	2023	2022	2021
Current Ratio	Total current assets/ Total current liabilities	0.08	0.49	1.26
Acid Test Ratio	(Cash and cash equivalents + Receivable) / Total current liabilities	0.03	0.18	0.27
Solvency Ratio	(Net income + Depreciation)/ Total liabilities	0.058	(0.003)	0.22
Debt-to-Equity Ratio	Total liabilities/Total equity	3.66	2.29	1.82
Asset-to-Equity Ratio	Total assets/Total equity	4.66	3.29	2.82
Interest Rate Coverage Ratio	Income before interest expense and tax/Interest expense	2.90	(0.50)	6.49
Return on Equity	Net income/Total equity	0.11	(0.12)	0.31
Return on Assets	Net income/Total assets	0.02	(0.04)	0.11
Net Profit Margin	Net income/Revenue	0.27	(0.20)	0.67
Debt Service Coverage Ratio	Earnings before interest expense, income tax, depreciation and amortization / Total debt service (interest expense + principal payments)	0.95	0.18	7.90



APRIL 12, 2024

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

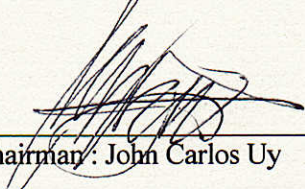
The management of LFM Properties Corporation is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2023, 2022 and 2021, in accordance with prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

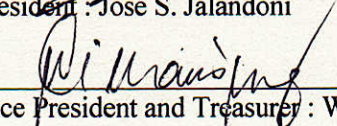
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., 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.

Signature 
Name of Chairman: John Carlos Uy

Signature 
Name of President: Jose S. Jalandoni

Signature 
Name of Vice President and Treasurer: William L. Ang

SUBSCRIBED AND SWORN to before me this APR 15 2024 with the presentation of the following:

DOC NO. 125
PAGES OF 12
BOOK NO. 125
FRIFS OF 125


ATTY. RENE MA. M. VILLA

Notary Public of Makati City
Appointment No. M-111
Until December 31, 2024

PTR No. MKT 10073904; 01-02-2024; Makati City
IBP Lifetime No. 013595; 12-27-2013; I.C.

COVER SHEET

SEC Registration Number

A	S	O	9	5	0	1	2	5	6	1
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Company Name

[illegible]

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

[illegible]

Form Type

1	7	-	A
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Department requiring the report

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Secondary License Type,
If Applicable

--	--	--	--

COMPANY INFORMATION

Company's Email Address

finance@lfmproperty.com

Company's Telephone
Number/s

(02) 8893-7790

Mobile Number

No. of Stockholders

439

Annual Meeting
Month/Day

Last Wednesday of May

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

William L. Ang

Email Address

williamlimang@gmail.com

Telephone
Number/s

(02)8893-7790

Mobile Number

—

Contact Person's Address

3rd Floor Liberty Building, 835 A. Arnaiz Avenue, Makati City

Note: 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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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 **December 31, 2023**
2. SEC Identification Number **ASO95012561**
3. BIR Tax Identification No. **004-656-232-V**
4. Exact name of issuer as specified in its charter **LFM PROPERTIES CORPORATION**
5. **Metro Manila** (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **3rd Floor Liberty Building, A. Arnaiz Avenue, Makati City** **1229** -
Address of principal office Postal Code
8. **(632) 8893-7790**
Issuer's telephone number, including area code
9. **NONE**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	25,000,000,000
11. Are any or all of these securities listed on a Stock Exchange.

Yes [☒] No [☐]

If yes, state the name of such stock exchange and the classes of securities listed therein:
PHILIPPINE STOCK EXCHANGE **COMMON**
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. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [] No [☒]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders; **-NA-**

(b) Any information statement filed pursuant to SRC Rule 20; **-NA-**

(c) Any prospectus filed pursuant to SRC Rule 8.1. **-NA-**



LFM PROPERTIES CORPORATION

2023 ANNUAL REPORT

PART I - BUSINESS AND GENERAL INFORMATION

1. Business of the Company

LFM Properties Corporation ("Company" or "LPC") is a real estate company incorporated with the Philippine Securities and Exchange Commission ("SEC") on December 18, 1995 under its original name, Alfaro Land Holdings Corporation, and was given the SEC Registration Number/Company Reg. No. ASO95-012561. It changed its corporate name to its current name, LFM Properties Corporation, on November 12, 1996, which was approved by the SEC on January 9, 1997.

On October 4, 2005, the SEC approved the Articles and Plan of Merger executed on April 28, 2005 by and between LPC, the surviving corporation, and the following as absorbed corporations namely: LFM Land Corporation and Valero Land Corporation. In the said Merger, the entire assets and liabilities of LFM Land Corporation and Valero Land Corporation were transferred to and absorbed by LPC. Other than the aforementioned merger, the Company has not been involved in any material reclassification, merger, consolidation, purchase, or sale of significant amount of assets not in the ordinary course of business.

There is currently no bankruptcy, receivership or any other similar proceedings involving the Company.

The Company currently derives all its revenues from lease rentals of real estate properties owned by the Company and located in the busy central business districts/commercial hubs in Metro Manila, namely Liberty Plaza Building, Liberty Center Building, and a Vacant Commercial Land. The two (2) residential condominium units at Pacific Plaza Condominium located at 6741 Ayala Avenue and Apartment Ridge Road, Brgy. Urdaneta Village, Makati City, Metro Manila were sold during the year. Recently, the company acquired the Liberty Building along Arnaiz Avenue Makati City from its Parent Company.

The relative contribution of the Company's products and services to its sales or revenues are as follows:

Properties	Percentage of Sales/Revenues
Liberty Plaza Building	50%
Liberty Center Building	47%
Ortigas Vacant Commercial Lot	3%

Customer

The Company has a broad base of customers, comprised of both local and foreign institutional clients. Out of 47 active tenants as of December 31, 2023, the Company considers only four (4) tenants as material leases due to amount of rental income.

On March 29, 2023, a significant tenant of the company that leases the entire office spaces in Liberty Plaza Building terminated its contract prematurely, resulting in a decline in revenue. As of December 31, 2023, the occupancy rate on the said building stood at approximately 79%, which increased to 93% as of March 31, 2024.

Competition

The Company operates in a highly competitive real estate industry.

For Liberty Plaza Building and Liberty Center Building, main competitors are those offering similar office and commercial spaces within Salcedo Village, Makati City such as the Citibank Center, Pacific Star, Petron Megaplaza and V-Corporate Buildings.

Should a development project be constructed in the Ortigas Vacant Commercial Land in the future, main competitors will be those offering office and commercial areas in Pasig CBD.

The Company expects that it will continue to compete with said property companies in the next several years. With the Company's competitive strengths in terms of pricing, branding, and reputation, the company believes that it will be able to compete effectively with its peers and solidify its position as it enters new markets, grow its business and expand its portfolio.

Employees

As of December 31, 2023, the Company has 14 regular employees as follows:

Rank	Number of Employees
Directors/Officers	2
Managers	3
Supervisors	3
Rank and File	6
Total	14

Following the assumption of Liberty Building's operation, the company will be hiring two (2) additional staff within the initial half of this year.

The Company has no existing collective bargaining agreement between its employees, and the Company's employees are not part of any labor union. The Company has not experienced any disruptive labor disputes, strikes or threats of strikes in the past three (3) years. The Company has no information of any threatened strike to be undertaken by the Company's employees. The Company's management believes that the Company's relationship with its employees is satisfactory, in general.

The Company complies with minimum compensation and benefits standards as well as all other applicable labor and employment regulations. Other than the said standard compensation and benefits, the Company does not have any supplemental benefits or incentive arrangements for the Company's employees.

Working Capital

The working capital required by the Company in its business is from internally generated funds and bank borrowings.

Revenues

The Company leases out spaces in its building and condominium units under various operating leases.

Effect of any existing or probable government regulation on the business of the Company

The Company operates a material part of its businesses in a regulated environment. The Company is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety. These include laws and regulations governing air emissions, water and waste water discharges, odor emissions, and the management of, disposal of, and exposure to hazardous materials.

The Company is compliant with government regulating agencies relative to this. Clearances and permits are secured required reports are submitted within the mandated period

Research and Development

None of the research and development expenses are borne directly by the Company's customers.

Patents

The Company does not own, hold, or in any other way, have patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements

Cost of Compliance with Environmental Laws

All government approvals and permits issued by the appropriate government agencies or bodies which are material and necessary to conduct the business and operations of the Company have been obtained and are in full force and effect.

The Company was granted Environmental Compliance Certificate (ECC) by the DENR-NCR after with Permit numbers NCR9907-14-0137- 216 and ECC-OL-NCR-2016- 0046.

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

Major Risks Involved

The Company's business, financial condition, and results of operations could be adversely affected in the event a material number of leases are terminated. If these leases are prematurely terminated, then the Company stands to lose revenues until the space is leased to a new tenant.

To mitigate this risk, the Company intends to maintain the current tenant base and continue to carefully screen prospective lessees and impose penalty charges in case tenants pre-terminate their lease contracts

The properties of the Company are sufficiently insured with reputable insurance companies.

2. Properties

The properties of the Company consist of the following:

Land and Building

Liberty Plaza Building is a 21-storey building with ground floor spaces, two (2) basement parking, five (5) levels of podium parking and 13 floor offices (without 13th floor) located at 102 H.V. Dela Costa Street corner Valero and San Agustin Streets, Salcedo Village, Makati City, Metro Manila. The ground floor is being utilized and leased for commercial spaces. Parking spaces are in basement 1 and 2 and podium 2 to 6th floor. The seventh to nineteenth floors are used as office spaces. Gross floor area of the building is 18,056.68 square meters and leasable area is 8,549 square meters, more or less. Completed in Year 2019, the building is not organized as a condominium development and the Company is the sole registered owner of the entire building. The building is not PEZA accredited. The land where the building is situated consists of an area of approximately 997 square meters.

