

## REPORT OF FACTUAL FINDINGS

The Stockholders and the Board of Directors  
**PHILIPPINE ESTATES CORPORATION**  
35<sup>th</sup> Floor, One Corporate Centre, Doña Julia Vargas Avenue,  
Ortigas Center, Pasig City

We have performed the procedures agreed with you and enumerated below with respect to the attached Progress Report as of and for the year ended **December 31, 2024** on the application of the proceeds from the Stock Rights Offering (the "Offering") of **PHILIPPINE ESTATES CORPORATION** (the "Company"). The procedures were performed solely to enable the Company to comply with the Philippine Stock Exchange, Inc.'s (PSE) requirement to submit an external auditor's certification on the accuracy of information being presented by the Company relating to the use of proceeds. Our engagement was undertaken in accordance with the Philippine Standard on Related Services 4400, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information. These agreed-upon procedures are summarized as follows:

1. Obtain Progress Report on the application of the proceeds (the "Schedule") from the Stock Rights Offer ("SRO") as at and for the year ended of December 31, 2024;
2. Check the mathematical accuracy of the Schedule;
3. Compare the disbursements in the Schedule to the Progress Report as at and for the year ended December 31, 2024;
4. Trace disbursements in the subsidiary list of disbursements to the supporting documents such as check voucher, request for payment, sales invoice, letter of award/notice to proceed, certificate of registration, billing statements, progress billing, business permits, tax declaration return and agreed the amount to the accounting records;
5. Inquire into and identified the nature of the disbursements as at and for the year ended December 31, 2024. Check if the disbursements were classified consistently according to its nature based on the schedule of planned use of proceeds from the Offering.

We report our findings below:

- a. With respect to items 1, we were able to obtain the Schedule as at and for the year ended December 31, 2024.
- b. With respect to item 2, we have verified that the Schedule is mathematically correct.
- c. With respect to item 3, we noted that the total application of proceeds in the Schedule agrees with the total disbursements per list of disbursements provided. No exceptions noted.
- d. With respect to item 4, we obtained and examined the supporting documents such as check voucher, request for payment, sales invoice, letter of award/notice to proceed, certificate of registration, billing statements, progress billing, business permits, tax declaration return. The amounts recorded agrees with the supporting documents. No exceptions noted.
- e. With respect to item 5, we noted, based on our inquiries, examination of supporting documents and understanding of the underlying transactions, that as of and for the year ended December 31, 2024, an adjustment and realignment were made on General Corporate Purpose. Transactions were traced to supporting documents such as statement of real property tax, official receipt from Land Registration Authority, request for payment, bill, and check voucher ledger. No other exceptions noted.

The noted differences on Offer Expenses and Existing and new projects under General Corporate Purposes are summarized below:

	<u>Per Prospectus</u>	<u>Actual Amount</u>	<u>Difference</u>
<b>A. Offer expenses</b>	<b>P 22,555,498.30</b>	<b>P 25,892,009.62</b>	<b>P (3,336,511.32)</b>
<b>B. Land acquisition</b>			
B.1. Purchased of lots per MOA	898,565,800.00	888,798,200.01	9,767,599.99
B.2. Taxes on acquisition	58,406,777.00	20,858,256.23	37,548,520.77
Sub-total	<u>956,972,577.00</u>	<u>909,656,456.24</u>	<u>47,316,120.76</u>
<b>C. General purpose</b>			
C.1. Existing and new projects	152,991,735.60	196,988,095.54	(43,996,359.94)
C.1. Connecting and right of way lots	<u>313,030,019.10</u>	<u>313,030,019.10</u>	-
Sub-total	<u>466,021,754.70</u>	<u>510,018,114.64</u>	<u>(43,996,359.94)</u>
<b>Total Expenses</b>	<b>P 1,445,549,830.00</b>	<b>1,445,566,580.50</b>	<b>16,750.50</b>

As represented by management, the above differences pertain to the following:

