

**COVER SHEET**

SEC Registration Number

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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)

3	R	D		F	L	O	O	R		L	I	B	E	R	T	Y		B	U	I	L	D	I	N	G			
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Form Type

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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

<u>finance@lfmproperty.com</u>
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Company's Telephone Number/s

<b>(02) 8893-7790</b>
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Mobile Number

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No. of Stockholders

<b>439</b>
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Annual Meeting Month/Day

<b>Last Wednesday of May</b>
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Fiscal Year Month/Day

<b>December 31</b>
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**CONTACT PERSON INFORMATION**

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

Name of Contact Person

<b>William L. Ang</b>
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Email Address

<u><b>williamlimang@gmail.com</b></u>
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Telephone Number/s

<b>(02)8893-7790</b>
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Mobile Number

<b>-</b>
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Contact Person's Address

<b>3<sup>rd</sup> Floor Liberty Building, 835 A. Arnaiz Avenue, Makati City</b>
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**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 incorporation or organization Industry Classification Code:
- 7. 3<sup>rd</sup> 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
<u>COMMON</u>	<u>25,000,000,000</u>
.....	
.....	

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:

<b>2023</b>	<b>High</b>	<b>Low</b>
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	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)
<b>Total retained earnings, end of the reporting period available for dividend</b>	<b>P178,087,752</b>

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	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
<b>Net Income (Loss)</b>	<b>P51,627</b>	<b>P(45,981)</b>	<b>P149,929</b>

**BALANCE SHEET DATA**

**As of December 31**  
(in Thousands of Pesos)

	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
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
<b>Total Current Assets</b>	<b>123,415</b>	<b>199,193</b>	<b>239,773</b>
<b>Noncurrent Assets</b>			
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
<b>Total noncurrent Assets</b>	<b>1,987,570</b>	<b>1,097,830</b>	<b>1,128,044</b>
<b>TOTAL ASSETS</b>	<b>2,110,985</b>	<b>1,297,023</b>	<b>1,367,817</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
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
<b>Total Current Liabilities</b>	<b>1,521,630</b>	<b>403,585</b>	<b>190,359</b>
<b>Noncurrent Liabilities</b>			
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
<b>Total Noncurrent Liabilities</b>	<b>136,578</b>	<b>499,253</b>	<b>692,580</b>
<b>Total Liabilities</b>	<b>1,658,208</b>	<b>902,838</b>	<b>882,939</b>
<b>Equity</b>			
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
<b>Total Equity</b>	<b>452,777</b>	<b>394,185</b>	<b>484,878</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>2,110,985</b>	<b>1,297,023</b>	<b>1,367,817</b>

## **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 billion 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:

<b>Name of Directors</b>	<b>Age</b>	<b>Citizenship</b>	<b>Position</b>
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:

<b>Name</b>	<b>Age</b>	<b>Citizenship</b>	<b>Position</b>
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**

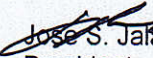
Also attached in this report the following attachments:

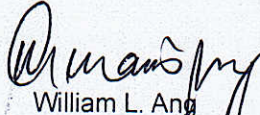
- Annex A – Audited Financial Statement and SMR
- Annex B – Sustainability Report


**SIGNATURES**

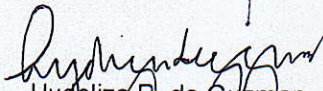
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on the 15th of April, 2024.

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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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. 013395; 12-27-2013; I.C.  
Roll No. 37226

MCLE Compliance No. VII-0024195; 02-15-2022  
Ground Floor, Makati Terraces Condominium  
3650 Davila St., Brgy. Tejeros, Makati City 1204