The land and all improvements thereon where Liberty Center Building is situated is covered by a real estate mortgage in favor of BDO Unibank, Inc. (BDO) covering the amount of ₱1,100,000,000.00

Liberty Center Building is a 21-storey building with ground floor spaces, three (3) basement parking, four (4) levels of podium parking and 13 floor offices (without 13th floor) located at 104 H.V. Dela Costa Street corner L.P. Leviste and San Agustin Streets, Salcedo Village, Makati City, Metro Manila. The ground floor is being utilized and leased for commercial spaces. Parking spaces are in basement 1 to 3 and podium 2 to 5th floor. The sixth to nineteenth floors are used as office spaces. Gross floor area of the building is 20,265.85 square meters and leasable area is 8,103 square meters, more or less. Completed in Year 2000, the building is not organized as a condominium development and the Company is the sole registered owner of the entire building. The building is not PEZA-accredited. The land where the building is situated consists of an area of approximately 1,035 square meters.

The land and all improvements thereon where Liberty Center Building is situated is covered by a real estate mortgage in favor of BDO Unibank, Inc. (BDO) covering the amount of ₱600,000,000.00. Said mortgage secures a term loan with BDO under a Facility Agreement notarized on February 18, 2021 covering the amount ₱600,000,000.00 payable for up to five (5) years. The purpose of the said loan is to term-out the outstanding balance of the Company's credit line with BDO. The outstanding balance of said term loan as of December 31, 2023 is ₱307,058,824 and the interest to be charged will either be a variable interest rate (higher of 3-month Benchmark Rate plus a margin of 1.20% divided by Applicable Premium Factor and 7.6079% per annum) or a fixed interest rate (higher of 5 year Benchmark Rate plus a margin of 1.20% divided by the Applicable Premium Factor and 4.875% per annum).

Vacant Commercial Land

The Company owns a piece of land with an area of 2,094 square meters, more or less, located at Lot 5 Block 1 Ortigas Ave. corner F. Ortigas Jr. and Sapphire Roads, Ortigas Center, Brgy. San Antonio, Pasig City, Metro Manila ("Ortigas Vacant Commercial Land"). The Ortigas Vacant Commercial Land is registered under the name of the Company and covered by Transfer Certificate of Title No. PT-138927 issued on June 30, 2008 by the Register of Deeds of Pasig City. The Ortigas Vacant Commercial Land is currently being leased to a lessee who is currently using the land as a staging area for construction. Previously, the lessee used the land as parking spaces

The Ortigas Vacant Commercial Land is approximately 80 meters northeast from Garnet Road, 290 meters southeast from the corner of Garnet Road and ADB Avenue, or about 575 meters southeast from the intersection of Ortigas Avenue and Epifanio Delos Santos Avenue (EDSA). The land is not PEZA-accredited.

The Ortigas Vacant Commercial Land is zoned as Commercial (C-3) under Pasig City Zoning Ordinance adopted in Year 2015. Ortigas Center is a financial and central business district located at the boundaries of Pasig, Mandaluyong, and Quezon City in the Philippines. It is Metro Manila's second most important business district after the Makati CBD.

Liberty Building

The company recently acquired from its Parent Company the Liberty Building and the 1,009-square meter parcel of land upon which Liberty Building is constructed, which is located at 835 A. Arnaiz Avenue, Makati City

3. Legal Proceedings

The Company is not a party to and the Company's Properties are not the subject of any material pending legal proceeding.

Further, there are no pending criminal cases filed against the Company or any of its directors and key officers.

4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this Report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

5. Market for Company's Common Equity and Related Stockholder Matters

Market Information

The shares of the Company consist solely of common shares which are presently listed and traded in the Philippine Stock Exchange. The high and low sales prices for the shares of the Company for each quarter within the last two fiscal years are as follows:

2023	High	Low
First Quarter	0.1350	0.0870
Second Quarter	0.1010	0.0550
Third Quarter	0.0860	0.0550
Fourth Quarter	0.0700	0.0510

Holders

As of December 31, 2023, there are 439 holders of common shares of stocks of the Company.

The top 20 stockholders of the Company as of December 31, 2023 are as follows:

	Name of Stockholder	Number of Shares held	Percentage
1.)	Liberty Flour Mills, Inc.	14,649,999,993	58.60%
2.)	Parity Values, Inc.	4,175,964,939	16.70%
3.)	PCD Nominee Corp.	3,366,463,995	13.47%
4.)	Bacsay Management Corp.	385,692,198	01.54%
5.)	Sebring Management Corp.	215,425,038	00.86%
6.)	E.K.I Tourist Dev. Corp.	197,029,845	00.79%
7.)	L & J Agricultural Inc.	166,831,029	00.67%
8.)	Moreno, Jose Jr.	64,051,113	00.26%
9.)	Lopez Jr., Eduardo	63,167,292	00.25%
10.)	Pulmones, Amelia Kalaw	63,039,297	00.25%
11.)	Carvina Farms Inc.	53,124,480	00.21%
12.)	Feria, Paula K.	50,860,728	00.20%
13.)	Fajardo, Erwin M.	48,116,253	00.19%
14.)	Kalaw, Regina	43,340,004	00.17%
15.)	Lopez, Jose Ma. S.	43,088,086	00.17%
16.)	Galan, Norma Yu	36,207,405	00.14%
17.)	Fajardo, Eric	36,003,924	00.14%
18.)	Javellana, Maria Teresa V.	35,155,017	00.14%
19.)	Maramba III, Felix R.	33,667,446	00.13%
20.)	PCD Nominee Corp. (Non Filipino)	33,340,437	00.13%

Dividends

No Cash Dividends is paid during the fiscal year.

Stock Dividends

On March 27, 2023, the BOD has approved the declaration of stock dividends in the total amount of ₱150,000,000 corresponding to 15,000,000,000 common shares, of which 5,000,000,000 common shares shall be issued from the Company's authorized and unissued capital stock while 10,000,000,000 common shares shall be issued from the increase in the Company's authorized capital stock. The stock dividend declaration was ratified during the Annual Stockholders' Meeting held last July 26, 2023.

Below is the schedule of Retained Earnings available for Dividend Declaration:

	Amount
Unappropriated retained earnings, beginning of reporting period	₱205,216,993
Less: Category B: Items that are directly debited to unappropriated retained earnings	
Dividend declaration during the reporting period	(150,000,000)
Unappropriated retained earnings, as adjusted	55,216,993
Add: Net income for the current year	51,627,115
Add: Category C.1: Unrealized income recognized in the profit or loss during the reporting period	
Unrealized fair value loss (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	42,006,396
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period	
Realized fair value income (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	29,400,277
Add: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(163,029)
Total retained earnings, end of the reporting period available for dividend	₱178,087,752

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

The Company has not sold any securities, whether unregistered or exempt or any issuance constituting an exempt transaction under the Revised Securities Act (RSA) or the Securities Regulation Code (SRC), during the past three (3) years.

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

The selected financial information of the Company set forth below are derived from the audited financial statements submitted by Sycip Gorres Velayo & Co. for 2023:

Income Statement Data

For the Year December 31
(in Thousands of Pesos)

	2023	2022	2021
Rental Income	₱194,837	₱230,739	₱223,738
Direct Cost	85,240	77,299	77,700
Gross Profit	109,597	153,440	146,038
Operating Expense	32,238	25,418	25,915
Income before other income (charges) and income tax	77,359	128,022	120,123
Other Income (Charges)	5,599	(169,912)	48,414
Income (Loss) before income tax	82,958	(41,890)	168,537
Provision for income tax	31,331	4,091	18,608
Net Income (Loss)	₱51,627	₱(45,981)	₱149,929

BALANCE SHEET DATA

As of December 31
(in Thousands of Pesos)

	2023	2022	2021
ASSETS			
Current Assets			
Cash	34,536	43,064	46,759
Receivables	12,713	29,339	5,428
Financial assets at fair value through profit or loss	27,066	121,714	180,449
Accrued rent - current portion	1,880	1,813	1,203
Prepaid Expenses and other current assets	47,220	3,263	5,934
Total Current Assets	123,415	199,193	239,773
Noncurrent Assets			
Investment properties	1,767,247	814,183	856,158
Financial assets at fair value through other comprehensive income	126,594	116,911	156,719
Accrued rent - net of current portion	8,199	7,830	77,405
Net retirement plan asset	3,025	6,587	13,076
Property and equipment	946	2,061	2,112
Deposit	-	130,000	-
Other noncurrent assets	81,559	20,258	22,574
Total noncurrent Assets	1,987,570	1,097,830	1,128,044
TOTAL ASSETS	2,110,985	1,297,023	1,367,817
LIABILITIES AND EQUITY			
Current Liabilities			
Current portion of notes Payable	590,195	323,610	136,656
Accounts payable and other current liabilities	40,266	35,389	35,160
Current portion of payable to a related party	851,200	-	-
Current portion of deposits on long-term leases	26,000	34,667	12,726
Current portion of unearned rental income	6,475	4,723	4,654
Income tax payable	7,494	5,196	1,163
Total Current Liabilities	1,521,630	403,585	190,359
Noncurrent Liabilities			
Deposits on long-term leases - net of current portion	17,354	8,101	18,604
Deferred tax liabilities - net	1,770	2,715	21,914
Unearned rental income - net of current portion	1,338	786	8,355
Notes payable - net of current portion	-	307,191	443,801
Payable to a related party	-	37,730	37,730
Other noncurrent liability	116,116	142,730	162,176
Total Noncurrent Liabilities	136,578	499,253	692,580
Total Liabilities	1,658,208	902,838	882,939
Equity			
Capital stock	300,000	250,000	250,000
Stock Dividend distributable	100,000		
Other compents of equity:			
Fair value changes on financial assets at FVOCI	(127,581)	(137,263)	(97,456)
Accumulated remeasurement gains on defined benefit plan	5,950	8,668	13,572
Retained Earnings	174,408	272,780	318,762
Total Equity	452,777	394,185	484,878
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,110,985	1,297,023	1,367,817

2023

Results of Operations

The Company generated total gross revenues of ₱194.8 million for the year ended December 31, 2023, 16% decreased from ₱230.7 million total gross revenues for the year ended December 31, 2022. This is primarily due to the pretermination of rental lease contract of one of the major tenants of the Company that leases the entire office spaces in Liberty Plaza Building. As of December 31, 2023, the occupancy rate on the said building stood at approximately 79%, which increased to 93% as of March 31, 2024.

Cost of rental services amounted to ₱85.2 million versus to ₱77.3million last year, with 10% increase or ₱7.9 million. The increase is primarily due to heightened expenditures on communication, light and water, outside services and other operating cost.