- The variance noted in Offer Expenses pertains to various fees that are not fully taken into consideration like other legal fees and PSE filing fees, to name a few.
- The difference between General purpose's actual amount and amount per prospectus pertains to the expenses related to the construction of housing units and land developments due to the sudden surge in demand of housing units in the Company's current projects that prompted them to fast track the constructions.
- The Company charged and collected interest from delinquent subscribers. This interest formed part of the collections made from the Offering; and was subsequently disbursed by the Company for its budgeted expenditures. Hence, resulting to a variance of P16,750.50 between the total budgeted expense per prospectus and actual disbursement of the Company.

As of December 31,2024, the Company exhausted the proceeds from the SRO.

Because the above procedures do not constitute either an audit or a review made in accordance with Philippine Standards on Auditing (PSA) or Philippine Standards on Review Engagements (PSRE), respectively, we do not express any assurance on the use of proceeds from the Offering based on the said standards.

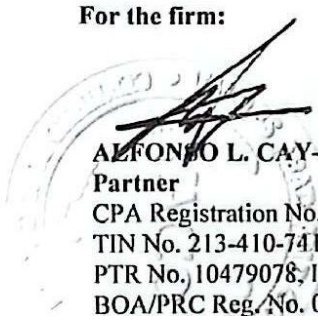
Had we performed additional procedures or performed an audit or review of the financial statements in accordance with PSA or PSRE, respectively, other matters might have come to our attention that would have been reported to you.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report relates only to the report on the Company's use of proceeds from the Offering and items specified above and do not extend to any financial statements of the Company taken as a whole.



**VALDES ABAD & COMPANY, CPAs**  
BOA/PRC Reg. No. 0314  
Issued on July 15, 2024, Valid until July 14, 2027  
SEC accreditation No. 0314-SEC, Group A  
Valid for 2022-2026 audit periods  
BIR Accreditation No. 08-002126-000-2024  
Issued on April 5, 2024, Valid until April 4, 2027

**For the firm:**



**ALFONSO L. CAY-AN**  
**Partner**

CPA Registration No. 99805, Valid until December 14, 2026  
TIN No. 213-410-741-000  
PTR No. 10479078, Issued Date: January 10, 2025, Makati City  
BOA/PRC Reg. No. 0314  
Issued on July 15, 2024, Valid until July 14, 2027  
SEC Accreditation No. 99805-SEC, Group A  
Valid for 2022-2026 audit periods  
BIR Accreditation No. 08-002126-005-2024  
Issued on April 05, 2024, Valid until April 04, 2027

Makati City, Philippines  
January 24, 2025



December 31, 2024

**SECURITIES AND EXCHANGE COMMISSION**

The SEC Headquarters, 7907 Makati Avenue  
Salcedo Village, Bel-Air, Makati City

Attention: Director, Markets & Securities Regulation Dept.

**THE PHILIPPINE STOCK EXCHANGE, INC.**

6th Floor, Philippine Stock Exchange Tower  
28th Street corner 5th Avenue Bonifacio Global City, Taguig City

Attention: Head, Disclosure Department

Ladies and Gentlemen:

In compliance with the Notice of Approval dated November 16, 2021 of The Philippine Stock Exchange, Inc., we submit the details of the disbursements made in connection with the use of proceeds to **PHILIPPINE ESTATES CORPORATION** (the "Company")'s Stock Rights Offering ("SRO") as at December 31, 2024, as follows:

**Final Annual Report on the Application of the Proceeds from the SRO  
As at December 31, 2024**

<b>Balance of SRO Proceeds as of December 31, 2023</b>	<b>P</b>	<b>772,106.15</b>
Less Use of Proceeds:		
Land acquisition	<b>P</b>	0.00
General corporate purposes		772,106.15
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<b>Balance of SRO Proceeds as of December 31, 2024</b>	<b>P</b>	<b>0.00</b>

Very truly yours,

  
**ELVIRA A. TING**  
President & CEO