General and administrative expenses amounted to ₱32.2 million, 27% higher than last year's ₱25.4 million or ₱6.8 million. The increase is primarily due to several factors: ₱1.5million increase in personnel cost, ₱1.4million increase in documentary stamp taxes related to an additional loan obtained during the year, and ₱3.7 million increase in commission payments, with the majority attributed to the sale of two (2) condominium units.

Other income (expenses) net amounted to ₱5.6 million, up by ₱175.5 million from same period last year. The increase was mainly due to ₱88.6 million gain on sale of two (2) condominium units, to ₱16.8 million increase in fair value changes of financial assets as of December 31, 2023, and loss on pretermination of lease contract of ₱85.4 million. The interest expense however increased by ₱15.7 million due to additional loan obtained during the year.

Financial Condition

Total Assets of the Company as of December 31, 2023 stood at ₱2.111 billion, an increase of 63% or ₱814 million from ₱1.297 billion as of December 31, 2022. The increase is primarily due to investment property acquired from the parent company

Cash and cash equivalents decreased by 20% or ₱8.5 million.

The decrease in Receivables by ₱16.6 million or 57% is primarily attributed to enhanced collection efficiency.

Other Current Assets increased by 1347% or ₱44 million. The significant increase is primarily attributable to deferred input VAT - current portion associated with the acquisition of investment property from the parent company.

The increase in Investment Properties of ₱953 million is primarily attributed to acquisition of investment property from the parent company net of depreciation of existing investment properties.

Total Liabilities of the Company as of December 31, 2023 amounted to ₱1.658 billion increased by 84% or ₱755.4 million from 2022 of ₱902.8 million. The increase is primarily attributable the following factors: ₱851.2 million payable to related party related to the acquisition of investment property, ₱2.9 million increase on Deposits on longterm leases received from new tenants and ₱2.3 million increase in income tax payable which has been offset by payments toward other liabilities such as ₱37.7million payable to related party associated with the acquisition of Airrights, ₱18.4million payment of payable in relation to acquisition of Nuvali lot million and ₱40.5 million payments of company's notes payable net of availments.

Total Equity stood at ₱452.8 million as of December 31, 2023, versus ₱394.2 million as of December 31, 2022. The Company generated net income of ₱51.6 million for the year ended December 31, 2023.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable – The decrease in account is mainly attributed to enhanced collection efficiency..

Financial Assets at FVPL – The decrease is a result of selling marketable of securities during the year and mark to market adjustment at December 31, 2023.

Other current assets – The increase is attributable to deferred input VAT - current portion associated with the acquisition of investment property from the parent company.

Investment properties – The increase is primarily attributable to the acquisition of investment property from parent company.

Property and Equipment – The decrease is due to depreciation of existing property and equipment of the company.

Net retirement assets- The decrease is due to mark to market adjustment at December 31, 2023 of marketable securities under retirement plan account.

Deposit amounting to ₱130 million has been applied as initial payment to the acquisition of investment property from parent company.

Financial assets at fair value through other comprehensive income (FVOCI) – The increase is due to mark to market adjustment at December 31, 2023.

Other noncurrent assets – The increase is primarily due to the non current portion of input VAT associated with the acquisition of the investment property from parent company

Notes payable – The decrease is due to ₱40.5 million payments of company's notes payable net of availments.

Income tax payable – The increase is due to higher recognition of income tax payable the year 2023.

Unearned rental income current and non current – The increase is due to advance payment of rental fee received from new tenants.

Deferred tax Liability – The decrease is primarily due to the reduction of deferred tax liability pertaining to net retirement plan assets.

Retained earnings – The decrease is due primarily to the declaration of stock dividends.

2022

Results of Operations

The Company generated total gross revenues of ₱230.7 million for the year ended December 31, 2022, a slight increase of 3% from ₱223.7 million total gross revenues for the year ended December 31, 2021 this is due to a higher rent discount/rent concession given last year.

As a result of the COVID-19 pandemic, the Company provided rent concessions to its tenants in the form of deferment of payments, two-month rent-free periods and discounts in 2022 and 2021. Certain lease agreements were also pre-terminated. The Company accounted for the deferment of payment, rent-free periods and discounts provided as not a lease modification since there were no substantive changes to the terms and conditions of the lease; while the shortening of lease period were treated as lease modifications. The rent concessions resulted to a reduction in rental income amounting to ₱2.7 million and ₱5.5 million in 2022 and 2021, respectively Lease termination resulted in a decrease in accrued rent amounting to ₱84.7 million and ₱2.9 million in 2022 and 2021, respectively, and rental income amounting to ₱nil and ₱2.4 million in 2022 and 2021, respectively.

Cost of rental services amounted to ₱77.3 million versus to ₱77.7 million last year, with a very minimal decrease of ₱0.4 million.

General and administrative expenses amounted to ₱25.4 million, 2% lower than last year's ₱25.9 million or ₱0.5 million.

Other income (expenses) net amounted to ₱(169.9) million, down by ₱218.3 million or 451% from same period last year. The decrease was mainly due to ₱141.3 million decrease in fair value changes of financial assets as of December 31, 2022 and loss on pretermination of lease contract of ₱85.4 million. Interest expense however, decreased by ₱2.8 million due to partial payment of loan principal.

Financial Condition

Total Assets of the Company as of December 31, 2022 stood at ₱1.297 billion, a decrease of 5% or ₱71 million from ₱1.368 million as of December 31, 2021.

Cash and cash equivalents decreased by 8% or ₱3.7 million was mainly due uncollected receivables.

The increase in Receivables by ₱24 million or 441% was mainly due to uncollected receivable of as of December 31, 2022 from one of the major tenants of the company which was collected during the first week of April 2023.

Other Current Assets decreased by 45% or ₱2.7 million. The decrease is due to utilization of input VAT ₱2.6 million during the year.

The decrease in Investment Properties - net by ₱42 million was primarily due to depreciation of existing Investment Properties.

Total Liabilities of the Company as of December 31, 2022 amounted to ₱902.8 million increased by 2% or ₱19.9 million from 2021 of ₱882.9 million. The increase is primarily due to increase of company's notes payable amounting to ₱50 million net of payments, Deposits on longterm leases increased by ₱3.9 received from new tenants, offset by decreased in deferred tax income tax liability of ₱19.2 from accrued rent, ₱19.5million payment of payable in relation to acquisition of Nuvali lot and increase in income tax payable of ₱4.0 million.

Total Equity stood at ₱394.2 million as of December 31, 2022, versus ₱484.9 million as of December 31, 2021. The Company generated net loss of ₱46.0 million for the year ended December 31, 2022 primarily because of fair value changes of financial assets at fair value through profit and loss amounting to ₱58.8 million and ₱85.4 loss on pretermination of lease contract of one of the company's major tenants.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable – The increase in account is mainly due to uncollected receivable of as of December 31, 2022 from one of the major tenants of the company.

Financial Assets at FVPL – The decrease is due to mark to market adjustment at December 31, 2022.

Accrued Rent – The decrease is primarily due to pretermination of lease contract of one of the major tenants of the Company

Deposit – This is the deposit related to the acquisition of the land and building from a related party.

Financial assets at fair value through other comprehensive income (FVOCI) – The decrease is due to mark to market adjustment at December 31, 2022.

Notes payable – The increase is due to availment of additional loan for the deposit of the acquisition of land and building from a related party.

Income tax payable – The decrease is due to higher recognition of income tax payable the year 2022.

Deposits on longterm lease - The increase is due to collection of deposit from new tenants.

Unearned rental income current and non current – The decrease is due to pretermination of lease contract during the year.

Deferred tax Liability – The decrease is primarily due to pretermination of lease contract of one of the major tenants of the company.

Retained earnings – The decrease is due primarily of fair value changes of financial assets at fair value through profit and loss amounting to ₱58.8 million ₱85.4 loss on pretermination of lease contract of one of the company's major tenants

2021

Results of Operations

The Company generated total gross revenues of ₱223.7 million for the year ended December 31, 2021, a slight decrease of 3% from ₱229.9 million total gross revenues for the year ended December 31, 2020.

As a result of the COVID-19 pandemic, the Company provided rent concessions to its tenants in the form of deferment of payments, two-month rent-free periods and discounts in 2021 and 2020. Certain lease agreements were also pre-terminated. The Company accounted for the deferment of payment, rent-free periods and discounts provided as not a lease modification since there were no substantive changes to the terms and conditions of the lease; while the shortening of lease period were treated as lease modifications. The rent concessions resulted to a reduction in rental income amounting to ₱5.5 million and ₱4.1 million in 2021 and 2020, respectively. Lease termination resulted in a decrease in accrued rent amounting to ₱2.9 million and ₱0.3 million in 2021 and 2020, respectively, and rental income amounting to ₱2.4 million and ₱1.0 million in 2021 and 2020, respectively.

Cost of rental services amounted to ₱77.7 million versus to ₱106.2 million last year, a decrease of ₱28.5million is primarily due to real estate tax in 2019 that was paid in 2020.

General and administrative expenses amounted to ₱25.9 million, 4% lower than last year's ₱27.1 million a slight decrease of ₱1.2 million was primarily due to decrease in professional fees paid during the year.

Other income (charges) net amounted to ₱48.4 million, up by ₱24.8 million or 105% from same period last year. The increase was mainly due to ₱25.5 million increase in fair value changes of financial assets as of December 31, 2021, increase of dividend income from the investment in stock of ₱0.5million, interest expense decreased by ₱4.1 million due to decrease in interest rate. The company, however, recognized a loss on loan modification amounting to ₱5.0 million.

Financial Condition

Total Assets of the Company as of December 31, 2021 stood at ₱1.368 billion, an increase of 23% or ₱259 million from ₱1.109 billion as of December 31, 2020. The increase is primarily due to the cost of Nuvali Lot acquired by the Company during the year amounting to ₱214 million including deferred input VAT.

Cash of the Company as of December 31, 2021 is ₱46.8 million versus ₱39.7 million last year a slight increase of ₱7 million.

The decrease in Receivables by 75% or ₱16.1 million was mainly attributable to the collection of receivables from broker of amounting to ₱13.5 million

Other Current Assets increased by 346% or ₱4.6 million was due ₱2.6 million balance of input value-added tax after offsetting the output value-added tax and ₱2.2million deferred input tax from the acquisition of Nuvali Lot.

The increase in Investment Properties - net by ₱149 million was to the cost of Nuvali Lot acquired by the Company during the year net of depreciation of the existing Investment Properties.

Total Liabilities of the Company as of December 31, 2021 amounted to ₱882.9 million increased by 18% or ₱135.2 million from 2020 of ₱747.7 million. The increase is primarily due to the liability recognized by the company relative to the acquisition of Nuvali Lot.

Total Equity stood at ₱484.9 million as of December 31, 2021, versus ₱361.5 million as of December 31, 2020. The Company generated Net Income of ₱149.9 million during the twelve months ended December 31, 2021.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable – The decreases of 75% is due to high collections as of December 31, 2021.

Financial Assets at FVPL – The increase of 120% is due to mark to market adjustment at December 31, 2021.

Accrued Rent – The increase is primarily due to adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement per PAS 17 on Lease.

Other current Assets - The increase is due to unused input VAT and deferred input VAT from the acquisition of the Nuvali lot.

Financial assets at fair value through other comprehensive income (FVOCI) – The decrease is due to mark to market adjustment at December 31, 2021.

Investment properties – the increase is due to Nuvali Lot acquired by the Company during the year.

Other Noncurrent assets – Increase is due to non current portion of deferred input VAT from the acquisition of the Nuvali lot.

Accounts payable and other current liabilities – Increase is primarily due to the liability recognized by the company relative to the acquisition of Nuvali Lot

Deposits on longterm lease - The increase is due to collection of deposit from new tenants.

Payable to related party – The decrease is due to payment to related party on the acquisition of Air rights.

Deferred tax Liability – The increase is due is primarily due to increase in accrued rent and accrued retirement.

Retained earnings – The increase is due to income posted during the year and ₱82.5 million fair value changes of financial assets at fair value through profit and loss.

Summary of 2024 and 2025 Forecasted Financial Statements

The company has prepared financial projections for the years ending December 31, 2024 and 2025. The Company anticipates reaching breakeven in its operation due to increased interest costs stemming from a substantial loan.

As the forecast is based on assumptions about circumstances and events that have not yet occurred and are subject to significant uncertainties beyond the Company's control, there can be no assurance that the forecast will be realized. Actual results may be materially different from those shown in the forecast. Under no circumstances should the inclusion of the forecasted financial statements be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions, or that the Company will achieve or is likely to achieve the particular results.

Management Discussion of Future Plans for Operation

The Company expects to spend around ₱25M for preliminary planning of development project.

7. CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING DISCLOSURE

There have been neither changes in nor disagreements with accountants on accounting and financial disclosure.

The Company paid P700,000 excluding of VAT and OPE for the audit.

In the selection of auditors, the audit committee give nominations to the Board which, the Board along with the stockholders select and approve during the annual stockholders' meeting.

PART III - CONTROL AND COMPENSATION INFORMATION

8. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The overall management and supervision of the Company is undertaken by the Board of Directors ("Board") composed of seven (7) members, two (2) of whom are independent directors. The term of a director is one (1) year from the date of election and until their successors are elected and qualified

The Directors of the Company are as follows:

Name of Directors	Age	Citizenship	Position
William Carlos Uy	82	Filipino	Chairman of the Board
Jose S. Jalandoni	69	Filipino	President and Director
William L. Ang	73	Filipino	Vice President and Treasurer
Jose Ma. S. Lopez	79	Filipino	Director
John Carlos Uy	73	Filipino	Director
David Ng*	62	Filipino	Director
Jose A. Feria Jr.*	76	Filipino	Director

* Independent Director

The following are the Company's executive officers:

Name	Age	Citizenship	Position
Jose S. Jalandoni	69	Filipino	President
William L. Ang	73	Filipino	Vice President & Treasurer
Ma. Adelina S. Gatdula	61	Filipino	Corporate Secretary

Following is a brief description of the respective backgrounds of the Company's directors and senior management, who have all been nominated for another term, their respective ages and involvement in other businesses for the past five (5) years:

William Carlos Uy. 82 years old. He serves as the Chairman of the Board of Directors of the Company. He is presently the Chairman of the Board of Directors of Liberty Flour Mills, Inc. and President of Parity Values, Inc., with both corporations being a non-public stockholder of the Company. He also serves as the: (a) President of UPCC Securities Corporation; (b) Vice Chairman of UPCC Holdings Corporation; and (c) Corporate Treasurer of Malayan Bank.

Jose S. Jalandoni. 69 years old. He serves as the Company's President starting April 19, 2021. He is currently the Chairman of Valueline Realty Development Corp and Unicom Ingredients Phils Inc, Chairperson of Kanlaon Farms, Inc., Vice Chairman of Enterprise Car Lease Phils Inc, President of Beechwood Corp and Percom OPC., Director, and Audit Committee Member of Liberty Flour Mills, Inc. He also serves as Corporate Secretary of Kanlaon Development Corporation, Piliwood Bacolod Corp, Jayjay Realty Corporation JM & Company, Inc., Assistant Treasurer of JM Profreeze, Assistant Corporate Secretary of JM Brenton. And Director and Officer in Charge in Agchem Manufacturing Corporation.

William L. Ang. 73 years old. He serves as the Company's Vice President and Treasurer starting March 1, 2022. He is a Director of Liberty Flour Mills, Inc. Mr. Ang holds the position of First Vice President and Treasurer of Parity Values, Inc. He is also a stockholder and Treasurer of Trade Demands Corporation and a Director of Securities Clearing Corporation of the Philippines.

Jose Ma. S. Lopez. 79 years old. He serves as the Company's Director. He is presently a Director and Senior Vice President and Treasurer of Liberty Flour Mills, Inc. He is a Director in other corporations including Agchem Manufacturing Corporation and Liberty Commodities Corporation. He is also the Senior Vice President of Lopez Sugar Corporation.

John Carlos Uy. 73 years old. He serves as the Company's Director. He is presently a Director of Liberty Flour Mills, Inc. and Director and the General Manager of Parity Values, Inc., with both corporations being a non-public stockholder of the Company.

David Ng, 62 years old. He serves as the Company's Independent Director. He is presently the President of Merlin Mining Corporation, Lucky Jade Corporation and Cotlesloe Trading Corp. He is also the General Manager of New RTC International Co., Inc., Administrator of Logic Pacific, Inc.

Jose A. Feria Jr., 76 years old. He serves as the Company's Independent Director. He is presently the Senior Partner of Feria Tantoco Daos Law Offices. Atty. Feria holds the Chairman position for the following Companies: Assessment Analytichs, Inc., Cyan Management Corporation, Philippine Multi-media Systems, Inc., MG Exeo Network, Inc., Premiere Travel and Tours, Inc., Spencer Food Corp., Vinnel Belvoir Corp. and Padre Burgos Realty, Inc. He

also serves as Vice Chairman of Directories Philippines Corp. Moreover, Atty. Feria is a Director of the following Companies: Liberty Flour Mills, Inc., EYP.PH Corporation, AeroAsia, Inc., HL&F Management Corp., Macawiwili Gold Mining & Development Corporation, Metropolitan Insurance Corp., Montecito Properties, Inc, Padre Burgos, Pru-Life Insurance Corp.-UK, Telephilippines Inc. and lastly, he is the Corporate Secretary of AisAsia Inc., All Asian Counter Tarde, Inc., Felvisol Development Corp. and Sanara Inc.

Ma. Adelina S. Gatdula, 61 years old. She serves as the Company's Corporate Secretary. She graduated from the University of the Philippines with a degree in A.B. Economics, cum laude, and from the University of the Philippines College of Law. She also serves as Director and/or Corporate Secretary of various Philippine corporations engaged in the real estate business, business process outsourcing, and insurance, among others

All the directors and officers of the Company possess a high degree of integrity and character and are fully capable and able to perform their duties as directors and officers, respectively. None of the directors or officers has been declared bankrupt nor has there been any petition filed by or against any of the directors, nor to any businesses of which they were a part of. Nor have any of them been convicted of any crime, domestic or foreign and there are no criminal proceedings presently pending against any of them. Nor have any of them been temporarily or permanently barred, suspended or otherwise limiting any of their involvement in any type of business.

9. Executive Compensation

The aggregate compensation paid to the Company's Executive Officers for the years 2023, 2022 and 2021 are Php2.7 million, Php 2.37 million and Php3.03 respectively.

Information as to the aggregate compensation paid or accrued by the Company during the last two (2) fiscal years and to be paid in the ensuing fiscal year to the Company's Chief Executive Officer and two (2) most highly compensated executive officers, namely, Jose S. Jalandoni and William L. Ang.

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
Jose S. Jalandoni	President	2023	2.70	1.89	0.81
William L. Ang	Vice President and Treasurer				

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
Jose S. Jalandoni	President	2022	2.37	1.78	0.59
Sergio G. Locsin Jr.	Vice President and Treasurer <i>Vice President and Treasurer-Jan 2003 to February 28, 2022</i>				
William L. Ang	Vice President and Treasurer <i>March 1, 2022 to Present</i>				

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
Jesus S. Jalandoni Jr.	President <i>President - March 1, 1997 to April 19, 2021</i>	2021	3.03	2.27	0.76
Sergio G. Locsin Jr.	Vice President and Treasurer				
Jose S. Jalandoni	MIS Manager <i>(April 1997 to April 18, 2021) Promoted to President effective April 19, 2021</i>				

Security Holders

As of December 31, 2023, there are 439 holders of **common shares** of stocks of the Company.

The top 20 stockholders of the Company as of December 31, 2023 are as follows:

	Name of Stockholder	Number of Shares held	Percentage
1.)	Liberty Flour Mills, Inc.	14,649,999,993	58.60%
2.)	Parity Values, Inc.	4,175,964,939	16.70%
3.)	PCD Nominee Corp.	3,366,463,995	13.47%
4.)	Bacsay Management Corp.	385,692,198	01.54%
5.)	Sebring Management Corp.	215,425,038	00.86%
6.)	E.K.I Tourist Dev. Corp.	197,029,845	00.79%
7.)	L & J Agricultural Inc.	166,831,029	00.67%
8.)	Moreno, Jose Jr.	64,051,113	00.26%
9.)	Lopez Jr., Eduardo	63,167,292	00.25%
10.)	Pulmones, Amelia Kalaw	63,039,297	00.25%
11.)	Carvina Farms Inc.	53,124,480	00.21%
12.)	Feria, Paula K.	50,860,728	00.20%
13.)	Fajardo, Erwin M.	48,116,253	00.19%
14.)	Kalaw, Regina	43,340,004	00.17%
15.)	Lopez, Jose Ma. S.	43,088,086	00.17%
16.)	Galan, Norma Yu	36,207,405	00.14%
17.)	Fajardo, Eric	36,003,924	00.14%
18.)	Javellana, Maria Teresa V.	35,155,017	00.14%
19.)	Maramba III, Felix R.	33,667,446	00.13%
20.)	PCD Nominee Corp. (Non Filipino)	33,340,437	00.13%

10. Certain Relationships and Related Transactions

Some of the directors of the Company are also directors and stockholders of the Parent Company. All transactions, however, between the Company and related companies are at arm's length transactions and above board.

Family Relationships

Jose Jalandoni and Jose Ma. S. Lopez are cousins.

William Carlos Uy and John Carlos Uy are siblings.

Other than the above, the Company is not aware of any family relationships among the directors and officers of the Company.

PART IV – CORPORATE GOVERNANCE

11. COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The Company continues to abide by the duly adopted Manual on Corporate Governance of the Company (the “Manual”) and the Code of Corporate Governance promulgated by the Securities and Exchange Commission. Pursuant thereto, the Company appointed Mr. Gabriel Marasigan, as the Compliance Officer of the Company to ensure the Company’s adherence to corporate principles and best practices and monitor compliance with the provisions and requirements of the Manual.

In addition to the Audit Committee composed of Jose A. Feria, Jr as Chairman, David Ng and John Carlos Uy as members, the Company also constituted its Nomination Committee and appointed Jose S. Jalandoni as its Chairman with William L. Ang and Jose A. Feria, Jr. as members. The Company also created its Compensation and Remuneration Committee composed of David Ng as Chairman and John Carlos Uy and Jose S. Jalandoni as members.

There have been no deviations for the past year from the Company’s Manual of Corporate Governance.

The Company continuously reviews and evaluates its Manual in order to ensure that the Company’s practices are compliant with leading practices on good corporate governance.

PART V – EXHIBITS AND SCHEDULES

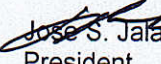
Also attached in this report the following attachments:

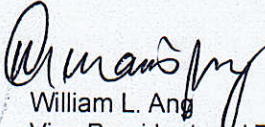
Annex A – Audited Financial Statement and SMR
Annex B – Sustainability Report

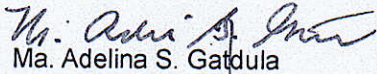
SIGNATURES

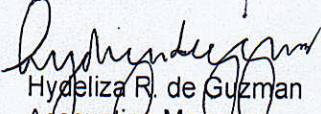
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on the 15th of April, 2024.

By:


Jose S. Jalandoni
President


William L. Ang
Vice President and Treasurer


Ma. Adelina S. Gatdula
Corporate Secretary


Hydeliza R. de Guzman
Accounting Manager

APR 15 2024

SUBSCRIBED AND SWORN to before me this ____ day of ____ affiant(s) exhibiting to me their TIN, as follows:

Name	TIN
Jose S. Jalandoni	134-319-308
William L. Ang	123-205-116
Ma. Adelina S. Gatdula	107-043-114
Hydeliza R. de Guzman	210-147-199

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Book No. XXXII
Series of 2024


ATTY. RENE M. M. VILLA

Notary Public of Makati City

Appointment No. M-111

Until December 31, 2024

PTR No. MKT 10073904; 01-02-2024; Makati City

IBP Lifetime No. 013595; 12-27-2013; I.C.

Roll No. 37226

viCLE Compliance No. VII-0024195; 02-15-2022

Ground Floor, Makati Terraces Condominium

3650 Davila St., Brgy. Tejeros, Makati City 1204

Sustainability Report

LFM Properties Corporation

Contextual Information

Company Details	
Name of Organization	LFM Properties Corporation (hereafter “LPC” or the “Company”)
Location of Headquarters	Liberty Building, 835 A. Arnaiz Avenue, Makati City
Location of Operations	The business of the Conducted in the following places: 1. Liberty Plaza Building - 102 H.V. Dela Costa Street corner Valero and San Agustin Streets, Salcedo Village, Makati City, Metro Manila 2. Liberty Center Building - 104 H.V. Dela Costa Street corner L.P Leviste and San Agustin Streets, Salcedo Village, Makati City, Metro Manila 3. Commercial lot - Lot 5 Block 1 Ortigas Ave. corner F. Ortigas Jr. and Sapphire Roads, Ortigas Center, Brgy. San Antonio, Pasig City, Metro Manila 4. Liberty Building – 835 A. Arnaiz Avenue Barangay San Lorenzo Makati City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report is limited to the operations of LPC.
Business Model, including Primary Activities, Brands, Products, and Services	The Company’s primary purpose is to deal and engage in the real estate business. This includes holding, owning, developing, administering, selling, conveying, acquiring, and leasing commercial, industrial, residential and urban properties..
Reporting Period	For the year ending on December 31, 2023
Highest Ranking Person responsible for this report	Jose S. Jalandoni President

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.¹

¹ See [GRI 102-46](#) (2016) for more guidance.

LPC acknowledges that in the course of running its business, there may be impacts on the environment as well as the communities that surround where business is conducted. Hence, in the application of the materiality principle, it was of critical importance that the in drafting and creating the sustainability report that there be a descent into the particulars.

In preparing the report, LPC looked at its organizational strengths as well as areas where improvement would be needed. There was also an evaluation of business risks, and how these risks could be mitigated. To further supplement the aforementioned analysis, all corporate strengths, opportunities, risk, and risk mitigation measures would affect stakeholders and the environment.

The Company acknowledges that if corporate measures carry negative and harmful social and environmental impacts, this would not be a sustainable practice for the Company.

In preparing the report, there were instances where the required data sets were difficult to extract since such data is not customarily collected by LPC. Given the lack of data gathering, this leads to a lack of historical insight on the datasets requested. In such cases, the Company provided information on a best-effort-basis. Additionally, when the report called for the Company to provide a course of action it will undertake in the future, the most sustainable option was selected.

If there was a request for disclosure of information, and the information requested for was not certain, the figures chosen to be reported were conservative estimates that leaned away from showing an over-compliance with sustainability goals, rather would provide for figures which would serve as a benchmark for the company to improve on. The logic and reason behind this choice of methodology is in the ingrained tendency for there to be complacency when figures and data slant favorably towards the Company.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount - In Thousands of Pesos	Units
Direct economic value generated (revenue)	194,837	PhP
Direct economic value distributed:		
a. Operating costs	85,240	PhP
b. Employee wages and benefits	14,481	PhP
c. Payments to suppliers, other operating costs	11,596	PhP
d. Dividends given to stockholders and interest payments to loan providers	43,620	PhP
e. Taxes given to government	6,161	PhP
f. Investments to community (e.g. donations, CSR)	-0-	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The largest impact that the LPC has seen is the recent trend of companies adopting alternative work arrangements (such as work from home). Given that the Company is engaged in the commercial real estate business, its primary source of income is commercial leases to businesses. There is a direct relation between the alternative work arrangements and the ability of the LPC to secure tenants.	The Company, Employees, and the Community	To mitigate the risk the company has focused its attention to securing leases from companies and industries that have a tendency for employees to adopt non-flexible work arrangements.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Early termination of lease contracts and/or or non-renewal of lease contracts that result to vacancies in the leasable areas, especially if such vacancies will be for a significant amount of time	The Company, Employees, and the Community	To mitigate this risk, the Company intends to maintain the current tenant base and continue to carefully screen prospective lessees and impose penalty charges in case tenants pre-terminate their lease contracts.
Delays in the payment of rent caused by many possible causes, including decline in the lessees' sales or business income		
Lessees seeking the protection of bankruptcy laws that could result in delays in the Company's receipt of rental payments		
The Company's inability to collect rental payments		
Failure of the lessee to comply with the general terms of the lease		
Non-enforcement of rental escalation due to various reasons, including request of lessees to prevent early termination of the lease		

Failure of defaulted lessees to move out of the leased premises		
Increase in operating costs and other expenses. With no assurance that the Company will be able to maintain its current level of operating expenses, and any increases in such expenses may have an effect on its financial condition and results of operation. Certain factors can increase the Company's operating and other costs for the LPC Properties, including higher inflation rate, payroll expenses, energy costs, sub-contracted service costs, energy costs, insurance premiums, unforeseen capital expenditures, and property taxes and other statutory charges. Changes in government laws, regulations, or policies may also lead to additional costs to comply with such laws, regulations, or policies.	The Company, and the Employees	To mitigate this risk, the Company will continue to manage its operating expenses, which in the past it was able to successfully do so, without compromising the quality of its services.
Non-Liquidity of Real Estate Investments. Real estate investments, particularly investments in high value properties such as commercial land and buildings are relatively illiquid. Such illiquidity may affect the Company's ability to diversify its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market, or other conditions. This could have an adverse effect on the Company's financial condition and results of operations.	Company	The Company believes that this risk is mitigated by the LPC Properties' strategic location within the central business districts (CBDs) of Makati City and Pasig City, Metro Manila, two (2) of the major financial districts in the Philippines, which is a major consideration for tenants and locators due to their accessibility to major business establishments and thoroughfares
The Company's business is largely affected by the general level of activity and growth in the Makati and Pasig CBDs. All of the LPC Properties are located in the Makati and Pasig CBDs.	Company	To mitigate this risk, the Company plans to: (a) create a development or project in the Ortigas Vacant Commercial Land, most likely similar in nature to Liberty Plaza Building and Liberty Center

There can be no assurance that: (i) the Makati and Pasig CBDs will continue to be major CBDs within Metro Manila; (ii) the expected developments in said CBDs may eventually materialize; and (iii) rental rates in the CBDs will remain at their current levels.		Building; (b) expand its land bank in the Metro Manila and CALABARZON areas; and (c) take advantage of leveraging synergies from LFM which owns two (2) buildings for lease located in Mandaluyong City and Makati City, Metro Manila.
The Company operates a material part of its businesses in a regulated environment. The Company is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety. These include laws and regulations governing air emissions, water and waste water discharges, odor emissions, and the management of, disposal of, and exposure to hazardous materials.	Company	To mitigate this risk, the Company keeps itself abreast of the latest compliance requirements, as well as the latest technologies that enable it to implement and comply with existing sanitation, environment and safety laws, and other regulations at cost-efficient means.
The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, floods, droughts, volcanic eruptions, and earthquakes that could adversely affect the Company's business. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations or any assurance that the Company will be capable of dealing with or recovering from such situations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's operations and properties, particularly Liberty Plaza Building and Liberty Center Building which are large and complex buildings that are susceptible to structural damage and failure.	Company	To mitigate the risk, the Company endeavors to keep its properties in good working condition, insured to their full insurable value with financially sound and reputable insurers against loss or damage in such manner and to the same extent as customary for a business of the same character.

Climate-related risks and opportunities²

Governance	Strategy	Risk Management	Metrics and Targets
The Company has a Risk Oversight Committee which is primarily for tracking, collating, and analyzing the various risks that LPC faces.	Natural disasters (e.g. Typhoons and floods) are risks that the Company faces. As mentioned above, natural disasters that affect the structures of the Company's buildings pose as a real and severe threat.	To mitigate the natural disaster risk, the Company endeavors to keep its properties in good working condition, and insured to their full value with sound and reputable insurers.	To measure the effects of natural calamities, the Company looks at the following: • Historical data on natural calamities • Effects of natural calamities on structures locally and abroad • Costs to repair any damage to property, plant and equipment.
Given that the Commercial Real Estate Business is one that is classified by law as environmentally critical the Company ensures that it is, at all times, compliance with the Environmental Compliance Certificate issued by the Department of Environment and Natural Resources.	Given the carbon footprint of commercial buildings, the Company, on a best efforts basis, endeavors to minimize environmental impacts by adopting sustainable practices such as encouraging conservation of utilities and ensuring that all waste products of the building are properly disposed of.	To mitigate the risks, the Company implements stringent monitoring measures to ensure that there is optimization of environmental saving measures. Furthermore, LPC also, when finances permit, upgrade/ update the necessary machinery and equipment to those that are more environmentally friendly.	The Company investigates the overall usage of utilities, monitors the discharge of waste and pollutants, and monitors compliance with environmental permits.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	<i>Variable, and subject to change.</i>	%

² Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Suppliers and Contractors are chosen based on predetermined requirements and their capacity to fulfill the needs of the Company in the most economically feasible manner.	Employees, Suppliers, Contractors, and Customers.	The Company requires that those that it deals with possess all the necessary permits and licenses necessary to operate.
Suppliers supply various materials and equipment to the building. These include waste management solutions, industrial chemicals, cleaning products, and the like.	Suppliers, Contractors, and Customers	On a best efforts basis, the company selects those suppliers whose products have no known adverse environmental impact.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Given the advancement of environmental understanding, there is a risk that current products and supplies provided to the Company, especially industrial chemicals, could be determined to be environmentally adverse.	Suppliers	The Company is actively searching for alternative products that are both cost effective and environmentally friendly.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Advancement in technologies will allow the Company to adopt more efficient equipment and machinery.	Suppliers	The Company, if finances permit, seeks to install, deploy, and purchase equipment and machinery that reduces the overall carbon footprint of its business. These could be done through the installation of solar panels, or the purchase and installation of more energy efficient air-conditioning systems and elevators.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	No formal training	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	No formal training	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	No formal training	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has an Anti-Corruption Policy in its Code of Corporate Governance.	Employees, suppliers, service providers, and Government.	The Company has an Anti-Corruption and Bribery policy which prohibits directors, officers, management, and all employees from offering or receiving any benefit to "facilitate transactions. To implement such policy, the Company has a Whistleblowing Policy which can be found in the Company's Code of Corporate Governance.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Bribery and corruption may be facilitated by employees, suppliers, or service providers, without the knowledge of the Company.	Employees, suppliers, service providers, and the Government.	In the exercise of its day-to-day operations, the Company endeavors to ensure that employees handling government facing roles do not engage in corrupt practices. It is difficult to monitor compliance with this from the supplier and service provider's side since their operations are not controlled by the Company. However, in the selection of suppliers and service providers the Company

		selects those with good reputations – both business wise and ethically.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
An opportunity that the Company has is to communicate the anti-corruption policy, not only to government and regulatory facing employees, rather to all.	Employees	Management will endeavor to come up with a training program, if feasible, to orient its employees on the Anti-Bribery and Corruption Policy and Whistleblowing Policy of the Company.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	None	#-
Number of incidents in which employees were dismissed or disciplined for corruption	None	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
For the 2023 Fiscal Year, there were no reports or incidents that the Company has knowledge of.	Employees, suppliers, service providers, and the Government.	To ensure that this remains the same moving forward, the Company will communicate such to its directors, officers, and employees.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
If there is a lapse in oversight, some employees or suppliers, or service providers, may be tempted to engage in corrupt practices to help expedite certain matters.	Employees, suppliers, service providers, and the Government.	To ensure that this does not happen, the Company will endeavor to monitor transactions that its employees have with the government, as well as remind its suppliers and service providers, that the company will not tolerate them engaging in corrupt practices.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach

No opportunities identified.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	n/a	GJ
Energy consumption (gasoline)	n/a	GJ
Energy consumption (LPG)	n/a	Kgs
Energy consumption (diesel)	10.12	GJ
Energy consumption (electricity)	1273.25	GJ

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	n/a	GJ
Energy reduction (LPG)	n/a	GJ
Energy reduction (diesel)	n/a	GJ
Energy reduction (electricity)	n/a	kWh
Energy reduction (gasoline)	n/a	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The operation of buildings consumes a great amount of electricity.	Community	The Company seeks to ensure that the use of energy is in the most efficient manner. Furthermore, the Company is currently monitoring energy consumption; as well as consider upgrades to facility to make its buildings more energy efficient.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks were reported or identified.		

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company makes a constant effort to try and lower the amount of energy consumption that the company consumes in every aspect of its operations. This not only helps the environment, it also reduces the Company's operating costs.	Employees, Community	The Company implements measures to try and lessen its energy consumption. Among these measures is considering and planning for the modernization and utilization of upcoming technologies.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	n/a	m ³
Water consumption	16,104	m ³
Water recycled and reused	n/a	m ³

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Water consumption is primarily driven by the use of clients and tenants of the Company's Buildings.	Company, Tenants, Stakeholders	Given that discretion on the use of water resources is dependent on the decisions of individuals, the Company sets reminders that water use must be efficient and minimized.
Another source for the company's use of water would be those that are necessary for the upkeep and cleaning of facilities and employee lavatory use. These are further exacerbated by the COVID-19 pandemic where people are encouraged to constantly disinfect. Consequently, there is less focus given to reducing water consumption, and greater attention to sanitizing and disinfecting the premises. This	Employees and the Company	The Company tries to reduce its water consumption by scheduling the most optimal time for sanitation. Employees are also reminded to conscientious with their use of water.

necessarily entails an increase in the usage of water.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks were reported or identified.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company makes a constant effort to try and lower the amount of water consumption that the company consumes in every aspect of its operations. This not only helps the environment, it also reduces the Company's operating costs.	Employees, Community	The Company implements measures to try and lessen its water consumption. These are done through employee reminders to conserve water, and try and use upcoming technologies in flour milling that make the milling process more efficient and less draining on natural resources.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	No data available	kg/liters
• non-renewable	No data available	kg
Percentage of recycled input materials used to manufacture the organization's primary products and services	No data available	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Being engaged in the real estate business there is industrial waste produced by the nature of the operations. These include the waste matter from restrooms and cafeterias, used containers for supplies, and other discarded waste. The materials used are non-renewable in nature.	Tenants and Community	The Company's a goal is to encourage its employees and tenants to create as little waste as possible, and to require the proper segregation of waste.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Given that the nature of the business of the Company, it necessarily deals with human, commercial, and industrial waste.	Community	The Company ensures that human, commercial, and industrial waste are properly disposed of and segregated accordingly.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company foresees that advancements in technology, especially the comfort level with digitalization, can reduce material consumption.	Tenants, Employees and Community	To the extent possible, the Company encourages the use of digital means for all circulars, communications, and documentation with tenants.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	n/a	
Habitats protected or restored	n/a	Ha
IUCN ³ Red List species and national conservation list species with habitats in areas affected by operations	n/a	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not applicable		

³ International Union for Conservation of Nature

Environmental impact management

Air Emissions -

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	None	kg
Energy indirect (Scope 2) GHG Emissions	None	kg
Emissions of ozone-depleting substances (ODS)	None	Kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not applicable		

Air pollutants

Disclosure	Quantity	Units
NO _x	No data available	kg
SO _x	No data available	kg
Persistent organic pollutants (POPs)	No data available	kg
Volatile organic compounds (VOCs)	No data available	kg
Hazardous air pollutants (HAPs)	No data available	kg
Particulate matter (PM)	No data available	Kg

Note: The Company has no accurate means to determine the exact weight of its air pollutants.

The newly-signed memorandum circular (MC 2022-003 to amend Section 5 of MC 2016-008) states that Standby G.S. regardless of capacity, if operating not more than 200 hours annually, provided it operates not more than 3 hours per day nor more than three (3) days per week, for light commercial and industrial operation (hotels, malls, banks, buildings, schools, telecommunication towers, fuel dispensing facilities, manufacturing firms among others) shall not be required to conduct source emission testing for permitting and compliance monitoring purposes.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The operations of the buildings may create air pollutants.	Community	LPC does not have the institutional expertise or means to accurately measure the extent of its air pollutants discharge. To mitigate this lack of knowledge, the Company encourages the efficient use of utilities, which is believes is the main source of potential or possible air pollutants.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Given the lack of the facilities to monitor or study air pollutants the Company has no visibility on its environmental impact.	Community	The Company encourages the efficient use of utilities (especially the generator sets, and air conditioning units) which the Company believes could be the main contributor of air pollutants emitted by the Company.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Advancements in technology creating more energy efficient equipment and machinery as well as alternative power sources.	Community, Company, and Stakeholders	The company constantly studies and considers implementing technologies and equipment that would make the buildings more environmentally sustainable. However, given that these will entail significant capital expenditure, the company balances the intent to upgrade with the financial feasibility of these improvements.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	51480	Kg
Reusable	No data available	Kg
Recyclable	16,177	Kg
Composted	No data available	Kg
Incinerated	No data available	Kg
Residuals/Landfilled	No data available	Kg

Note: The Company has no accurate means to determine the exact weight of all its solid waste produced. However, based on the estimates provided by the DENR, 1 garbage bag is equivalent to kgs. of waste.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
There are solids wastes that are necessarily created by virtue of operating a commercial establishment. This include commercial, human, and industrial waste.	Community	As a matter of policy, the Company tries to reduce the amount of waste from its operations as well as encourage its tenants to reduce their waste. Proper segregation of waste materials is also enforced in the Company's buildings. Furthermore, there are safeguards and procedures in place to ensure that the solid waste is disposed of properly.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks were reported or identified.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunities were reported or identified.		

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	1856	kg
Total weight of hazardous waste transported	0	Kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company, through the course of operating commercial buildings generates hazardous waste.	Employees and Community	The Company ensures that there are proper measures and safeguards in place for the identification and handling of hazardous waste. These are implemented to ensure the safety of the Company's employees, as well as ensuring its proper disposal.

		In the transportation of hazardous waste, the Company ensures that it handles the hazardous waste properly. If the hazardous waste is beyond the competency of the Company to handle, the services of a duly licensed and accredited third-party provider are secured.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risk reported or identified.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant risk reported or identified.		

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	No data available	Cubic meters
Percent of wastewater recycled	No data available	%

Note: The Company has no accurate means to determine the exact quantity of water discharges since the establishments are tapped to Magallanes STP.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
As a by-product of toilets, and sanitation facilitates, the Company produces waste water.	Employees and Community	The company does not transport nor handle its own wastewater. However, to ensure that the proper handling of the wastewater, the Company ensures that the necessary facilities are in place to ensure that wastewater reaches the proper sewage.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risk reported or identified.		

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
No significant opportunity reported or identified.		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	none	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	none	#
No. of cases resolved through dispute resolution mechanism	none	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not applicable		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁴	14	
a. Number of female employees	2	#
b. Number of male employees	12	#
Attrition rate ⁵	n/a	Rate
Ratio of lowest paid employee against minimum wage	n/a	Ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	0	10.00
PhilHealth	N	0	0
Pag-ibig	Y	0	20.00
Parental leaves	Y	n/a	0
Vacation leaves	Y	53.0	45.50
Sick leaves	Y	0	10.66
Medical benefits (aside from PhilHealth))	N	0	0
Housing assistance (aside from Pag-ibig)	N	0	0
Retirement fund (aside from SSS)	Y	0	0
Further education support	N	n/a	n/a
Company stock options	N	n/a	n/a
Telecommuting	N	n/a	n/a
Flexible-working Hours	N	n/a	n/a
(Others)		n/a	n/a

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Technological advancement, especially in the field of administrative works, has been forecasted to displace the human workforce.	The Company sees employees as a valuable resource. As such, the Company sees value in ensuring that employees are kept abreast and made technologically proficient.

⁴ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁵ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What are the Risk/s Identified?	Management Approach
Given the lean organizational structure of the Company there is a risk that resignations and requirements would hamper operations.	The company, to the extent possible, reviews and implements succession planning.
What are the Opportunity/ies Identified?	Management Approach
Productivity tools which are artificial intelligence assisted has the potential to reshape how business is conducted.	The company explores how the current suit of digital tools can remove tedious and mundane work activities. This will allow our employees to focus on the more thought intensive matters.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	N/A	hours
a. Female employees	N/A	hours
b. Male employees	N/A	hours
Average training hours provided to employees	N/A	hours
a. Female employees	N/A	hours/employee
b. Male employees	N/A	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
None identified and reported.	
What are the Risk/s Identified?	Management Approach
As mentioned above, there is a real risk that advancements in technology, artificial intelligence in particular, can displace human jobs	Instead of outright adoption of technological advancements, the Company looks at how this can blend in with the skills and competencies of its workforce.
What are the Opportunity/ies Identified?	Management Approach
As mentioned above, there is an opportunity for Company employees to upskill and ready themselves for the emergence of new technologies.	Management studies and determines the applicability of certain technological advancements and how these can be adopted to the skill base of its employees. However, employee input is appreciated and greatly considered.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	None	%
Number of consultations conducted with employees concerning employee-related policies	None	#

Note: The Company's employees are not unionized.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Not Applicable	
What are the Risk/s Identified?	Management Approach
Not Applicable	
What are the Opportunity/ies Identified?	Management Approach
Not Applicable	

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	14	%
% of male workers in the workforce	86	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company supports diversity in employment, where of prime importance is skill and qualification. The Company does not discriminate as to matters such as, race, sex, religion, gender orientation, political opinion, and others.	The Company implements and "equal employment opportunity for all" policy, and strays from discriminating against applicants.
What are the Risk/s Identified?	Management Approach
No significant risk reported or identified.	
What are the Opportunity/ies Identified?	Management Approach
No significant opportunity reported or identified.	

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	0	0
No. of work-related injuries	0	0
No. of work-related fatalities	0	0
No. of work related ill-health	0	0
No. of safety drills	2	7 attendees x 1hr=7 man-hour

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company values the health, safety, and wellbeing of its employees. In furtherance of such, the company implements and complies with safety, health and welfare standards, and policies.	In the interest of the health of the Company's employees the former has implemented a retirement scheme that is more favorable than required by law.
What are the Risk/s Identified?	Management Approach
Given that the employees work in high rise buildings, natural calamities pose a risk to their life and health.	Management implements measures to ensure disaster preparedness.
What are the Opportunity/ies Identified?	Management Approach
No significant opportunity reported or identified.	

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	None	None

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
For 2023 there were no incidents related to human rights abuse.	Employees are given an avenue through which they could voice out any complaints and concerns, including human rights violations. Under the Code of Corporate Governance, the employees have a grievance mechanism where they can submit complaints to the internal auditor, the audit committee, or any responsible officer of the Company. The choice of which avenue to course complaints is at the reporting employee's discretion.
What are the Risk/s Identified?	Management Approach
If the Company does not respect and honor human rights, these will have massive negative impacts on the morale of the employees which may lead to strikes, lockouts, work stoppages, pickets, mass resignations and the like.	The Company undertakes and ensures that it respects and values human rights. Furthermore, as part of the Company's Code of Corporate Governance, employees are treated as partners in value growth and creation.
What are the Opportunity/ies Identified?	Management Approach
No significant opportunity reported or identified.	

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	The Company does not have a specific policy for suppliers, rather there is a general Anti-Corruption Policy in the Code of Corporate Governance.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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Suppliers and service providers are selected based on their ability to fulfill the needs and requirements of the Corporation.	Before a supplier is selected, the company does a background check of the following, among others: historical performance with the company; historical performance with other companies or businesses; and reputation for fair and good dealing.
What are the Risk/s Identified?	Management Approach
No significant risks reported or identified. The company's supply chain basically consists of readily available commodities.	
What are the Opportunity/ies Identified?	Management Approach
No significant opportunity reported or identified.	

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
None					

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

Certificates	Quantity	Units
FPIC process is still undergoing	n/a	#
CP secured	n/a	#

What are the Risk/s Identified?	Management Approach
Not applicable	

What are the Opportunity/ies Identified?	Management Approach
Not applicable	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	No data available.	N/A

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Tenant satisfaction is essential to the Company, because it leads to extension of leases as well as leasing referrals.	The Company strives for all its tenants to be satisfied with the services that it provides. This includes maintaining and updating the facilities in the buildings.
What are the Risk/s Identified?	Management Approach
Given new buildings being built around Metro Manila, there is the risk that current tenants may choose to move to the newer office spaces. This is further compounded by the fact that the implementation of flexible work arrangements became more prevalent after COVID-19.	The Company tries to maintain the current tenant base and continue to carefully screen prospective lessees and impose penalty charges in case tenants pre-terminate their lease contracts.
What are the Opportunity/ies Identified?	Management Approach
The Company sees opportunity in developing its property in Ortigas.	The Company is currently studying the financial feasibility of this project.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	None	#
No. of complaints addressed	No complaints	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No reported impact reported or identified.	
What are the Risk/s Identified?	Management Approach
As mentioned above, natural calamities pose a risk to health and safety.	The Company implements disaster response training as well as fire and earthquake drills.
What are the Opportunity/ies Identified?	Management Approach
No significant opportunity reported or identified.	

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	None	#
No. of complaints addressed	None	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No significant marketing or labelling impact reported or identified.	
What are the Risk/s Identified?	Management Approach
No significant risk reported or identified.	
What are the Opportunity/ies Identified?	Management Approach
No significant opportunity reported or identified	

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	None	#
No. of complaints addressed	None	#
No. of customers, users and account holders whose information is used for secondary purposes	None	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company processes the personal data of its tenants, as well as those that may provide them incidentally to the contracts of lease (such as those of delivery personnel and visitors).	The Company seeks to implement data privacy industry best practices while balancing these practices with then need to collect personal data for security purposes.
What are the Risk/s Identified?	Management Approach
The largest risk in the processing of personal data is it being susceptible to a breach or unauthorized processing.	To the extent practicable, the Company tries to implement industry best practices. This includes trying to implement privacy by design mechanisms and refraining from collecting sensitive personal information to the extent possible.
What are the Opportunity/ies Identified?	Management Approach
Technological advances can be leverages to improve matters related to data privacy and security.	Management studies adopting technologies that would further the objectives of the general principles of data privacy and security.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	None	None

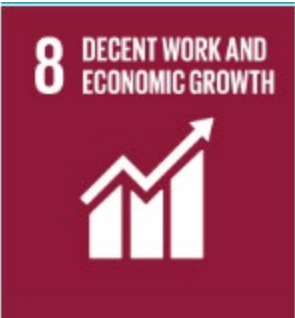
What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
For the year 2020 there were no data breaches or security incidents.	The Company values information security, especially in these evolving times. To ensure that the Company is insulated from cyber threats, it has implemented the necessary safety and security measures as well as hired the services of a third-party contractor with more expertise on the subject to handle the matter.
What are the Risk/s Identified?	Management Approach
The increasing reliance on information technology infrastructure makes the Company susceptible to cyber-attacks, data breaches, security incidents, and the like.	As mentioned above, the company has in place security measures which would address these concerns. However, to not compromise the

	security systems of the company, the specifics of such shall be left out.
What are the Opportunity/ies Identified?	Management Approach
No significant opportunity reported or identified.	

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

	<u>Contribution to UN SDG's:</u> Through its operations, the Company creates employment opportunity for the community. This may be in the form of its own employees, or those service providers (such as security and janitorial) that render services for the buildings. <u>Negative Impacts and mitigation measures:</u> A negative impact of job creation would be the Company's indirect contribution to the increase in fossil fuel usage, arising from the fossil fuels consumed by employees going to and from work. To mitigate these risks, the Company tries to encourage employees to use alternative modes of transportation that would not require the use of fossil fuels.
	<u>Contribution to UN SDG's:</u> The Company, as a real estate company, is in a position to implement innovative and sustainable concepts in its projects. <u>Negative Impacts and mitigation measures:</u> Given that fixed assets have a tendency to age, there is a constant uphill battle to ensure that these assets are environmentally efficient and comply with current best practices.
	<u>Contribution to UN SDG's:</u>

	The Company is committed to supporting diversity and equal opportunity in the workplace. As provided for by the Code of Corporate Governance, LPC does not support any form of discrimination or bias. <u>Negative impacts and mitigation measures:</u> The Company does not see any negative impacts for implementing equal opportunity measures.
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LFM PROPERTIES CORPORATION**BALANCE SHEET****AS OF MARCH 31, 2024**

(With comparative figures for year ended December 31, 2023 and three months ended March 31, 2023)

	March 31, 2024	Audited 2023	March 31, 2023
ASSETS			
Current Assets			
Cash	33,425,446	34,535,667	18,469,246
Receivables	12,036,347	12,713,273	53,486,758
Financial assets at fair value through profit or loss	8,946,336	27,065,842	102,127,277
Accrued rent - current portion	1,957,760	1,880,088	1,922,412
Other current assets	58,394,385	47,219,833	19,571,384
Total Current Assets	114,760,273	123,414,703	195,577,076
Noncurrent Assets			
Investment properties	1,762,366,702	1,767,246,832	808,403,400
Financial assets at fair value through other comprehensive income	127,670,272	126,594,399	119,690,880
Accrued rent - net of current portion	8,225,286	8,199,396	8,266,826
Property and equipment	854,006	945,812	1,761,815
Net retirement plan asset	3,024,514	3,024,514	6,587,047
Deposits	280,000,000	-	200,000,000
Other noncurrent assets	81,375,298	81,559,117	20,257,791
Total noncurrent Assets	2,263,516,079	1,987,570,070	1,164,967,759
TOTAL ASSETS	2,378,276,352	2,110,984,773	1,360,544,835
LIABILITIES & EQUITY			
Current Liabilities			
Current portion of notes payable	921,474,357	590,195,077	436,609,473
Accounts payable and other current liabilities	46,099,801	40,266,306	24,931,596
Payable to a related party	627,200,000	851,200,000	-
Current portion of deposits on long-term leases	28,064,864	25,999,964	35,981,169
Current portion of unearned rental income	5,217,145	6,474,814	4,277,082
Income tax payable	9,329,606	7,493,599	5,613,624
Total Current Liabilities	1,637,385,773	1,521,629,760	507,412,945
Noncurrent Liabilities			
Deposits on long-term leases - net of current portion	23,548,890	17,354,188	11,168,123
Unearned rental income - net of current portion	2,837,688	1,338,485	938,872
Deferred income tax liability	1,769,677	1,769,678	2,714,414
Notes payable -net of current portion	136,603,073	-	273,073,662
Payable to related party	-	-	37,730,000
Other noncurrent liability	110,901,445	116,115,824	147,657,009
Total Noncurrent Liabilities	275,660,774	136,578,175	473,282,080
Total Liabilities	1,913,046,547	1,658,207,935	980,695,025
STOCKHOLDERS' EQUITY			
Capital stock	300,000,000	300,000,000	250,000,000
Stock dividend attributable	100,000,000	100,000,000	
Other components of equity:			
Fair value changes on financial assets at FVOCI	(126,504,743)	(127,580,616)	(134,484,135)
Accumulated remeasurement gains on defined benefit plan	5,949,705	5,949,704	8,668,117
Retained Earnings	185,784,844	174,407,750	255,665,827
Total Equity	465,229,806	452,776,838	379,849,809
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,378,276,352	2,110,984,773	1,360,544,835

LFM PROPERTIES CORPORATION
STATEMENT OF INCOME AND EXPENSES
FOR THE QUARTER ENDED MARCH 31, 2024

	March 31, 2024	March 31, 2023
Rental Income	65,070,369	41,502,649
Direct Costs		
Depreciation and amortization	12,416,386	10,807,757
Real estate tax	5,256,507	5,272,378
Outside services	3,511,759	2,034,523
Repairs and maintenance	2,786,789	633,883
Communication, light and water	2,083,587	1,598,402
Insurance and others	538,875	369,825
Total	26,593,903	20,716,769
Gross Income	38,476,466	20,785,880
Operating Expenses		
Personnel costs	2,439,944	2,494,621
Taxes and licenses	5,097,884	780,783
Association dues	276,463	411,651
Rent	-	131,671
Depreciation and amortization	87,105	94,310
Commission	1,056,000	-
Professional fees	180,000	230,000
Repairs and maintenance	102,978	336,010
Telephone, Telegraph and Postage	43,662	43,662
Transportation and Travel	1,895	4,506
Office Supplies	44,551	34,284
Miscellaneous	246,974	992,505
Operating Expenses	9,577,456	5,554,005
Other income (charges)		
Interest expense	(12,098,345)	(8,712,408)
Gain (Loss) on sale of financial assets at FVTPL	7,302,646	17,926
Fair value changes of financial assets at fair value through profit or loss	(8,623,492)	(22,235,783)
Dividend income	20,000	20,000
Interest income	4,917	4,222
Other income	62,178	94,573
	(13,332,096)	(30,811,469)
Income before Income Tax	15,566,914	(15,579,594)
Provision for Income Tax	4,189,820	1,535,214
Net Income (Loss)	11,377,094	(17,114,808)

LFM PROPERTIES CORPORATION**STATEMENTS OF CASH FLOWS**

For quarter ended March 31,2024 (With comparative figures for the quarter ended March 31,2023)

	January 1 to March 31, 2024	January 1 to March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	15,566,914	(15,579,594)
Adjustments for:		
Depreciation and amortization	12,503,491	10,902,067
Fair value changes of financial assets at fair value through profit or loss	8,623,492	22,235,783
Interest expense	12,098,345	8,712,408
Dividend income	(20,000)	(20,000)
Loss (gain) on financial assets at FVTL	(7,302,646)	(17,926)
Interest income	(4,917)	(4,222)
Operating income before working capital changes	41,464,678	26,228,516
Decrease (increase) in:		
Receivables	676,926	(24,148,047)
Accrued rent	(103,561)	(545,453)
Other current assets	(10,990,733)	(16,308,040)
Increase (decrease) in:		
Accounts payable and other current liabilities	5,138,037	(25,898,431)
Deposits on long-term leases and other noncurrent liabilities	5,239,884	22,623,985
Due to related party	(224,000,000)	-
Unearned rental income	(1,257,669)	1,832,293
Cash generated from operations	(183,832,438)	(16,215,177)
Income tax paid, including creditable withholding taxes	(2,353,814)	(1,117,870)
Interest received	4,917	4,222
Net cash provided by operating activities	(186,181,335)	(17,328,824)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits	(280,000,000)	(70,000,000)
Purchase of financial assets at fair value through profit or loss	-	(4,402,987)
Proceeds from sale of financial assets at fair value through P&L	16,798,660	1,771,497
Additions to investment properties	(7,331,643)	(4,823,959)
Additions to property and equipment	(199,914)	
Dividend received	20,000	20,000
Net cash used in investing activities	(270,712,897)	(77,435,448)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of bank loans	507,000,000	113,000,000
Loan payments	(39,117,647)	(34,117,647)
Interest paid	(12,098,345)	(8,712,408)
Net cash generated from financing activities	455,784,008	70,169,944
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,110,222)	(24,594,327)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	34,535,667	43,063,573
CASH AND CASH EQUIVALENTS AT END MONTH	33,425,446	18,469,246

LFM PROPERTIES COPORATION
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
March 31, 2024

Other Components of Equity

	Capital Stock	Stock Dividends Distributable	Fair Value Changes on Financial assets at FVOCI	Accumulated Remeasurement Gains on Defined Benefit Plan	Retained Earnings	Total
Balances at January 1, 2024	300,000,000	100,000,000	(127,580,616)	5,949,705	174,407,750.00	452,776,839
Net Income	–	–	–	–	11,377,093.50	11,377,094
Other comprehensive income	–	–	1,075,873	–	–	1,075,873
Balances at March 31, 2024	300,000,000	–	(126,504,743)	5,949,705	185,784,844	465,229,806
Balances at January 1, 2023	250,000,000	–	(137,263,474)	8,668,117	272,780,635.00	394,185,278
Net Loss	–	–	–	–	(17,114,808.00)	(17,114,808)
Other comprehensive income	–	–	2,779,339	–	–	2,779,339
Balances at March 31, 2023	250,000,000	–	(134,484,135)	8,668,117	255,665,827	379,849,809

LFM PROPERTIES CORPORATION
BASIS FOR COMPUTATION OF BASIC/DILLUTED EARNINGS PER SHARE

	2024	2023
Net (loss) for the first quarter	11,377,093.50	(17,114,807.63)
Divided by weighted average number of shares	25,000,000,000.00	25,000,000,000.00
Basic/diluted earnings per share	0.0005	(0.0007)

LFM PROPERTIES CORPORATION
Accounts receivables
As of March 31, 2024

	TOTAL	1-3 Months	4-6 Months	7 Months - 1 Year	Above 1 Year
Trade and other receivables	13,086,028	11,763,000	99,976	27,497	1,195,555
Allowance for expected Credit Losses	1,049,681				1,049,681
Total	12,036,347	11,763,000	99,976	27,497	145,874